ICBC

INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED

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

Stock Code: 1398
USD Preference Shares Stock Code: 4603
EUR Preference Shares Stock Code: 4604
RMB Preference Shares Stock Code: 84602

2015 Interim Report

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

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
convertible bonds	convertible corporate bonds
CSRC	China Securities Regulatory Commission
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 (Europe)	Industrial and Commercial Bank of China (Europe) S.A.
ICBC (Macau)	Industrial and Commercial Bank of China (Macau) Limited
ICBC (Malaysia)	Industrial and Commercial Bank of China (Malaysia) Berhad
ICBC (Moscow)	ZAO Industrial and Commercial Bank of China (Moscow)
ICBC (New Zealand)	Industrial and Commercial Bank of China (New Zealand) Limited
ICBC (Thai)	Industrial and Commercial Bank of China (Thai) Public Company Limited
ICBC (USA)	Industrial and Commercial Bank of China (USA) NA
ICBC Convertible Bonds	A Share convertible corporate bonds of Industrial and Commercial Bank of China 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 Standard Bank	ICBC Standard Bank PLC
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
MOF	Ministry of Finance of the People's Republic of China
PBC	The People's Bank of China
PRC GAAP	Accounting Standards for Business Enterprises promulgated by MOF
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
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

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

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 liability for the authenticity, accuracy and completeness of the information in this report.

The 2015 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 27 August 2015. All directors of the Bank attended the meeting.

Upon the approval at the Annual General Meeting for the Year 2014 held on 19 June 2015, the Bank has distributed cash dividends of RMB91,026 million, or RMB2.554 per ten shares (pre-tax), for the period from 1 January 2014 to 31 December 2014 to the ordinary shareholders whose names appeared on the share register after the close of market on 6 July 2015.The Bank will not declare or distribute interim dividends for 2015, nor will it convert any capital reserves to share capital.

The 2015 interim financial report prepared by the Bank in accordance with PRC GAAP and IFRSs has been reviewed by KPMG Huazhen LLP 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

27 August 2015

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 position, 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 and may involve future plans which do not constitute substantial commitment to investors, hence shall not be unduly relied upon.

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 complaint 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

Allen & Overy
9/F, Three Exchange Square, 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 the interim report are kept

Office of the Board of Directors of the Bank

Place where shares 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

Offshore Preference Shares

The Stock Exchange of Hong Kong Limited
Stock name: ICBC USDPREF1
Stock code: 4603

Stock name: ICBC EURPREF1
Stock code: 4604

Stock name: ICBC CNHPREF1-R
Stock code: 84602

Change of registration during the reporting period

Date of first registration: 22 November 1985
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 LLP
8/F, Tower E2, Oriental Plaza, 1 East Chang'an Avenue, Dongcheng District, Beijing, PRC
Certified Public Accountants: Song Chenyang, Li Li

International auditors

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

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 2015	Six months ended 30 June 2014	Six months ended 30 June 2013
Operating results (in RMB millions)			
Net interest income	252,087	237,607	215,889
Net fee and commission income	77,120	73,228	67,382
Operating income	336,737	316,853	291,476
Operating expenses	101,499	99,612	91,749
Impairment losses	41,951	24,167	21,941
Operating profit	193,287	193,074	177,786
Profit before taxation	194,678	194,090	178,841
Net profit	149,426	148,381	138,477
Net profit attributable to equity holders of the parent company	149,021	148,100	138,347
Net cash flows from operating activities	1,083,849	418,091	142,724
Per share data (in RMB yuan)			
Basic earnings per share	0.42	0.42	0.40
Diluted earnings per share	0.42	0.42	0.39

Financial Data (continued)

	30 June 2015	31 December 2014	31 December 2013
Balance sheet items (in RMB millions)			
Total assets	22,417,295	20,609,953	18,917,752
Total loans and advances to customers	11,642,085	11,026,331	9,922,374
Corporate loans	7,943,677	7,612,592	7,046,515
Personal loans	3,265,708	3,063,465	2,727,601
Discounted bills	432,700	350,274	148,258
Allowance for impairment losses on loans	267,138	257,581	240,959
Investment	4,882,824	4,433,237	4,322,244
Total liabilities	20,803,658	19,072,649	17,639,289
Due to customers	16,287,768	15,556,601	14,620,825
Corporate deposits	8,512,043	8,037,133	7,503,497
Personal deposits	7,508,574	7,188,607	6,895,839
Other deposits	267,151	330,861	221,489
Due to banks and other financial institutions	2,562,775	1,539,239	1,269,255
Equity attributable to equity holders of the parent company	1,603,025	1,530,859	1,274,134
Share capital	356,407	353,495	351,390
Net asset value per share(1) (in RMB yuan)	4.40	4.23	3.63
Net core tier 1 capital(2)	1,560,058	1,486,733	1,266,841
Net tier 1 capital(2)	1,594,669	1,521,233	1,266,859
Net capital base(2)	1,821,939	1,812,137	1,572,265
Risk-weighted assets(2)	12,860,745	12,475,939	11,982,187
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 (less other equity instruments) by the number of ordinary shares issued at the end of the reporting period.

(2) Calculated in accordance with the Capital Regulation.

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

Financial Indicators

	Six months ended 30 June 2015	Six months ended 30 June 2014	Six months ended 30 June 2013
Profitability (%)			
Return on average total assets(1)	1.39*	1.51*	1.53*
Return on weighted average equity(2)	18.86*	21.77*	23.25*
Net interest spread(3)	2.34*	2.43*	2.41*
Net interest margin(4)	2.53*	2.62*	2.57*
Return on risk-weighted assets(5)	2.36*	2.49*	2.69*
Ratio of net fee and commission income to operating income	22.90	23.11	23.12
Cost-to-income ratio(6)	23.71	24.97	25.09
	30 June 2015	**31 December 2014**	**31 December 2013**
Asset quality (%)			
Non-performing loans ("NPL") ratio(7)	1.40	1.13	0.94
Allowance to NPL(8)	163.39	206.90	257.19
Allowance to total loans ratio(9)	2.29	2.34	2.43
Capital adequacy (%)			
Core tier 1 capital adequacy ratio(10)	12.13	11.92	10.57
Tier 1 capital adequacy ratio(10)	12.40	12.19	10.57
Capital adequacy ratio(10)	14.17	14.53	13.12
Total equity to total assets ratio	7.20	7.46	6.76
Risk-weighted assets to total assets ratio	57.37	60.53	63.34

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 — Calculation 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) Calculated in accordance with the Capital Regulation.

In the first half of 2015, despite the grim and complicated external environment and the greater-than-expected difficulties and challenges, the Bank has on the whole maintained stable operation and demonstrated new highlights in various aspects and fields in its operation and development. By looking into this mid-year "report card", we hope to respond well to what our investors are concerned about, and present to all sectors of society our continuous efforts in areas such as serving the economic and social development and promoting innovation and transformation, in a move to reward your trust and support.

How to understand the current profit growth

The new normal not only means new changes but also requires us to look at the new changes from new perspectives. In the first half of 2015, the Bank recorded a net profit of RMB149.4 billion, representing an increase of 0.7% from the same period last year. The growth rate of 0.7%, viewed in isolation, may seem rather ordinary as compared to the phenomenal growth in previous years. However, if we look at it dialectically and rationally, making both horizontal and vertical comparisons and considering the volume as well as the structure, we will come to realize the significance and value of the Bank's profit growth under the new normal.

Firstly, it is a relatively stable profit growth which we have realized under the cumulative influence of various complicated factors. The 0.7% growth has been achieved against the backdrop of the growing economic downward pressure, accelerated process of interest rate liberalization and the intensified financial disintermediation in the first half of 2015, and thus it represents a new type of growth in new market settings. Moreover, the Bank posted a growth of profit before provisions of 8.4%, reflecting a good momentum. In the first half of 2015, the Bank set aside 75% more, or RMB18 billion more, allowance for impairment losses on loans, creating room for us to handle and mitigate risks.

Secondly, it is a growth with even more tremendous value. In many respects, the Bank remains the world's largest in terms of net profit, and historically, the connotative capacity of every basis point of growth rate has far surpassed that in the past. Our profit in the first half of 2015 is equivalent to the total profit we had made over the same periods during the eight years after 2000, or the total of what we had made in the three years after the joint-stock reform in 2005.

Thirdly, it is a growth embodying a better structure. We have constantly adjusted and optimized the traditional business structure and accelerated the development of emerging and innovative businesses. That provides multi-support and multi-power source to our profit growth. For example, although the interest rate spread narrowed because of the central bank's interest rate cuts and the increased limit on the floating range of deposit interest rates, the Bank realized a 6% growth of net interest income through measures such as optimizing the assets-liabilities structure and strengthening domestic and overseas treasury operations in a coordinated way. While further regulating the fee-based businesses and cutting cost, the Bank accelerated the innovation and development of fee-based businesses and realized an increase of 7.5% in fee and commission income as compared to the same period last year. In particular, it capitalized on China's active capital markets to vigorously drive the development of relevant financial services such as asset management. As a result, income from product lines such as funds distribution, corporate asset service, private banking, third party custody service, personal wealth management and underlying asset custody service, surged by more than 50%, and income from key investment banking product lines such as M&As and equity financing maintained a fast growth of more than 20%. The retail businesses have contributed nearly 40%, playing an eminent role as stabilizers in the cyclical changes of economy. The forward-looking layout of internationalized and diversified operations has brought in hefty returns. In the first half of 2015, net profit of our fund management, leasing, insurance and other diversified business subsidiaries have grown 40% from the same period last year, and profit before taxation of overseas institutions increased by 13%, becoming a strong driver for the overall profit growth of the Bank.

In the first half of 2015, the Bank won tens of awards by media organizations in China and abroad. In particular, after being honored as the "Global Bank of the Year" by *The Banker* in 2014, it was selected the "Best Emerging Markets Bank" by *Euromoney*, the first winner of this award in Asia. Looking at the internal logic and intensive support for the Bank's operation and growth from a developmental perspective, we are convinced that the Bank will unswervingly and confidently take the profit adjustment period as a buffer period to mitigate risks and a period to build up the drive for growth, and will be well positioned to embrace a new round of sound and sustainable growth.

How to interpret and deal with the increase in NPLs

Asset quality is crucial to the operational performance of banks and is a great concern domestically and internationally. Against the backdrop of the previous economic takeoff, the Bank had seen the amount and ratio of NPLs decline for 12 years in a row. With the economic slowdown and the deepening of economic restructuring, the Bank's asset quality has continuously been under pressure. In the first half of 2015, NPLs continued the upward trend which started from 2013 and reached RMB163.5 billion, representing an increase of RMB39 billion from the end of 2014, and NPL ratio increased by 0.27 percentage points to 1.40%. We believe that the increase in NPLs is because of the contradictions in the real economy being reflected in the banking industry against the backdrop of the three interwoven challenges for China's economy, i.e., the slowdown in economic growth, making difficult structural adjustments and absorbing the effects of previous economic stimulus policies, and is an objective phenomenon in the process of economic and financial development. The Bank's credit risk is overall under control. The NPL ratio of 1.40% is still low among major banks in the world, and our provisions remain adequate. At the same time, we are well aware that the process of de-capacity, de-stocking and de-leveraging of the real economy is a long-term process. Risk exposure is spreading in some industries and regions, and on- and off-balance sheet risks interact and change, and emerge frequently in many fields. Thus, our defense against risks may undergo waves of tests.

Based on the above judgment on risks, the Bank refined the countermeasures, adopted a series of risk prevention and control measures, and improved the new risk management and control mechanism to adapt to the economic new normal and the financial new ecology. We optimized the big data risk monitoring system and the risk detection and disposal mechanism featuring the collaboration of the Head Office and branches, and strengthened our ability to identify and handle potential risking lending. In line with the cost-effective principle, we have set up a taskforce to dispose of non-performing assets, and have taken a variety of measures to enhance the disposal efficiency and effectiveness. By optimizing the credit staff certification system, deepening the credit process reform and tightening risk identification and accountability, we further strengthened credit basis management and shaped a healthy and prudent credit culture. We believe that China's development is still in an important period of strategic opportunities, with good long-term prospects for the economic fundamentals. In addition, in recent years, the Bank has constantly reinforced its financial strength and risk resistance capacity, and accumulated experience in risk management, control and mitigation. Therefore, we are fully confident in stabilizing asset quality and lifting risk management to a new level.

How to pinpoint the main focus to serve the real economy

Only in a good economy can the financial industry operate well. Promoting the real economy to improve quality and efficiency is the starting point and the main basis for the Bank to improve its operation and stabilize asset quality. Catering for the effective needs of the real economy under the new normal and focusing on advancing credit management and innovating financial services, the Bank made a great effort to optimize its business structure while promoting economic transformation and upgrading, and fostered new growth points while supporting the development of new industries and sectors. We built a new mechanism for integrated management of new and existing credit, shifted from focusing on new credit in the past to emphasizing on the sound operation of existing credit, and directed the collected funds toward the more efficient and needy areas of the real economy. In the first half of 2015, the Bank granted new loans of RMB615.8 billion and total loans cumulatively amounted to RMB4.65 trillion, eight times the new loans. The total amount of loans included RMB1.6 trillion of relendings and actual new loans in aggregate, of which relendings accounted for RMB1.02 trillion. By comprehensively capitalizing on diversified financial service approaches such as combining commercial banking, investment banking and leasing, combining credit with non-credit, associating on-balance sheet and off-balance sheet items and integrating domestic and overseas operations, we successfully met the diverse needs of the real economy, opened up a broad market space and accelerated the Bank's shift to the light asset-based and light capital-based direction. We focused on the borrowers and structure of loans we granted to with a view to supporting the development of key areas and weak links of the real economy. We seized the significant opportunities during the implementation of the "three supporting belts" strategy, which includes "One Belt and One Road" initiative, the integrated development of the Beijing-Tianjin-Hebei region and the Yangtze River Economic Belt to provide services for key programs and major projects. We catered for the needs of industrial structure optimization and upgrading, and lent strong support to the "Made in China 2025" plan, and the development of strategic emerging industries, modern service industries, cultural industries and modern agricultural industries. We accelerated the building of special operating institutions for small and micro enterprises and the innovation of service models, and focused on developing small-amount and unsecured products that suit the characteristics of small and micro enterprises and are conveniently available to them online, so as to facilitate and expand their access to financing. We set up a personal credit consumption financial center to reform consumption credit product and service models using the internet technology and to support the expansion and upgrading of consumption. Overall, in the process of optimizing new credit and revitalizing existing credit, focusing on financing services and diverse services, and supporting both key areas and weak fields of the real economy, the Bank attained the twin goals of serving the real economy and enhancing its own capability for sustainable development.

How to bring into full play the drive for reform and innovation

With the advent of the economic and financial new normal, reform itself has become a new normal. Opportunities never favor people who follow the beaten track and are content to stand still; instead, they alight on those with the courage and ability to reform and innovate. The Bank is well-known for prudent operations, but it is also in our nature to meet the changes and seek innovation in changes. We kept up with the keynote of deepening reforms in all aspects, and pressed ahead with the reform in key areas and main fields in a pragmatic manner. We proactively adapted to the full liberalization of interest rates, and improved the assets-liabilities management system, in particular the interest rate pricing mechanism. We implemented the dual-line management of risk-weighted assets and economic capital limits, and strengthened capital self-restraint of institutions with the help of more visualized and effective pressure transmission. We optimized the performance evaluation system, and clarified the strategic orientation of promoting transformation, accelerating innovation and controlling risks. We advanced, in a coordinated manner, the pilot program on the transformation of tier-one branches and enhanced the competitiveness of branches in big and medium-sized cities, as well as sub-branches and outlets in key counties, so as to promote the phased development of institutions at different levels. We conformed to the trend of mass entrepreneurship and innovation, especially the development of "Internet +" initiative under the new economic environment, accelerated fusion of the internet with the financial sector, innovated internet finance products, and reshaped the operation and management model with the internet thinking and big data technology, while using our internet-based finance and cross-industry cooperation platforms to help enterprises embrace the "Internet +" action plan and lend support to the real economy. In the first half of 2015, through a series of measures such as holding the e-ICBC strategy press conference, establishing the internet-based finance marketing center and offering O2O shopping experience at outlets, the Bank saw accelerated development of its internet-based finance which is centered on three platforms and three production lines. For example, the E-mall Platform, featuring sales and consumption supported by financing and payment, has extended its business scope from B2C to B2B and B2G (Business-to-Government), from daily consumption to real estate, tourism, cars, education and centralized procurement, and has built up the cross-market comprehensive service ability; the Social Networking Platform has reshaped the traditional customer service and marketing methods and realized long-distance and real-time service for and maintenance of customers; the Direct Banking Platform has extended the Bank's financial service coverage in a convenient and effective way of inclusive finance. Centering on customer experience, we have constantly improved the three product lines of payment, settlement and investment and financing, and are preparing for the establishment of the groundbreaking online financing center while expanding the implementation of standardized credit business operations with the internet thinking and big data measures, in order to provide mortgaged, pledged and unsecured online financing services for corporate customers, especially small and micro enterprises, and personal customers. At a make-or-break moment, only those capable of reform and innovation forge ahead. Down-to-earth reforms and vigorous innovations are generating a multiplier effect on driving the Bank's operation and development.

2015 marks the beginning of the Bank's new round of ten-year development strategy and three-year development plan. The complicated economic landscapes in China and abroad in the second half of 2015 will bring about new favorable conditions and positive factors, which, however, are accompanied by many risks and challenges. Adhering to its strategic focus, the Bank will take initiative to advance reform and innovation, increase efforts in risk prevention and control as well as implement work requirements, and relentlessly safeguard the momentum of steady and sound development.

Chairman: Jiang Jianqing

27 August 2015

President's Statement

In the first half of 2015, the Bank proactively adapted to the economic new normal amidst a complicated macroeconomic environment. The Bank maintained healthy and stable growth by making progress while ensuring stability, accelerating business transformation, deepening reform and innovation and strengthening risk prevention.

The Bank diversified income sources, cut costs and improved efficiency to further boost its ability to make a stable profit in a complicated environment. In many respects, the Bank generated a relatively stable profit in the first half of 2015. Profit before provisions was RMB236.6 billion, up by 8.4% from the same period last year. Net profit stood at RMB149.4 billon, up by 0.7% in spite of an increase of RMB18 billion or 75% in provisions as compared to the same period last year. By profit make up, profit from traditional businesses grew steadily. The Bank placed emphasis on strengthening the refined management of assets, liabilities and other traditional businesses amid deepening financial reforms. With assets and liabilities restructured, higher-cost liabilities reduced and coordinated management of domestic and overseas funds operations strengthened, net interest income rose by RMB14.5 billion to RMB252.1 billion. In particular, the mega retail banking business stood out noticeably as a counter-cyclical, stable profit contributor. It contributed RMB97.6 billion or nearly 40% of the total operating income, up by 2.55 percentage points from the same period last year, becoming a crucial profit stabilizer of the Group. Fee-based income grew reasonably, the Bank accelerated innovation in our services and products on the basis of strict standardized management and fee cuts, resulting in an increase of 7.5% compared to the same period last year in the fee and commission income to RMB85.3 billion. The market is always a diverse one that presents new opportunities in cyclical economic movements. The Bank swiftly seized these opportunities to create and grow a wide array of emerging businesses. The mega asset management business contributed RMB26.7 billion to the total operating income, representing a contribution rate of 3.97 percentage points higher than the same period last year and becoming a new pole of profit growth for the Group. The Bank has begun to reap the benefits of its internationalized and diversified operations. Overseas institutions and diversified services subsidiaries created a net profit of RMB10.9 billion, up by 20.0% from the same period last year, gradually increasing profit contribution to the Group. The Bank is fully aware that quality-related cost is its highest cost, while risk-induced loss is its biggest loss. While endeavoring to increase income, the Bank also strengthened cost control, with a focus on credit costs control in an effort to prevent credit costs from eating into profit. At the same time, the Bank enhanced control over internal expenses and costs, continuously optimized the allocation of financial resources and increased the output/input ratio. As a result, the Group's cost-to-income ratio fell by 1.26 percentage points to 23.71%, remaining at a better level as compared to international peers.

The Bank further improved the efficiency of serving the real economy and the capability of self-development through coordinated management of the existing and new credit as well as credit and non-credit businesses. In the first half of 2015, the Group issued RMB615.8 billion of RMB and foreign currency loans, up by 5.6%, with total outstanding loans amounting to RMB4.65 trillion. By building the "Four Coordination" system, namely coordination of new credit optimization and outstanding credit adjustment, coordination of domestic and overseas credit resource allocations, coordination of credit and non-credit financing businesses and coordination of financing businesses and diverse financial services, the Bank further boosted the efficiency of funds utilization and its financial services capability. The Bank not only provided strong supports for key areas and weak links of the real economy, but also optimized the credit structure and financing structure. As at the end of June 2015, the Bank issued RMB324.4 billion of loans in support of China's "One Belt & One Road" initiative, Beijing-Tianjin-Hebei region development and Yangtze River Economic Belt development. Newly added loans to the advanced manufacturing industries, modern service industries, cultural industries and strategic emerging industries representing the direction of industry adjustment and optimization amounted to 172.58 billion, accounting for 60.9% of the total new corporate loans. Due to structural adjustment and write-off factors, newly added loans to small and micro enterprises amounted to RMB105.6 billion, up by 6.13%, higher than the average growth rate of all kinds of loans, with the number of borrowers increasing by 21,600 and the successful loan application rate rising to 91%. Newly added personal consumption loans and residential mortgages amounted to RMB183.9 billion, up by RMB16.9 billion from the same period last year and the balance of personal loans reached RMB3.3 trillion. The Bank extended USD31.3 billion of loans to 142 "Going Global" projects. In addition, the Bank met the diverse financing needs of the real economy by providing non-credit financing, including bond underwriting, financial leasing and entrusted loans, which amounted to RMB521.5 billion cumulatively. The Bank acted as a lead underwriter for RMB384.3 billion of debt financing instruments, leading the banking industry in China. Syndicated loans ranked first among lead managers and bookrunners in the Asia-Pacific region.

The Bank further improved the enterprise risk management system of the Group through active innovation and improvement of risk management approaches. In response to the rebound of non-performing loans under the new normal, the Bank focused risk management on credit risk prevention and control, carried out the credit asset quality management and credit fundamentals management projects in an in-depth manner, made continuous and hard efforts in protecting asset quality, strengthened risk control through exceptionally strong measures, and took a variety of steps to curb the rebound of non-performing loans and ensure basic stability of asset quality. The Bank strengthened risk control in key areas, conducted in-depth screening to detect loans with potential risk, unleashed the "radar" function of the credit supervision center and used the big data early warning model to mitigate and correct more than RMB460 billion of risk financing and recovered loans of RMB230 billion. In particular, NPL ratio fell by 0.15 percentage points from the end of 2014 for the five industries with serious overcapacities, namely, steel, electrolytic aluminum, cement, sheet glass and shipbuilding. The Bank strengthened qualifications and accreditations of credit operating institutions and personnel of outlets to boost the credit operation capacity. In spite of an increase from the end of 2014, the Bank's NPL ratio still remained at a relatively healthy level in the first half of 2015 compared to peers in China and abroad. Against the backdrop that the risks of illegal fundraising and financial frauds are spreading to the banking system, the Bank implemented strict governance measures and launched campaigns to prevent frauds and fill gaps. In particular, the Bank continuously deepened the application of external IT systems for fraud risk prevention and reinforced the risk firewall to protect interests of financial consumers. The Bank adhered to the principles of putting regulations first, operating transparently and isolating risks, strengthened cross-market risk control and prevention, clarified the roles of diversified services subsidiaries, agency sales, agency investments and other capital markets business lines and reasonably controlled the growth pace and limit to ensure risk is visible and controllable. Relevant businesses have successfully withstood violent market fluctuations.

The Bank seized new opportunities to accelerate business transformation and further shaped a development landscape with multi-power source and multi-support. The Bank proactively adapted to the new trends featuring diverse allocation of personal financial assets and increasingly diverse investment and financing instruments, adjusted its liability business development strategy at appropriate times and unleashed its competitive advantage in settlement and custody businesses. In the first half of 2015, the total of due to customers and due to banks and other institutions of the Group stood at RMB1.7 trillion, up RMB564.1 billion from the same period last year, representing the highest deposit growth in the past three years. The Bank capitalized on China's active capital market to vigorously drive the development of relevant financial businesses and foster new engines of growth. Total financial assets of personal customers exceeded RMB11 trillion. 706 million bank cards were issued, 43.88 million more than at the end of 2014, with bank card-based consumption exceeding RMB4 trillion, up by 15.1% from the same period last year. The number of credit cards issued and credit card-based consumption were 108 million and over RMB1.05 trillion respectively, both being ranked the first among banks in the Asia-Pacific region. Managed assets in private banking grew by 23.7% to RMB910 billion. Assets under custody had a total net value of over RMB6.5 trillion, up by 12.1%, making the Bank the biggest custodian bank in China. Balance of wealth management products stood at RMB2.1 trillion, up by 7.9%, fortifying the Bank's position as the largest asset manager among Chinese banks. Investment banking activities, i.e. M&A and equity financing, have maintained rapid growth on the basis of sustained high growth in the past few years, up by 36% and 24% from the same period last year, respectively. In response to the "Internet +" initiative, the Bank took the lead in launching the e-ICBC internet-based finance strategy, realizing explosive growth in internet-based finance composed mainly of three platforms (E-mall Platform, Social Networking Platform, Direct Banking Platform) and three product lines (payment, financing and investment/trading). Transaction volume of the E-mall Platform amounted to RMB204.4 billion. The number of Social Networking Platform users exceeded 1.3 million. Transaction volume of the Direct Banking Platform exceeded RMB23 billion since the platform went live early this year. In addition, "ICBC e-payment" customers exceeded 60 million, with the transaction volume exceeding RMB80 billion, 5.4 times the level recorded in the same period last year. The balance of online financing products, including online revolving loans and self-service personal pledge loans, exceeded RMB400 billion. Online investment and trading businesses such as paper crude oil, paper precious metals, paper base metals and paper agricultural products, developed rapidly, with the paper crude oil trading volume reaching RMB60.4 billion. Internet-based finance has become a new highlight and a new brand in the transformational development of ICBC. The Bank moved steadily forward with internationalization and diversification to further improve its global services network. Riyadh Branch was officially opened and Yangon Branch was licensed. The Bank completed the acquisition of a 60% stake in the Standard Bank PLC and renamed the bank as ICBC Standard Bank PLC. It also successfully completed the acquisition of a 75.5% stake in Turkey-based Tekstilbank. The penetration rate and localization level in key markets were further increased. As at the end of June 2015, the Bank had 399 institutions in 42 countries or regions, extended its reach to 20 African countries through Standard

Bank PLC and established correspondent banking relationship with 1,604 overseas banks in 147 countries or regions. Total assets of overseas institutions were USD269 billion, up by 14%. ICBC Credit Suisse Asset Management managed RMB754 billion of assets, up by 28% from the end of 2014; ICBC Leasing had assets of RMB268 billion, ranked first amongst domestic peers. ICBC-AXA realized RMB15 billion of premium income, representing a substantial growth of 93.5% from the same period last year. Diversified services subsidiaries have become an increasingly important contributor to the Group's profit and strategic synergies.

To be the winner, be the hardest worker first. The increase in uncertainties in the current banking environment poses unprecedented challenges and ubiquitous opportunities. The Bank will analyze and identify new situations, new changes and new opportunities in development, implement annual objectives and strategic plans laid down by the Board of Directors with great courage and resilience, endeavor to deliver good results compared to peers and make a good start to the new round of ten-year development strategy and three-year development plan of the Bank.

President: Yi Huiman

27 August 2015

ECONOMIC, FINANCIAL AND REGULATORY ENVIRONMENTS

In the first half of 2015, the global economy maintained a modest recovery, but the difference in growth trends between developed economies and emerging economies became increasingly prominent. The US economy recovered mildly, and its endogenous driving force counteracted the negative impact of weak export. The European economy accelerated growth slightly as the effects of QE gradually emerged. Japan's economic recovery showed a sound momentum, and the impact of consumption tax rise has basically been eliminated. Emerging markets suffered economic chill, which is unlikely to change in the short run. The volatile global geopolitical conditions triggered a rise in the political risk. The volatility of the international financial market increased; the exchange rate of US dollar fluctuated and appreciated; European bond market faltered again; stock markets in the world experienced ups and downs; international gold price slid down amid fluctuations; crude oil prices rebounded following a decline. The liquidity of US dollar tightened substantially, and that of Hong Kong dollar tightened slightly.

Major economic indicators of China gradually recovered and showed a slow, stable and sound development trend in the first half of 2015. China's gross domestic product (GDP) grew by 7.0%. China's consumer price index, total retail sales of consumer goods, fixed asset investment and industrial added value of above-scale enterprises rose by 1.3%, 10.4%, 11.4% and 6.3%, respectively, while the total volume of imports and exports decreased by 6.9%.

PBC continued to pursue the prudent monetary policy. In response to complicated situations such as the rising pressure of economic downturn and the impact of changes in the funds outstanding for foreign exchange on liquidity, PBC further enhanced the flexibility and initiative of control while maintaining neutral and moderate monetary and financial conditions. PBC generally reduced the deposit reserve ratio of financial institutions, appropriately provided long-term liquidity, improved the dynamic adjustment mechanism for differentiated reserves, and encouraged financial institutions to channel more credit resources to "Sannong" (agriculture, rural areas and farmers), small and micro enterprises, major water conservancy projects and other key fields and weak links; PBC reduced the benchmark interest rates of RMB deposits and loans for financial institutions, drove down the market interest rates through quantity and price tools, and cut social financing costs; PBC improved personal housing credit policy, and steadily enlarged the pilot run of credit asset securitization; various financial reforms advanced smoothly and the upper limit on the floating range of deposit interest rate was expanded to 1.5 times that of benchmark interest rate; the Deposit Insurance Regulations were formally promulgated, and the foreign exchange management system reform was further deepened. By passing the Revision of the Law on Commercial Banks (Draft), the State Council changed the loan-to-deposit ratio of commercial banks from being a statutory regulatory indicator to a liquidity monitoring indicator, and strengthened the ability of financial institutions to increase loans for "Sannong" (agriculture, rural areas and farmers) and small and micro enterprises. CBRC further pushed forward the pilot projects of private banks, issued the Guidelines on Promoting the Development of Private Banks, improved supporting regulatory measures, enriched and perfected the banking financial institution system and sparked the vitality of private economy.

Money supply maintained reasonable growth in the first half of 2015. As at the end of June, the broad money supply (M2) balance was RMB133.34 trillion, representing an increase of 11.8%. The outstanding RMB loans reached RMB88.79 trillion, representing an increase of 13.4%. The balance of RMB deposits was RMB131.83 trillion, representing an increase of 10.7%. The increase in social financing scale was RMB8.81 trillion in the first half of the year. The Shanghai Composite Index and the Shenzhen Component Index rose by 32.2% and 30.2%, respectively. The market capitalization of the free float stocks on the Shanghai and Shenzhen stock markets increased by 132.4%. The cumulative amount of bonds issued in the bond market reached RMB8.6 trillion, representing an increase of RMB3.2 trillion as compared to the same period of last year. The central parity of RMB against the US dollar was RMB6.1136, representing an appreciation of 0.09% from the end of last year. The government bond yields moved downwards on the whole in the inter-bank market.

Asset scale of the banking industry grew steadily. As at the end of June 2015, the total assets of banking financial institutions (corporate) were RMB188.48 trillion, representing an increase of 12.75%. The balance of NPLs of commercial banks reached RMB1,091,900 million; NPL ratio was 1.50%; allowance to NPL was 198.39%; core tier 1 capital adequacy ratio, tier 1 capital adequacy ratio and capital adequacy ratio were 10.48%, 10.79% and 12.95%, respectively.

In the second half of 2015, developed economies are expected to speed up economic recovery. The economic growth of emerging economies is likely to continue to slow down. US dollar will possibly continue to remain strong, posing huge downward pressure on oil and gold prices. The Chinese Government will continue to execute a proactive fiscal policy and prudent monetary policy. Fiscal policy will become more powerful. While maintaining a certain scale of government investment, China will further revitalize existing fiscal funds and improve the efficiency of use of fiscal funds; China will deepen the reform of fiscal and tax system, prevent fiscal and financial risks, implement an all-round, standardized, open and transparent budget management rules, further push forward the tax reforms involving replacement of business tax by value-added tax and consumption tax system, as well as the reform of transfer payment system; China will further innovate in and improve local government debt financing mechanism; China will continue to implement structured tax cut and extensive fee reduction, and reduce or exempt related administrative charges and government funds for small and micro enterprises; China will push forward the "innovation-driven strategy", further streamline administration and delegate power to the lower levels, advance the reform of investment and financing approval rules and provide comprehensive support for innovative practice activities. China will comprehensively utilize various monetary policy tools, including quantity and price tools, optimize policy portfolios, maintain moderate liquidity and achieve reasonable growth in monetary credit and social financing scale; China will revitalize existing credit, optimize new credit, improve financing and credit structure and support economic restructuring, transformation and upgrading; China will further push forward the interest rate liberalization and RMB exchange rate formation mechanism reform, improve the efficiency of financial resources allocation and enhance the financial control mechanism.

FINANCIAL STATEMENTS ANALYSIS

Income Statement Analysis

In the first half of 2015, the Bank continuously promoted operational transformation and service enhancement on the basis of serving the real economy and satisfying customers' financial needs, and implemented strict cost management and risk prevention and control, maintaining steady operation and sustainable development. The Bank realized a net profit of RMB149,426 million in the first half of 2015, representing an increase of 0.7% as compared to the same period of last year. Annualized return on average total assets stood at 1.39%, and annualized return on weighted average equity was 18.86%. Operating income amounted to RMB336,737 million, representing an increase of 6.3%. Net interest income was RMB252,087 million, representing an increase of 6.1%. Non-interest income reached RMB84,650 million, representing an increase of 6.8%. Operating expenses amounted to RMB101,499 million, representing an increase of 1.9%, and the cost-to-income ratio decreased to 23.71%. Allowance for impairment losses was RMB41,951 million, representing an increase of 73.6%. Income tax expense decreased by 1.0% to RMB45,252 million.

CHANGES OF KEY INCOME STATEMENT ITEMS

In RMB millions, except for percentages

Item	Six months ended 30 June 2015	Six months ended 30 June 2014	Increase/ (decrease)	Growth rate (%)
Net interest income	252,087	237,607	14,480	6.1
Non-interest income	84,650	79,246	5,404	6.8
Operating income	336,737	316,853	19,884	6.3
Less: Operating expenses	101,499	99,612	1,887	1.9
Less: Impairment losses	41,951	24,167	17,784	73.6
Operating profit	193,287	193,074	213	0.1
Share of profits of associates and joint ventures	1,391	1,016	375	36.9
Profit before taxation	194,678	194,090	588	0.3
Less: Income tax expense	45,252	45,709	(457)	(1.0)
Net profit	149,426	148,381	1,045	0.7
Attributable to: Equity holders of the parent company	149,021	148,100	921	0.6
Non-controlling interests	405	281	124	44.1

Net interest income

In the face of the interest rate liberalization reform and increasingly fierce market competition, the Bank took 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, vigorously expanded its low-cost liability businesses and achieved stable growth in net interest income. In the first half of 2015, net interest income increased by RMB14,480 million or 6.1% to RMB252,087 million, accounting for 74.9% of the Bank's operating income. Interest income increased by RMB24,682 million or 6.0% to RMB437,295 million, and interest expenses increased by RMB10,202 million or 5.8% to RMB185,208 million. Affected by four times of interest cut and adjustments of the floating range for deposit interest rates by PBC since November 2014, in the first half of 2015, net interest spread and net interest margin came at 2.34% and 2.53%, 9 basis points lower than those of the same period of last year, respectively.

AVERAGE YIELD OF INTEREST-GENERATING ASSETS AND AVERAGE COST OF INTEREST-BEARING LIABILITIES

In RMB millions, except for percentages

Item	Six months ended 30 June 2015			Six months ended 30 June 2014		
	Average balance	Interest income/ expense	Average yield/cost (%)	Average balance	Interest income/ expense	Average yield/cost (%)
Assets						
Loans and advances to customers	11,334,692	311,862	5.55	10,349,467	297,753	5.80
Investment	4,169,349	82,664	4.00	4,006,223	77,490	3.90
Investment in bonds not related to restructuring	3,972,221	80,463	4.08	3,775,176	74,912	4.00
Investment in bonds related to restructuring(2)	197,128	2,201	2.25	231,047	2,578	2.25
Due from central banks(3)	3,302,124	24,538	1.50	3,046,399	23,695	1.57
Due from banks and other financial institutions(4)	1,316,323	18,231	2.79	885,134	13,675	3.12
Total interest-generating assets	**20,122,488**	**437,295**	**4.38**	**18,287,223**	**412,613**	**4.55**
Non-interest-generating assets	1,489,681			1,383,544		
Allowance for impairment losses	(266,197)			(249,948)		
Total assets	**21,345,972**			**19,420,819**		
Liabilities						
Deposits	15,201,636	151,971	2.02	14,402,012	146,493	2.05
Due to banks and other financial institutions(4)	2,657,016	25,428	1.93	1,842,986	21,474	2.35
Debt securities issued	418,878	7,809	3.76	383,933	7,039	3.70
Total interest-bearing liabilities	**18,277,530**	**185,208**	**2.04**	**16,628,931**	**175,006**	**2.12**
Non-interest-bearing liabilities	1,474,517			1,379,450		
Total liabilities	**19,752,047**			**18,008,381**		
Net interest income		**252,087**			**237,607**	
Net interest spread			**2.34**			**2.43**
Net interest margin			**2.53**			**2.62**

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 central banks mainly includes mandatory reserves and surplus reserves with central banks.

(4) 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.

ANALYSIS OF CHANGES IN INTEREST INCOME AND EXPENSE

In RMB millions

Item	Comparison between six months ended 30 June 2015 and 30 June 2014		
	Increase/(decrease) due to		Net increase/ (decrease)
	Volume	Interest rate	
Assets			
Loans and advances to customers	26,940	(12,831)	14,109
Investment	3,676	1,498	5,174
Investment in bonds not related to restructuring	4,053	1,498	5,551
Investment in bonds related to restructuring	(377)	–	(377)
Due from central banks	1,900	(1,057)	843
Due from banks and other financial institutions	6,004	(1,448)	4,556
Changes in interest income	**38,520**	**(13,838)**	**24,682**
Liabilities			
Deposits	7,621	(2,143)	5,478
Due to banks and other financial institutions	7,792	(3,838)	3,954
Debt securities issued	656	114	770
Changes in interest expenses	**16,069**	**(5,867)**	**10,202**
Impact on net interest income	**22,451**	**(7,971)**	**14,480**

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 resulting from the combination of volume and interest rate have been allocated to the changes resulting from business volume.

Interest Income

- *Interest Income on Loans and Advances to Customers*

Interest income on loans and advances to customers was RMB311,862 million, representing an increase of RMB14,109 million or 4.7% as compared to the same period of the previous year, principally due to an increase of RMB985,225 million in average balance. Average yield of loans fell by 25 basis points, mainly due to the lower interest rates of new loans and repriced existing loans as compared to the same period of last year arising from four times of RMB benchmark loan interest rate cut by PBC in November 2014, March 2015, May 2015 and June 2015.

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 2015			Six months ended 30 June 2014		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Short-term loans	3,862,135	91,723	4.79	3,620,723	90,179	5.02
Medium to long-term loans	7,472,557	220,139	5.94	6,728,744	207,574	6.22
Total loans and advances to customers	**11,334,692**	**311,862**	**5.55**	**10,349,467**	**297,753**	**5.80**

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

In RMB millions, except for percentages

	Six months ended 30 June 2015			Six months ended 30 June 2014		
Item	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Corporate loans	7,029,913	204,597	5.87	6,685,215	202,508	6.11
Discounted bills	373,525	9,577	5.17	141,016	4,594	6.57
Personal loans	3,113,081	82,958	5.37	2,791,921	78,055	5.64
Overseas business	818,173	14,730	3.63	731,315	12,596	3.47
Total loans and advances to customers	**11,334,692**	**311,862**	**5.55**	**10,349,467**	**297,753**	**5.80**

◆ *Interest Income on Investment*

Interest income on investment amounted to RMB82,664 million, representing an increase of RMB5,174 million or 6.7% as compared to the same period of last year. Specifically, interest income on investment in bonds not related to restructuring was RMB80,463 million, representing an increase of RMB5,551 million or 7.4%, mainly because the Bank seized a favorable opportunity in the bond market to increase bond investment and optimized the investment structure during the reporting period, resulting in an increase of 8 basis points in average yield of bonds not related to restructuring.

Interest income on investment in bonds related to restructuring decreased by RMB377 million or 14.6% to RMB2,201 million from the same period of the previous year, mainly due to the advance repayment of part of the Huarong bonds in 2014, resulting in a decrease in average balance.

◆ *Interest Income on Due From Central Banks*

Interest income on due from central banks was RMB24,538 million, representing an increase of RMB843 million or 3.6% as compared to the same period of last year, mainly due to the increase in the average daily balance of reserves with central banks resulting from the growth in customers' deposits with the Bank.

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

Interest income on due from banks and other financial institutions was RMB18,231 million, representing an increase of RMB4,556 million or 33.3% as compared to the same period of last year, principally due to the increase of RMB431,189 million in average balance. During the reporting period, the Bank had relatively sufficient RMB funds. Therefore, the Bank moderately increased the outward financing scale as long as risks were under control, in order to boost return on fund operation.

Interest Expense

◆ *Interest Expense on Deposits*

Interest expense on deposits amounted to RMB151,971 million, representing an increase of RMB5,478 million or 3.7% as compared to the same period of last year, and accounted for 82.1% of total interest expense, principally because of the increase of RMB799,624 million in average balance of deposits. PBC lowered the RMB benchmark deposit interest rates in November 2014, March 2015, May 2015 and June 2015 respectively and raised the upper limit of the floating range for deposit interest rates. The Bank proactively improved the differential pricing mechanism for deposit interest rates and strove to control deposit interest cost, resulting in a decrease of 3 basis points in average cost.

ANALYSIS OF AVERAGE DEPOSIT COST BY PRODUCTS

In RMB millions, except for percentages

Item	Six months ended 30 June 2015			Six months ended 30 June 2014		
	Average balance	Interest expense	Average cost (%)	Average balance	Interest expense	Average cost (%)
Corporate deposits						
Time deposits	3,615,510	59,213	3.30	3,310,621	56,533	3.44
Demand deposits[1]	3,882,374	14,797	0.77	3,738,446	14,460	0.78
Subtotal	**7,497,884**	**74,010**	**1.99**	**7,049,067**	**70,993**	**2.03**
Personal deposits						
Time deposits	4,043,796	67,840	3.38	3,898,703	65,641	3.40
Demand deposits	3,082,010	5,344	0.35	2,967,396	5,142	0.35
Subtotal	**7,125,806**	**73,184**	**2.07**	**6,866,099**	**70,783**	**2.08**
Overseas business	**577,946**	**4,777**	**1.67**	**486,846**	**4,717**	**1.95**
Total deposits	**15,201,636**	**151,971**	**2.02**	**14,402,012**	**146,493**	**2.05**

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 RMB25,428 million, representing an increase of RMB3,954 million or 18.4% as compared to the same period of last year, principally due to an increase of RMB814,030 million in average balance. The active capital market during the reporting period led to an increase in third-party custody business which in turn increased low-cost liabilities. As a result, the average cost dropped by 42 basis points.

- *Interest Expense on Debt Securities Issued*

Interest expense on debt securities issued was RMB7,809 million, representing an increase of RMB770 million or 10.9% as compared to the same period of last year, mainly attributable to the increase in the issuance of financial bonds and bills by overseas institutions. Please refer to "Note 31. to the Financial Statements: Debt Securities Issued" for details of the debt securities issued by the Bank.

Non-interest income

In the first half of 2015, the Bank realized non-interest income of RMB84,650 million, representing an increase of RMB5,404 million or 6.8% as compared to the same period of last year. Specifically, net fee and commission income grew by 5.3% to RMB77,120 million, and other non-interest income grew by 25.1% to RMB7,530 million.

NET FEE AND COMMISSION INCOME

In RMB millions, except for percentages

Item	Six months ended 30 June 2015	Six months ended 30 June 2014	Increase/ (decrease)	Growth rate (%)
Personal wealth management and private banking services	19,051	10,108	8,943	88.5
Bank card business	18,684	16,861	1,823	10.8
Investment banking business	15,197	19,685	(4,488)	(22.8)
Settlement, clearing business and cash management	15,015	16,701	(1,686)	(10.1)
Corporate wealth management services	9,235	7,056	2,179	30.9
Asset custody business	2,732	3,532	(800)	(22.7)
Guarantee and commitment business	2,702	2,841	(139)	(4.9)
Trust and agency services	1,147	1,162	(15)	(1.3)
Others	1,567	1,440	127	8.8
Fee and commission income	**85,330**	**79,386**	**5,944**	**7.5**
Less: Fee and commission expense	**8,210**	**6,158**	**2,052**	**33.3**
Net fee and commission income	**77,120**	**73,228**	**3,892**	**5.3**

In the first half of 2015, the Bank furthered innovation in products, services and channels, and promoted the application of advances in financial services technologies to benefit all customers, in order to satisfy customer needs to the maximum extent. Net fee and commission income of the Bank was RMB77,120 million, representing an increase of RMB3,892 million or 5.3% as compared to the same period of last year. Fee and commission income stood at RMB85,330 million, up 7.5%, where wealth management, private banking and bank card businesses achieved a fine growth; fee and commission expense increased by 33.3% to RMB8,210 million, mainly attributable to the increase in expense from bank card issuance and acquiring services.

Income from personal wealth management and private banking services amounted to RMB19,051 million, representing an increase of RMB8,943 million or 88.5% as compared to the same period of last year, mainly due to the significant growth in income from personal fund agency business and income from private banking and wealth management products to personal customers amidst the brisk capital market in the first half of 2015.

Income from bank card business increased by RMB1,823 million or 10.8% to RMB18,684 million, mainly due to an increase in income from relevant business driven by the increase in the number of bank cards issued and consumption volume.

Income from corporate wealth management services rose by RMB2,179 million or 30.9% to RMB9,235 million, mainly due to the increase in sales fees and investment management income arising from substantial growth in sales of quasi-fund wealth management products for corporate customers.

Due to the impact of factors such as external economic environment and the execution of a new version of service price list which lowered or exempted certain business fees, income from investment banking, settlement, clearing business and cash management and asset custody business decreased as compared to the same period of last year.

OTHER NON-INTEREST RELATED GAIN

In RMB millions, except for percentages

Item	Six months ended 30 June 2015	Six months ended 30 June 2014	Increase/ (decrease)	Growth rate (%)
Net trading income	2,165	1,626	539	33.1
Net loss on financial assets and liabilities designated at fair value through profit or loss	(5,082)	(4,977)	(105)	2.1
Net gain on financial investments	2,613	1,036	1,577	152.2
Other operating income, net	7,834	8,333	(499)	(6.0)
Total	**7,530**	**6,018**	**1,512**	**25.1**

Other non-interest income was RMB7,530 million, representing an increase of RMB1,512 million or 25.1% as compared to the same period of the previous year. The increase was mainly because of the growth in gains from disposal of available-for-sale financial instruments and interest income on investment in held-for-trading interbank CDs.

Operating Expenses

OPERATING EXPENSES

In RMB millions, except for percentages

Item	Six months ended 30 June 2015	Six months ended 30 June 2014	Increase/ (decrease)	Growth rate (%)
Staff costs	50,103	49,452	651	1.3
Including: Salaries and bonuses	31,233	31,108	125	0.4
Premises and equipment expenses	14,732	13,825	907	6.6
Business tax and surcharges	21,667	20,493	1,174	5.7
Amortisation	1,183	1,131	52	4.6
Others	13,814	14,711	(897)	(6.1)
Total	**101,499**	**99,612**	**1,887**	**1.9**

The Bank exercised strict cost management to continuously enhance its operating efficiency. Operating expenses were RMB101,499 million, representing an increase of RMB1,887 million or 1.9% as compared to the same period of last year. Cost-to-income ratio dropped to 23.71%. Staff costs increased by 1.3% to RMB50,103 million, of which, salaries and bonuses increased by 0.4%; other operating expenses decreased by 6.1% to RMB13,814 million, where agency expense, marketing expense, conference expense and vehicle and vessel use expense showed obvious declines.

Impairment Losses

The Bank continued to strengthen loan risk prevention and control and maintained its capability in risk offsetting. Allowance for impairment losses was RMB41,951 million, representing an increase of RMB17,784 million or 73.6% 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 slightly decreased to RMB45,252 million as compared to the same period of last year. The effective tax rate was 23.2%. 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.

Segment Information

The Bank's principal operating segments include corporate banking, personal banking and treasury operations. The Bank adopts MOVA (the Management of Value Accounting) 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 2015		Six months ended 30 June 2014	
Item	Amount	Percentage (%)	Amount	Percentage (%)
Corporate banking	160,281	47.6	149,278	47.1
Personal banking	124,142	36.9	109,636	34.6
Treasury operations	48,675	14.5	55,278	17.4
Others	3,639	1.0	2,661	0.9
Total operating income	**336,737**	**100.0**	**316,853**	**100.0**

Note: Please see "Note 47. to the Financial Statements: Segment Information".

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 2015		Six months ended 30 June 2014	
Item	Amount	Percentage (%)	Amount	Percentage (%)
Head Office	41,821	12.4	27,528	8.7
Yangtze River Delta	59,375	17.6	59,170	18.7
Pearl River Delta	41,158	12.2	39,844	12.6
Bohai Rim	62,337	18.5	63,057	19.9
Central China	42,322	12.6	42,337	13.4
Western China	51,998	15.4	50,107	15.7
Northeastern China	15,857	4.7	16,742	5.3
Overseas and others	21,869	6.6	18,068	5.7
Total operating income	**336,737**	**100.0**	**316,853**	**100.0**

Note: Please see "Note 47. to the Financial Statements: Segment Information" for the Bank's classification of geographic regions.

Balance Sheet Analysis

In the first half of 2015, 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 optimized the credit structure, maintaining a stable and balanced loan growth. The Bank moderately increased its investment scale and flexibly arranged its investment schedule and priorities by closely monitoring the trends of the domestic and international financial markets. The Bank moderately increased its outward financing scale based on fund trend and changing tendency of prices while ensuring risks were under control. Furthermore, the Bank actively adopted measures to promote steady growth in due to customers and expand low-cost liability businesses, thereby ensuring a stable and sustainable growth of funding sources.

Assets Deployment

As at the end of June 2015, total assets of the Bank amounted to RMB22,417,295 million, representing an increase of RMB1,807,342 million or 8.8% from the end of the previous year, of which total loans and advances to customers (collectively referred to as "total loans") increased by RMB615,754 million or 5.6%, investment increased by RMB449,587 million or 10.1%, and cash and balances with central banks increased by RMB91,638 million or 2.6%. In terms of structure, net loans and advances to customers accounted for 50.7% of total assets; investment accounted for 21.8%; and cash and balances with central banks accounted for 16.1%.

ASSETS DEPLOYMENT

In RMB millions, except for percentages

	At 30 June 2015		At 31 December 2014	
Item	Amount	Percentage (%)	Amount	Percentage (%)
Total loans and advances to customers	11,642,085	—	11,026,331	—
Less: Allowance for impairment losses on loans	267,138	—	257,581	—
Loans and advances to customers, net	11,374,947	50.7	10,768,750	52.2
Investment	4,882,824	21.8	4,433,237	21.5
Cash and balances with central banks	3,615,260	16.1	3,523,622	17.1
Due from banks and other financial institutions	783,352	3.5	782,776	3.8
Reverse repurchase agreements	1,040,068	4.6	468,462	2.3
Others	720,844	3.3	633,106	3.1
Total assets	**22,417,295**	**100.0**	**20,609,953**	**100.0**

Loan

In the first half of 2015, the Bank adhered to the combination of credit increment optimization and structural adjustment in supporting the real economy development based on changes in macroeconomic environment and financial regulatory requirements. The Bank actively supported the State's key planned projects of the "Three Supporting Belts" and key new urbanization projects as well as the development of modern service industry and emerging industries, paid close attention to the credit demands of regional quality customers, and innovated in financial service modes for small and micro enterprises. Besides, it intensified its support for the "Going Global" efforts of Chinese-funded enterprises, proactively developed the personal loan business to support rational credit demands of residents. As at the end of June 2015, total loans amounted to RMB11,642,085 million, representing an increase of RMB615,754 million or 5.6% from the end of the previous year, of which, RMB-denominated loans of domestic branches increased by RMB561,047 million or 5.8% to RMB10,278,271 million.

DISTRIBUTION OF LOANS BY BUSINESS LINE

In RMB millions, except for percentages

	At 30 June 2015		At 31 December 2014	
Item	Amount	Percentage (%)	Amount	Percentage (%)
Corporate loans	7,943,677	68.2	7,612,592	69.0
Discounted bills	432,700	3.7	350,274	3.2
Personal loans	3,265,708	28.1	3,063,465	27.8
Total	**11,642,085**	**100.0**	**11,026,331**	**100.0**

DISTRIBUTION OF CORPORATE LOANS BY MATURITY

In RMB millions, except for percentages

	At 30 June 2015		At 31 December 2014	
Item	Amount	Percentage (%)	Amount	Percentage (%)
Short-term corporate loans	3,080,023	38.8	2,982,425	39.2
Medium to long-term corporate loans	4,863,654	61.2	4,630,167	60.8
Total	**7,943,677**	**100.0**	**7,612,592**	**100.0**

DISTRIBUTION OF CORPORATE LOANS BY PRODUCT LINE

In RMB millions, except for percentages

	At 30 June 2015		At 31 December 2014	
Item	Amount	Percentage (%)	Amount	Percentage (%)
Working capital loans	3,580,549	45.1	3,411,064	44.8
Including: Trade finance	873,763	11.0	982,384	12.9
Project loans	3,860,696	48.6	3,711,715	48.8
Property loans	502,432	6.3	489,813	6.4
Total	**7,943,677**	**100.0**	**7,612,592**	**100.0**

Corporate loans increased by RMB331,085 million or 4.3% from the end of last year. In terms of maturity structure, short-term corporate loans increased by RMB97,598 million or 3.3%, while medium to long-term corporate loans increased by RMB233,487 million or 5.0%. In terms of product type, working capital loans were RMB169,485 million or 5.0% higher, mainly because the Bank stepped up its support for the real economy by meeting the demands of enterprises for working capital during business expansion; project loans increased by RMB148,981 million or 4.0%, mainly due to the continuous support for national key projects under construction and continuing projects.

Discounted bills rose by RMB82,426 million or 23.5% from the end of last year, principally because the Bank moderately increased its supply of discounted bills in accordance with the pace of credit granting to meet the need of asset-liability portfolio management.

DISTRIBUTION OF PERSONAL LOANS BY PRODUCT LINE

In RMB millions, except for percentages

Item	At 30 June 2015		At 31 December 2014	
	Amount	Percentage (%)	Amount	Percentage (%)
Residential mortgages	2,258,520	69.1	2,070,366	67.6
Personal consumption loans	305,592	9.4	309,889	10.1
Personal business loans	307,961	9.4	316,965	10.3
Credit card overdrafts	393,635	12.1	366,245	12.0
Total	**3,265,708**	**100.0**	**3,063,465**	**100.0**

Personal loans increased by RMB202,243 million or 6.6% from the end of the previous year, which was mainly due to the increase of residential mortgages by RMB188,154 million or 9.1%. Personal consumption loans decreased by RMB4,297 million or 1.4%, principally because the Bank reinforced the purpose management on personal consumption loans and took the initiative to adjust the product structure. Personal business loans declined by RMB9,004 million or 2.8%, mainly due to the declined financing willingness of some small and micro enterprise owners as affected by the decelerated growth in the macro economy. Credit card overdrafts increased by RMB27,390 million or 7.5%, mainly due to the stable growth in the number of credit cards issued and their consumption volume and the continuous healthy development of credit card installment business.

Please see "Discussion and Analysis — Risk Management" for detailed analysis of the Bank's loans and their quality.

Investment

In the first half of 2015, the Bank reasonably organized its investment schedule and priorities and optimized the investment portfolio structure in strict adherence to the trends in financial markets. The Bank moderately increased the investment scale and continuously improved the return on investment portfolios on the basis of guaranteed liquidity and controllable risks. As at the end of June 2015, investment amounted to RMB4,882,824 million, representing an increase of RMB449,587 million or 10.1% from the end of the previous year.

INVESTMENT

In RMB millions, except for percentages

Item	At 30 June 2015		At 31 December 2014	
	Amount	Percentage (%)	Amount	Percentage (%)
Debt instruments	**4,654,039**	**95.3**	**4,268,560**	**96.3**
Investment in bonds not related to restructuring	4,196,589	85.9	3,978,565	89.7
Investment in bonds related to restructuring	197,128	4.0	197,128	4.4
Other debt instruments	260,322	5.4	92,867	2.2
Equity instruments and others	**228,785**	**4.7**	**164,677**	**3.7**
Total	**4,882,824**	**100.0**	**4,433,237**	**100.0**

Investment in bonds not related to restructuring amounted to RMB4,196,589 million, representing an increase of RMB218,024 million or 5.5% from the end of last year. Investment in bonds related to restructuring amounted to RMB197,128 million, remaining unchanged as compared to the end of last year. Other debt instruments increased by RMB167,455 million or 180.3% to RMB260,322 million, mainly due to more investment in interbank CDs during the reporting period. 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

	At 30 June 2015		At 31 December 2014	
Item	Amount	Percentage (%)	Amount	Percentage (%)
Government bonds	1,141,749	27.2	1,026,985	25.8
Central bank bills	368,798	8.8	346,154	8.7
Policy bank bonds	1,677,215	40.0	1,687,791	42.4
Other bonds	1,008,827	24.0	917,635	23.1
Total	**4,196,589**	**100.0**	**3,978,565**	**100.0**

In terms of distribution by issuers, government bonds increased by RMB114,764 million or 11.2% over the end of last year, mainly because the Bank increased the investment in local government bonds during the reporting period; central bank bills rose by RMB22,644 million or 6.5%; policy bank bonds fell by RMB10,576 million or 0.6%; and other bonds augmented by RMB91,192 million or 9.9%, mainly because the Bank continuously intensified investment in high-quality credit bonds.

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

In RMB millions, except for percentages

	At 30 June 2015		At 31 December 2014	
Remaining maturity	Amount	Percentage (%)	Amount	Percentage (%)
Undated[1]	101	0.0	126	0.0
Less than 3 months	211,922	5.0	180,728	4.5
3 to 12 months	533,102	12.7	444,672	11.2
1 to 5 years	2,458,815	58.6	2,370,831	59.6
Over 5 years	992,649	23.7	982,208	24.7
Total	**4,196,589**	**100.0**	**3,978,565**	**100.0**

Note: (1) Refers to impaired bonds.

In terms of remaining maturity structure, bonds not related to restructuring within 1-year maturity increased by RMB119,599 million from the end of the previous year and their percentage rose by two percentage points; bonds not related to restructuring within 1 to 5-year maturity grew by RMB87,984 million; and bonds not related to restructuring within over 5-year maturity grew by RMB10,441 million. In the first half of 2015, in response to market trends, the Bank moderately increased the investment scale and raised the percentage of short-term bonds investment to boost bonds liquidity and prevent interest rate risk.

DISTRIBUTION OF INVESTMENT IN BONDS NOT RELATED TO RESTRUCTURING BY CURRENCY

In RMB millions, except for percentages

	At 30 June 2015		At 31 December 2014	
Item	Amount	Percentage (%)	Amount	Percentage (%)
RMB-denominated bonds	3,992,999	95.1	3,829,614	96.3
USD-denominated bonds	132,707	3.2	98,593	2.5
Other foreign currency bonds	70,883	1.7	50,358	1.2
Total	**4,196,589**	**100.0**	**3,978,565**	**100.0**

In terms of currency structure, RMB-denominated bonds not related to restructuring increased by RMB163,385 million or 4.3% over the end of the previous year. USD-denominated bonds increased by the equivalent of RMB34,114 million or 34.6%; and other foreign currency bonds increased by the equivalent of RMB20,525 million or 40.8%. During the reporting period, the Bank improved the return on investment portfolios by investing in foreign currency bonds with relatively high yields.

DISTRIBUTION OF INVESTMENT BY HOLDING PURPOSE

In RMB millions, except for percentages

Item	At 30 June 2015 Amount	At 30 June 2015 Percentage (%)	At 31 December 2014 Amount	At 31 December 2014 Percentage (%)
Financial assets at fair value through profit or loss	422,960	8.7	346,828	7.8
Available-for-sale financial assets	1,438,093	29.5	1,188,288	26.8
Held-to-maturity investments	2,646,489	54.2	2,566,390	57.9
Receivables	375,282	7.6	331,731	7.5
Total	**4,882,824**	**100.0**	**4,433,237**	**100.0**

As at the end of June 2015, the Bank held RMB1,967,906 million of financial bonds[1], including RMB1,677,215 million of policy bank bonds and RMB290,691 million of bonds issued by banks and non-bank financial institutions, accounting for 85.2% and 14.8% 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 2007	17,900	5.07%	29 November 2017	–
Policy bank bonds 2008	16,719	4.95%	11 March 2018	–
Policy bank bonds 2011	13,990	4.49%	25 August 2018	–
Policy bank bonds 2011	11,735	4.25%	24 March 2018	–
Policy bank bonds 2012	11,650	4.04%	25 June 2022	–
Policy bank bonds 2012	11,610	3.94%	21 August 2019	–
Policy bank bonds 2014	11,149	5.44%	8 April 2019	–
Policy bank bonds 2012	11,089	3.76%	13 July 2019	–
Policy bank bonds 2010	11,050	3.51%	27 July 2020	–
Policy bank bonds 2011	10,811	4.02%	12 April 2016	–

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.

Reverse Repurchase Agreements

Reverse repurchase agreements were RMB1,040,068 million, representing an increase of RMB571,606 million or 122.0% from the end of the previous year. This was mainly because the Bank had relatively sufficient reserves of RMB funds during the reporting period, and thus the Bank moderately increased the outward financing scale as long as risks were under control, in order to boost return on fund operation.

Liabilities

As at the end of June 2015, total liabilities of the Bank amounted to RMB20,803,658 million, representing an increase of RMB1,731,009 million or 9.1% from the end of the previous year.

LIABILITIES

In RMB millions, except for percentages

Item	At 30 June 2015		At 31 December 2014	
	Amount	Percentage (%)	Amount	Percentage (%)
Due to customers	16,287,768	78.3	15,556,601	81.6
Due to banks and other financial institutions	2,562,775	12.3	1,539,239	8.1
Repurchase agreements	330,933	1.6	380,957	2.0
Debt securities issued	284,903	1.4	279,590	1.4
Others	1,337,279	6.4	1,316,262	6.9
Total liabilities	**20,803,658**	**100.0**	**19,072,649**	**100.0**

Due to Customers

Due to customers is the Bank's main source of fund. In the first half of 2015, proactively responding to the changes in external environment such as interest rate liberalization and increasingly fierce interbank competition, the Bank reinforced marketing for deposits, improved the differential pricing mechanism for deposit interest rates and vigorously developed the large-denomination CDs business, in order to promote steady growth in deposits. As at the end of June 2015, the balance of due to customers was RMB16,287,768 million, representing an increase of RMB731,167 million or 4.7% when compared to the end of the previous year. In terms of customer structure, the balance of corporate deposits increased by RMB474,910 million or 5.9%; and the balance of personal deposits increased by RMB319,967 million or 4.5%. In terms of maturity structure, the balance of time deposits increased by RMB400,936 million or 5.1%, while the balance of demand deposits increased by RMB393,941 million or 5.4%.

DISTRIBUTION OF DUE TO CUSTOMERS BY BUSINESS LINE

In RMB millions, except for percentages

Item	At 30 June 2015 Amount	At 30 June 2015 Percentage (%)	At 31 December 2014 Amount	At 31 December 2014 Percentage (%)
Corporate deposits				
Time deposits	4,119,119	25.3	3,902,305	25.1
Demand deposits	4,392,924	27.0	4,134,828	26.6
Subtotal	**8,512,043**	**52.3**	**8,037,133**	**51.7**
Personal deposits				
Time deposits	4,218,912	25.9	4,034,790	25.9
Demand deposits	3,289,662	20.2	3,153,817	20.3
Subtotal	**7,508,574**	**46.1**	**7,188,607**	**46.2**
Other deposits(1)	**267,151**	**1.6**	**330,861**	**2.1**
Total	**16,287,768**	**100.0**	**15,556,601**	**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 2015 Amount	At 30 June 2015 Percentage (%)	At 31 December 2014 Amount	At 31 December 2014 Percentage (%)
Head Office	62,363	0.4	76,972	0.5
Yangtze River Delta	3,168,291	19.5	3,078,463	19.8
Pearl River Delta	2,064,285	12.7	2,001,180	12.8
Bohai Rim	4,409,829	27.1	4,163,766	26.8
Central China	2,329,447	14.3	2,189,392	14.1
Western China	2,705,900	16.6	2,572,310	16.5
Northeastern China	957,456	5.9	901,068	5.8
Overseas and others	590,197	3.5	573,450	3.7
Total	**16,287,768**	**100.0**	**15,556,601**	**100.0**

DISTRIBUTION OF DUE TO CUSTOMERS BY REMAINING MATURITY

In RMB millions, except for percentages

Remaining maturity	At 30 June 2015 Amount	At 30 June 2015 Percentage (%)	At 31 December 2014 Amount	At 31 December 2014 Percentage (%)
Demand(1)	8,289,058	50.8	7,908,683	50.8
Less than 3 months	2,129,645	13.1	2,290,971	14.7
3 to 12 months	3,819,500	23.5	3,361,635	21.6
1 to 5 years	2,028,591	12.5	1,958,020	12.6
Over 5 years	20,974	0.1	37,292	0.3
Total	**16,287,768**	**100.0**	**15,556,601**	**100.0**

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

In terms of the currency structure, the balance of RMB deposits amounted to RMB15,456,677 million, which accounted for 94.9% of the total balance of due to customers, RMB657,801 million or 4.4% higher than that at the end of the previous year. The balance of foreign currency deposits was equivalent to RMB831,091 million, representing an increase of RMB73,366 million or 9.7% from the end of the previous year.

Due to Banks and Other Financial Institutions

Due to banks and other financial institutions was RMB2,562,775 million, representing an increase of RMB1,023,536 million or 66.5% from the end of the previous year, mainly due to the increase in third-party custody business amidst a brisk capital market during the reporting period.

Shareholders' Equity

As at the end of June 2015, shareholders' equity amounted to RMB1,613,637 million in aggregate, RMB76,333 million or 5.0% higher than that at the end of the previous year. Equity attributable to equity holders of the parent company amounted to RMB1,603,025 million, recording an increase of RMB72,166 million or 4.7%. Please refer to the "Financial Statements: Consolidated Statement of Changes in Equity" for details.

For details of off-balance sheet items, please refer to "Note 42. to the Financial Statements: Commitments and Contingent Liabilities".

Analysis on Statement of Cash Flows

Net cash inflows from operating activities amounted to RMB1,083,849 million. Specifically, net cash outflows of operating assets fell by RMB185,040 million as compared to the same period of last year and net cash inflows of operating liabilities rose by RMB456,863 million, mainly because of the net increase in due to banks and other financial institutions as compared to the same period of last year.

Net cash outflows from investing activities amounted to RMB379,990 million, of which, cash inflows increased by RMB12,966 million to RMB513,597 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 increased by RMB286,094 million to RMB893,587 million, mainly due to the increase in cash payment generated from investment in bonds as compared to the same period of last year.

Net cash inflows from financing activities amounted to RMB14,306 million, of which, cash inflows were RMB39,340 million, mainly due to the issuance of debt securities by overseas institutions; and cash outflows were RMB25,034 million, mainly due to the repayment of debt securities.

BUSINESS OVERVIEW

Corporate Banking

In the first half of 2015, the Bank proactively adapted to the overall requirements of China's economic restructuring, transformation and upgrading. Seizing new opportunities from economic development, and leveraging on optimized business structure, solidified customer base and improved control of credit risk, corporate banking developed steadily in return. At the end of June 2015, the Bank had 5,425 thousand corporate customers, representing an increase of 331 thousand over the end of the previous year. Among them, 139 thousand corporate customers had loan balances with the Bank.

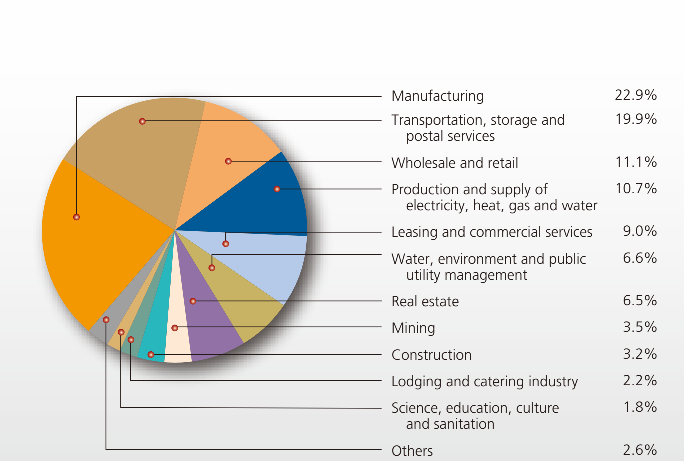
Corporate Deposits and Loans

- The Bank leveraged on its advantages in diversified financial services such as corporate wealth management, cash management, E-banking and custody of credit funds and boosted the Bank's competitiveness in the corporate deposit market.
- Adjustment of the credit structure driven by the improvement of customer structure enhanced the capability of serving the real economy.
- At the end of June 2015, the balance of corporate loans reached RMB7,943,677 million, representing an increase of RMB331,085 million or 4.3% over the end of the previous year. The balance of corporate deposits hit RMB8,512,043 million, representing an increase of RMB474,910 million or 5.9% over the end of the previous year. According to the statistics from PBC, the Bank had the largest balance of both corporate loans and corporate deposits in the banking industry, with a market share of 11.24% and 11.93% in Mainland China, respectively.

Small and Medium-Sized Enterprise Business

- The Bank deepened the reform of small and micro enterprise banking management system and accelerated the setup of small and micro enterprise banking centers. At the end of the reporting period, the Bank has set up 59 small and micro enterprise banking centers and will further expand the scope.
- The Bank researched and developed a series of convenient loan products including Caizhi account/card overdraft and online pledge loan, and the Government Subsidies loan product under the partnership of ICBC and the government, in a bid to provide more flexible financing services for small and micro-sized customers.

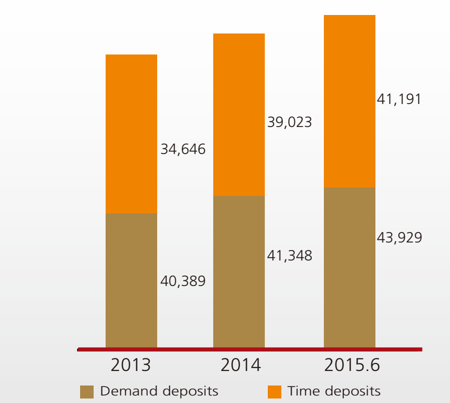
Breakdown of Corporate Loans by Industry



Note: Domestic operations data.

Growth of Corporate Deposits

Unit: RMB100 millions



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

In RMB millions, except for percentages

Item	At 30 June 2015 Amount	At 30 June 2015 Percentage (%)	At 31 December 2014 Amount	At 31 December 2014 Percentage (%)
Loans to small (micro) and medium-sized enterprises	**4,774,334**	**44.8**	**4,525,444**	**44.8**
Medium-sized enterprises	2,978,295	28.0	2,803,904	27.7
Small and micro enterprises	1,796,039	16.8	1,721,540	17.1

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

(2) Small and micro enterprises loans include loans granted to small and micro enterprises, loans to privately or individually-owned businesses and loans to small and micro enterprise owners.

Institutional Banking

- The Bank successfully became the account bank for custody and sweep of China trust protection fund, entered into a comprehensive cooperation agreement with China Government Securities Depository Trust & Clearing Co. Ltd., secured its qualification to be a participant into China Securities Internet System Co., Ltd., became the first to roll out the bank-derivatives transfer business of stock options online and successfully introduced the stock option business of futures companies.
- The Bank was among the earliest to issue e-L/G on the clearance in Beijing, Tianjin and Hebei called for by the General Administration of Customs and to roll out the fund supervision system of the State Administration of Taxation and the agency clearing system of net bond issuances. The system of centralized electronic payment products for local treasuries was launched in more places, with its geographical coverage and transaction volume being the largest in the banking industry.
- The Bank ranked the first in the banking industry in terms of the balance of institutional deposits and the amount of new institutional deposits, as well as the amount and the number of customers under third-party custody service.

Settlement and Cash Management

- The Bank continuously promoted the "Enterprise Link" service which integrates functions such as industrial and commercial registration, account opening, Internet banking and settlement, providing a full range of whole-process and one-stop services for new registrants.
- The Bank provided enterprise group customers with centralized operations management service of cross-border RMB and foreign exchange funds and the China financial reform experimental site policy-based cross-border cash management service, extending its global cash management business to over 70 countries and regions.
- The Bank was named the "Best Cash Management Bank in China" by the *Global Finance*, and the "Most International Asian Cash Management Bank in Asia Pacific" and the "Leading Counterparty Bank in China" by *The Asian Banker*.
- At the end of June 2015, the Bank maintained 6,517,100 corporate settlement accounts, representing an increase of 6.4% over the end of the previous year, and the volume of settlements reached RMB1,085 trillion, up 28.9% over the same period in the previous year. The Bank maintained its leading position in the business scale. The Bank's cash management customers grew by 7.2% to 1,206 thousand, including 4,643 global cash management customers after increasing by 6.2% over the beginning of the year.

International Settlement and Trade Finance

- Leveraging on its advantages in local and foreign currency resources and close interaction between domestic and overseas branches, the Bank enhanced its services to import and export enterprises.
- The Bank remained committed to optimizing the structure of international banking products and innovated in international banking wealth management portfolios which could bring additional value.
- In the first half of 2015, domestic branches disbursed an aggregate of USD61,800 million in international trade finance. International settlements amounted to USD1,285,212 million, of which USD436,829 million were handled by overseas institutions.

Investment Banking

- The Bank proactively expanded merger and acquisition advisory business. The Bank participated in the acquisition of Shanghai Securities by Guotai Junan Securities and the rights issue of TCL, and served as the M&A advisor of Jinjiang International for its acquisition of Louvre Hotels Group and of Fosun International for its acquisition of Club Méditerranée.
- The Bank participated in equity financing of many key sectors including reform of SOEs, Public-Private-Partnership (PPP) projects and industry funds. The Bank provided equity financing advice in respect of projects including the China Huaneng-Invesco PV Industry Fund and the capital increase by AVIC INTL, among others.
- The Bank explored the debt financing advisory market with innovative business models. It provided advisory service for the structured financing of Wuhan Iron & Steel and the direct investment of wealth management of Jiangsu Expressway Operation & Management Center.
- The Bank expanded its bond underwriting business and underwrote various debt financing instruments worth RMB384.3 billion as a lead manager in the first half of 2015.
- The Bank was named as the "Best Bank in Investment Banking" and the "Best Bank in Cross-border Financing" by *Securities Times*.

Personal Banking

In the first half of 2015, the Bank actively took actions to handle the changes in the external environment and promoted the implementation of the mega retail banking strategy in an in-depth manner. To sharpen competitive edges through product innovation, the Bank stepped up application and promotion of internet retail products and accelerated precision marketing of personal banking business. Thus, personal customer base expanded steadily and the structure was further optimized, while personal financial assets maintained rapid growth and personal loan business recorded sound development. At the end of June 2015, the Bank had 480 million personal customers, including 10.05 million personal loan customers, representing an increase of 14.9 million and 0.41 million from the end of the previous year, respectively.

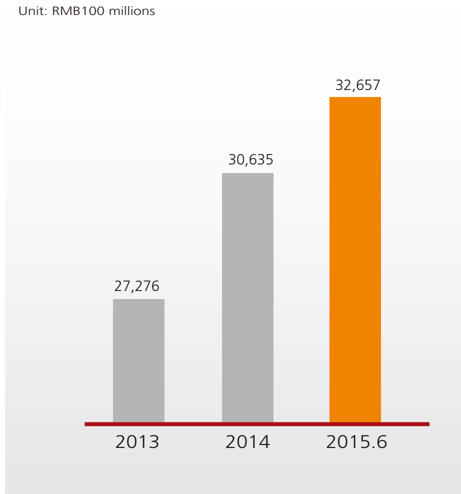
Personal Deposits

- The Bank carried forward the innovation of personal deposit products such as "Jie Jie Gao" and "Salary Premium", targeted at important customer groups, and constantly expanded the base of basic customers and optimized the customer structure.
- The Bank strengthened integrated marketing and precision marketing of various products and further expanded the balance of financial assets of personal customers to RMB11,303.7 billion, representing an increase of RMB804.5 billion over the end of the previous year.
- At the end of June 2015, the balance of the Bank's personal deposits amounted to RMB7,508,574 million, representing an increase of RMB319,967 million or 4.5% from the end of the previous year, of which personal demand deposits increased by 4.3% and personal time deposits increased by 4.6%.

Personal Loans

- The Bank made more efforts in marketing and promoting the residential mortgage market. It optimized the pricing mechanism and credit policy, improved the efficiency and effectiveness of automatic review and approval applications and strengthened risk management and control. In return, residential mortgages maintained a steady and healthy growth.
- The Bank reinforced its marketing of personal pledge loans. Customers could pledge their financial assets on a self-service online platform. Their loans could be credited into their accounts on a real-time T+0 basis, and they could choose to repay loans voluntarily and automatically.
- At the end of June 2015, the balance of the Bank's personal loans amounted to RMB3,265,708 million, representing an increase of RMB202,243 million or 6.6% from the end of the previous year. According to the PBC data, the Bank remained an industry leader in terms of personal loan balance with a market share of 12.83%.

Growth of Personal Loans



Private Banking

- ICBC Private Banking Center (Middle East) commenced business, making the Bank the first Chinese-funded bank offering private banking business in the Middle East.
- The Global Wealth Management Fund of Private Banking achieved success in its debut issue in Singapore as the first private placement fund offered by a Chinese commercial bank abroad.
- As at the end of June 2015, the Bank maintained 53,500 private banking customers, representing an increase of 10,400 or 24.0% from the end of the previous year. Asset under management amounted to RMB910 billion, growing by RMB174.3 billion or 23.7% from the end of the previous year.

Bank Card Business

At the end of June 2015, the Bank issued 710 million bank cards, representing an increase of 43.88 million cards from the end of the previous year. In the first half of 2015, bank cards-based consumptions increased by 15.1% as compared to the same period of last year to RMB4,043.7 billion. Bank card business income rose by 10.8% to RMB18,684 million.

Item	At 30 June 2015	At 31 December 2014	Growth rate (%)
Issued bank cards (in 10 thousands)	70,676	66,288	6.6
Debit cards	59,908	56,232	6.5
Credit cards	10,768	10,056	7.1
	Six months ended 30 June 2015	Six months ended 30 June 2014	Growth rate (%)
Consumption volume (in RMB100 millions)	40,437	35,133	15.1
Average consumption volume per card[(1)] (in RMB yuan)	5,977	5,847	2.2

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 launched ICBC Cloud Credit Card, becoming the first commercial bank in Asia to cooperate with Visa and the first commercial bank in the world to cooperate with China UnionPay on HCE (host-card emulation) cloud payment service.

✧ The Bank organized a series of promotions to boost consumptions via credit cards together with good-quality merchants, including "Serial Lucky Draws", "Pay with Bonus Points" and "I Go Globally".

✧ The Bank utilized big data technology and developed Easy Loan Corporate Card for Small and Micro Merchants with high creditworthiness, standardized management and balanced and stable acquiring transactions. It customized Rural Consumer Corporate Purchasing Card for agricultural product distributors, suppliers and supermarkets. It introduced ICBC E-mall Platform Easy Loan to creditworthy merchants with balanced transactions on this platform. It also issued "Easy Loan" Corporate Card to merchants in the business travel service sector, thereby meeting the domestic and overseas payment requirements of travel agencies.

✧ The personal Credit Consumption Financial Center was established as a franchised provider of unsecured consumer loans involving no mortgage or guarantee.

✧ The Bank was named the "Best Business Card Issuer of the Year" and the "Best Acquiring Bank in Merchant Marketing" by MasterCard Worldwide, and received the "Outstanding Contribution Award in Merchant Marketing of the Year" from JCB International Credit Card Co., Ltd.

✧ At the end of June 2015, the Bank issued 107.68 million credit cards, representing an increase of 7.12 million cards from the end of the previous year. In the first half of 2015, credit cards-based consumptions increased by 19.3% as compared to the same period of last year to RMB1,055.6 billion. Total credit card loans rose by RMB27,390 million or 7.5% from the end of previous year to RMB393,635 million. The Bank led its peers in terms of the number of cards issued, consumption volume and loan volume.

◆ *Debit Card Business*

✧ The payment environment of debit cards was further improved to make payment safer. Promotional activities to encourage the use of "Hui Ju Moneylink Card" were launched. The Bank categorized supermarket merchants as inclusive commercial district and university & college students and Merchant Club members as distinctive commercial district to optimize rights and interests of debit card holders and to optimize the payment environment.

✧ The Bank accelerated the penetration of chip cards into public service sectors and worked hard to provide a full package of debit card service solutions for multiple purposes by integrating "mobile financial service and mobile life service".

✧ In the first half of 2015, debit cards-based consumptions ascended by 13.7% as compared to the same period of last year to RMB2,988.1 billion.

Financial Asset Services

Wealth Management Services

✧ The Bank expanded the online sales channels and made full use of the e-ICBC platforms. Product lines such as "e-MoneyLink", Stable-Return series and closed-end net-value products were sold on the Direct Banking Platform. Moreover, product information was uploaded everyday on the ICBC Social Networking Platform to enhance customer experience.

✧ The Bank made rational investment in fixed-income products like bonds and projects, steadily supported the development of a multi-level capital market and expanded the project source of interbank asset and leased asset projects, among others, from third parties.

✧ The Bank promoted the global layout of cross-border asset management business and consolidated overseas asset management platforms including investment management companies under ICBC (Europe) and ICBC (Asia). Besides, the Bank also supported overseas branches in their localized operations, concluded the first transaction of China's FTZ-based wealth management business and actively marketed towards large institutional investors overseas to attract more offshore RMB capital.

- ✧ The Bank won the "Best Asset Management Brand" and the "Best Bank Wealth Management Product" prizes awarded by the *Shanghai Securities News*.
- ✧ At the end of June 2015, the Bank's wealth management products increased by 7.9% as compared to the end of the previous year to RMB2,139,257 million.

Asset Custody Services

- ✧ The Bank actively promoted emerging businesses such as Bills Connect, Wealth Management Connect and outsourcing of asset custody, took the first theme fund in the mixed ownership reform sector in custody and the first new third board fund, invested in the publicly offered fund and M&A and restructuring concept fund in the Hong Kong market under the model of Shanghai-Hong Kong Stock Connect and was the first to offer custody of equity investment fund with pension product.
- ✧ The Bank was recognized as the "Best Custodian Bank in China" by the *Global Custodian* and the *Global Finance*.
- ✧ At the end of June 2015, total net value of assets under the Bank's custody exceeded RMB6.5 trillion, representing an increase of 12.1% from the previous year end. The Bank remained as China's top custodian bank.

Pension Services

- ✧ As an innovative initiative, the collective scheme of employee welfare was rolled out to provide plan design, account management, fund escrow and asset allocation solutions in respect of salaries and benefits of employees in enterprises and public institutions on the strengths of rights & interests information management, asset management and localized service capabilities. The serial pension-related wealth management products "Ruyi Life" were further diversified.
- ✧ The Bank made efforts to promote the exclusive service platform for pension customers, improve customer experience and introduce more self-services.
- ✧ At the end of June 2015, the pension funds under the Bank's trusteeship amounted to RMB81.8 billion and the pension funds under the Bank's custody totaled RMB411.8 billion, representing an increase of 18.4% and 17.8% from the end of previous year, respectively. The Bank managed 14.07 million individual pension accounts. 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

- ✧ To echo the changes in market demands, the Bank developed a variety of new brands on assorted themes and introduced a series of products, e.g. Chinese Zodiac Coins and Panda Gold & Silver Coins, under agency sales.
- ✧ Leveraging on the ICBC E-mall Platform, the Bank enlarged the scale of e-commerce business and introduced products such as the Panda Silver Coins, Jiuhua Commemorative Coins and Disney Series on the online platform.
- ✧ The Bank accelerated the internationalization of precious metal business and actively took part in the innovation of gold business on the international board. Hand in hand with the Shanghai Gold Exchange and the Chinese Gold and Silver Exchange Society, the Bank contributed its share to the establishment of Shanghai-Hong Kong Gold Connect and completed the first deal under this programme.
- ✧ The Shanghai Gold Exchange conferred the "Award of Outstanding Contribution to the Market" and the honor of "Excellent Financial Institution Member" to the Bank.
- ✧ In the first half of 2015, the sum of precious metal business transactions was RMB662.2 billion, representing an increase of 43.3% as compared to the same period of last year. The Bank cleared a total of RMB195.7 billion of funds on behalf of the Shanghai Gold Exchange, ranking No. 1.

Franchise Treasury Business

- ✧ RMB/FX swap services were successfully made available in corporate internet banking to provide customers with RMB/FX spot, forward and swap foreign exchange trading services via the e-banking channel. The Bank successfully introduced standardized RMB foreign exchange swaps in the Interbank Foreign Exchange Market, which helped to constantly enhance the capabilities of market-making and offering prices in the sector of RMB foreign exchange swaps. It completed franchise RMB/FX settlement and sales of USD257 billion in the first half of 2015.
- ✧ The Bank actively launched marketing campaigns of paper precious metals and developed socialized marketing through the official account "ICBC Investment & Trading" on WeChat and Social Networking Platforms. As a result, customer scale and business revenues increased sharply. In the first half of 2015, the franchise precious metal trading volume increased to RMB109.5 billion.
- ✧ The Bank continued to enrich the features of paper crude oil product, extended daily trading hours and introduced more closing ways on exchange and over-the-counter e-trading platforms. Thus, single-day trading volume broke records again and again. In the first half of 2015, the franchise paper crude oil trading volume increased to RMB60.4 billion.
- ✧ Paper base metals and paper agricultural products were introduced, further diversifying the products under paper trading.
- ✧ The Bank was the first in the banking industry to realize normalized issuance and around-the-clock trading of innovative counter-based bond products, which effectively diversified the types of bonds and satisfied customers' needs of investing and trading in their fragmented time in the internet era. The total trading volume of counter-based bonds was RMB5,389 million.

Asset Securitization Business

- ✧ The Bank successfully issued an aggregate of RMB11,353 million worth of credit assets backed-securities on 6 February 2015. Corporate loans were the underlying assets of this project in which the Bank served as originator and lending services provider. During the reporting period, ICBC Leasing, ICBC (Asia) and ICBC (Argentina), all subsidiaries of the Bank, each originated one issue of traditional asset securitization products.

Agency Sales

- ✧ The promotion of refined management, innovation of fund marketing models, expansion of emerging e-channels and improvement of fund product lines effectively fueled the development of agency fund sales. The Bank increased the funds under agency sales by 22.2% as compared to the same period of 2014 to RMB713.1 billion.
- ✧ Leveraging on the yield characteristics of treasury bond products and expanding the base of customers preferring low risk, the Bank conducted agency sales of RMB12.5 billion worth of treasury bonds.
- ✧ Widening the distribution channels of Internet banking, self-service terminals and e-commerce platform, etc., the Bank sold RMB102.4 billion worth of insurance products on an agency basis, increasing by 74.7%.

Treasury Operations

In the first half of 2015, the Bank reasonably arranged for investment in line with the market interest rates, adjusted its trading strategy in a timely manner, developed active liabilities through multiple channels, strictly controlled business risks and improved fund use efficiency and profitability.

Money Market Activities

- The Bank made flexible use of funds and improved fund returns to satisfy the liquidity management needs. In the first half of 2015, domestic trading amount in the inter-bank market was RMB18.14 trillion, of which lending amounted to RMB16.01 trillion. The transaction volume in foreign exchange money markets reached USD85.9 billion.
- In the first half of 2015, the Bank had relatively sufficient reserves of RMB funds. On the premise that risks are controllable, the Bank actively satisfied the liquidity needs of various institutions in the market, moderately expanded investment scale and reasonably arranged for the portfolio maturity and bond investment products.
- The Bank actively engaged in the foreign exchange inter-bank lending with domestic non-banking financial institutions, and strived to raise the return on lending in the interbank market; the Bank enriched foreign currency liquidity management means and created a foreign currency bond liquidity asset pool.

Investment

- In the first half of 2015, the yield on RMB bond descended. The Bank timely adjusted its investment strategy in an effort to raise the yield on bonds investment.
- The Bank actively refined the structure of foreign currency bond investment portfolio, scaled up its position and actively adjusted its trading strategy to raise the overall portfolio yield.
- In the first half of 2015, the transaction volume of RMB bonds and foreign currency bonds in trading book scored RMB211.9 billion and USD5.4 billion respectively.

Financing

- As an innovator of liability models, the Bank enhanced the support of diversified liabilities towards asset business growth. On 15 June 2015, the Bank began to issue the first phase of large-value CDs; as at 30 June, the balance of large-value CDs issued amounted to RMB54.1 billion.
- For information on the CDs and debt securities issued by the Bank, please refer to "Note to the Financial Statements: 29. Certificates of Deposit; 31. Debt Securities Issued".
- For details on the Bank's issuance of preference shares, please refer to "Details of Changes in Share Capital and Shareholding of Substantial Shareholders — Preference Shares".

Innovation and Services

Internet-based Finance

The Bank improved service models with Internet thinking, provided consumers with more efficient and higher-value financial services and developed e-ICBC. It leveraged on its technique and platform to help enterprises realize "Internet +".

E-mall Platform

The Bank adhered to the positioning of e-mall platform of "famous merchants, commodities and stores", and increased functions such as recharging and mobile terminal barcode scanning. In the first half of 2015, e-mall platform recorded cumulative transaction value of more than RMB200 billion, with over 20 million registered customers.

Social Networking Platform

The Bank optimized the social networking platform, increased functions such as funds transfer between friends and AA receipt, and strived to build a mobile financial service platform with the function of social networking.

Direct Banking Platform

The Bank formally launched the ICBC direct banking platform client application and various products, including time deposit, wealth management and paper gold.

Payment Product Line

The Bank upgraded ICBC e-payment products, launched the one-click payment function on the client side and the QR code payment function on the merchant side, and recorded cumulative transaction value of over RMB80 billion for the first half of 2015. The Bank promoted ICBC e-payment that is also available for customers of other banks, supported small-value payment free of password, and provided various fee payment methods, including fee inquiry and agency bill withholding.

Financing Product Line

The Bank upgraded self-service pledge loan products and introduced new pledge product types such as franchise foreign exchange. The Bank improved Easy Loan products and provided convenient channels for customers to inquire about Easy Loan merchants. The balance of Easy Loan lendings reached RMB190 billion.

Investment and Wealth Management Product Line

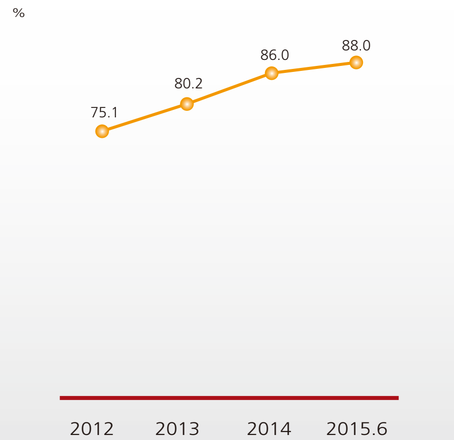
The Bank launched iPhone version and Android version of the ICBC e-investment mobile client application, so as to facilitate users to invest in products such as paper crude oil and paper precious metal.

The Bank set up the Internet-based finance marketing center, integrated its Internet-based finance marketing resources, directly carried out online marketing, and built a new Internet-based finance marketing pattern featuring professional coordination, collaboration of higher and lower levels and online-offline integration.

Distribution Channels

- The Bank continued to push forward the reform of standardized outlet operation, improved operating resources of outlets, separated high and low counter business and refined operations management.
- The Bank leveraged on new technique and new equipment to serve customers in a human-computer interaction manner. It promoted the smart service model and 294 outlets have completed the smart service upgrading. The Bank made WiFi accessible in all domestic outlets.
- The transaction volume of E-banking exceeded RMB280 trillion. The number of E-banking transactions accounted for 88.0% of total transactions of the Bank, representing an increase of two percentage points from the previous year. The number of mobile banking customers was more than 160 million, and the transaction value grew by 110% as compared to the same period last year. SMS banking and Wechat banking business continued to develop rapidly, with an average daily business processing volume of 600,000 deals.
- As at the end of June 2015, the Bank had 27,708 self-service banking outlets and 96,704 ATMs. In the first half of 2015, ATM transaction value amounted to RMB6.11 trillion, representing a period-on-period increase of 17.8%.
- The Bank has basically completed its global layout of E-banking business. It promoted cash management system in ICBC (New Zealand) and ICBC (USA), launched mobile banking services in ICBC (Malaysia) and Milan Branch, and promoted direct marketing banking in Amsterdam Branch.

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.

Product Innovation and Service Enhancement

- The Bank refined the structure of product R&D projects, carried out rapid and iterative R&D based on customer experience, and improved project management quality and efficiency.
- The Bank launched personal large-value CD products and improved asset allocation for high-end customers. It was the first in the industry to launch the cloud payment credit card, simulated chip card with mobile phone APP software, and provided customers with the convenient experience in offline contactless payment and online one-click payment. The pre-authorization functions of corporate Caizhi Account Card for corporate customers were introduced to satisfy the demand for advance payment for consumption. Besides, the Bank rolled out the ICBC express remittance of New Zealand dollar and Hong Kong dollar products.
- The Bank improved the service initiative of frontline employees and onsite service experience of customers at outlets, through the activities with the theme of "Service Experience Building Year". Customers' satisfaction with the counter services of outlets was kept at above 99%.

Consumer Protection

- The Bank collected consumers' feedback through various channels, modified the contract template, and integrated consumer protection concept into product design, R&D and promotion, service pricing and operating standards.
- The Bank promoted financial knowledge to consumers through new channels such as microblog and WeChat, and organized publicity and education activities with the theme of combatting against illegal financing and crackdown on illegal bank card trading.
- The Bank took customers' complaints seriously, improved complaint handling quality, analyzed customers' complaints data and improved its products, services and business operation.

Internationalized and Diversified Operation

The Bank steadily advanced internationalized and diversified operation and development, and stepped up its financial support for "Going Global" enterprises, "One Belt and One Road" construction and RMB internationalization.

- The Bank gradually improved the distribution of global services network, and further enhanced core market penetration rate and localized operations. Riyadh Branch formally opened; Yangon Branch obtained its banking licence; 60% shares of Standard Bank PLC were acquired and settled, and the bank's name was officially changed to ICBC Standard Bank PLC; besides, the project on the acquisition of 75.5% shares in Tekstilbank was successfully closed.
- Diversified services subsidiaries could deepen the linkage to other ICBC institutions and make headway steadily by grasping strategic development opportunities, thus further strengthening the profit contribution to the Group and strategic synergy. For example, ICBC Credit Suisse seized the favourable opportunities amidst continuous improvement of the multi-level capital market and brought the role of all-rounded asset management platform into play so as to significantly improve its business indicators. ICBC Leasing exploited international and domestic markets and key industries in an in-depth manner, making it rank the first among peers in terms of key indicators including asset size and profit. ICBC-AXA actively promoted the transformation of periodical premium insurance business, kept enhancing its business scale and market position, and achieved substantial improvement in respect of profitability. ICBC International constantly optimized its structure of assets and income and steadily elevated its sustainable development capability by means of improving product lines and consolidating management foundation.
- In the first half of 2015, the Bank established 399 institutions in 42 countries and regions and indirectly covered 20 African countries as a shareholder of Standard Bank Group. It also established correspondent banking relationship with 1,604 overseas banking institutions in 147 countries and regions, making its service network cover six continents and important international financial centers around the world.

MAJOR INDICATORS FOR OVERSEAS INSTITUTIONS

	Assets (in USD millions)		Profit before taxation (in USD millions)		Number of institutions	
Item	At 30 June 2015	At 31 December 2014	Six months ended 30 June 2015	Six months ended 30 June 2014	At 30 June 2015	At 31 December 2014
Hong Kong and Macau	126,760	118,110	747	626	106	106
Asia-Pacific region (except Hong Kong and Macau)	65,805	62,457	400	317	82	82
Europe	44,542	22,592	108	146	77	16
America	50,093	52,370	231	262	133	133
Africa (1)	4,104	4,305	220	159	1	1
Eliminations	(22,344)	(23,838)				
Total	**268,960**	**235,996**	**1,706**	**1,510**	**399**	**338**

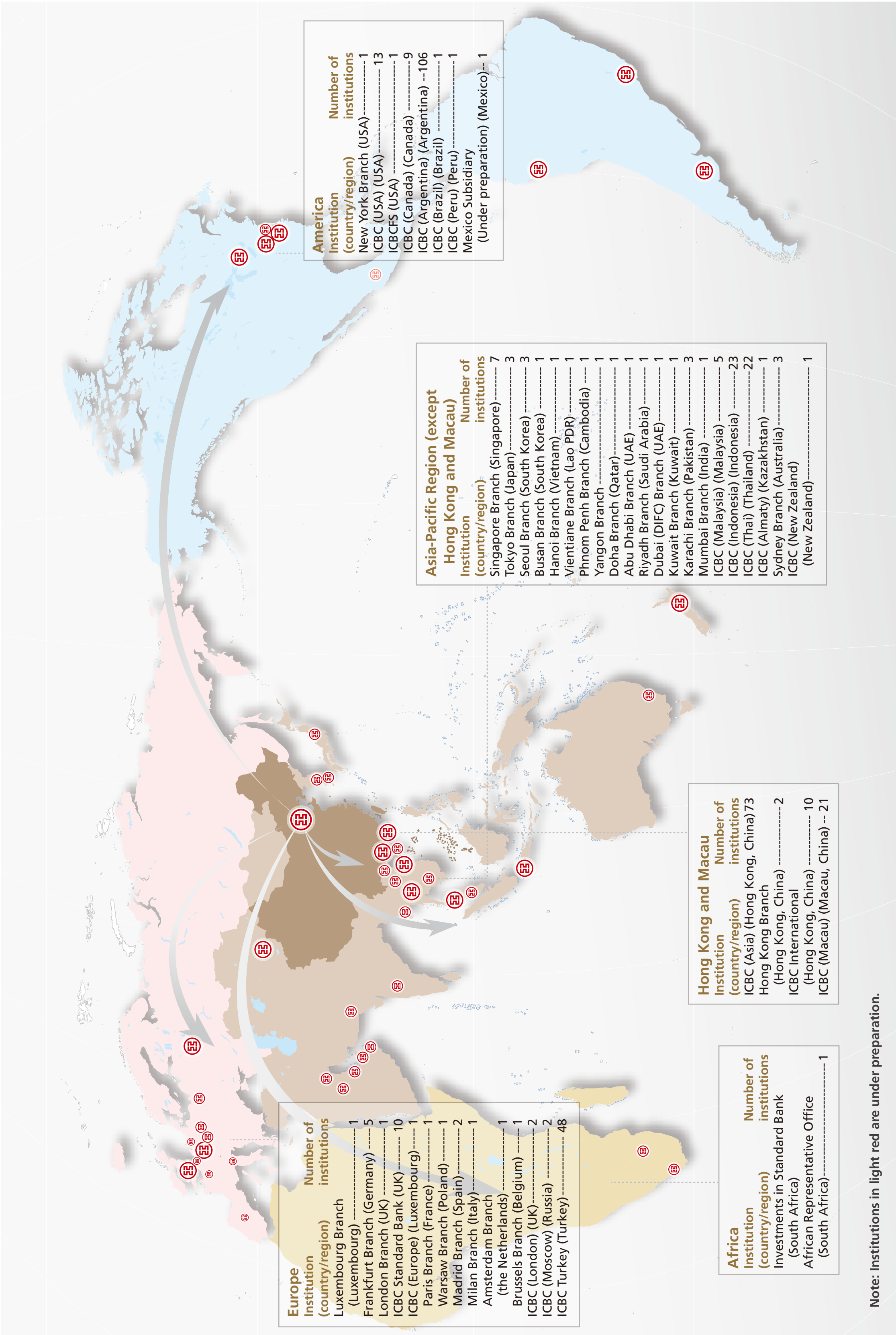
Note: (1) The assets represent the balance of the Bank's investment in Standard Bank and the profit before taxation represents the Bank's gain on investment recognized by the Bank during the reporting period.

- As at the end of June 2015, total assets of overseas institutions (including overseas branches, subsidiaries and investments in Standard Bank) of the Bank were USD268,960 million, representing an increase of USD32,964 million or 14.0% from the end of the previous year, and they accounted for 7.4% of the Group's total assets. Total loans amounted to USD140,308 million, up by USD9,325 million or 7.1%, and total deposits were USD95,178 million, indicating an increase of USD2,729 million or 3.0%. Profit before taxation during the reporting period was USD1,706 million, increasing by 13.0% as compared to the same period of last year.

◆ *Cross-border RMB Business*

- Overseas RMB clearing capability was further enhanced. The Bank built a 24-hour global RMB clearing system, being the first one in the global banking sector. Singapore Branch, Luxembourg Branch, Doha Branch, ICBC (Canada) and ICBC (Thai), as the overseas RMB clearing banks authorized by PBC, could provide uninterrupted services across different time zones. The RMB clearing network covered 75 countries and regions around the world. The Bank leveraged on the advantage of being the largest RMB bank in the world to continuously enrich the offshore RMB products system and to strengthen liquidity support, further promoting the growth of offshore RMB markets.
- Business innovation capability was further enhanced, all business lines collaborated with each other for greater development, and the interactive development pattern was further improved. The Bank grasped the opportunity of the accelerated RMB capital account reform to speed up the expansion of capital account businesses such as agency investment of interbank market bonds, RQFII, Shanghai-Hong Kong Stock Connect, cross-border RMB bi-directional cash pool, overseas RMB bond issuance, overseas direct lending, etc. It successfully marketed RMB assets to several central banks and sovereign wealth funds, greatly boosting the RMB internationalization. Approval has been obtained in respect of its overseas RMB bi-directional cash pool with the largest net inflow limit in China. It enhanced internal and external interaction to proactively promote the RMB investments and merger and acquisition business opportunities alongside the "One Belt and One Road" initiative. It expedited innovation and development of cross-border RMB business for free trade zones and successfully completed the first transaction involving cross-border RMB wealth management business in China (Shanghai) Pilot Free Trade Zone and the first transaction involving cross-border lending business in Guangdong Hengqin Free Trade Zone.
- In the first half of 2015, the volume for cross-border RMB business reached RMB1.99 trillion, increasing by 16.5% as compared to the same period of last year.

DISTRIBUTION MAP OF OVERSEAS INSTITUTIONS



IT-based Banking Development

- The Bank improved the continuous operation capacity of information system and infrastructure construction. It implemented the integrated operation management under mutual custody based on the new framework of three centers in two places. It was the first one among domestic banks to introduce the quantum communication technology and complete the construction of quantum communication network and the pilot application quantum encryption. It also transformed the native cipher algorithm for the financial IC card and mobile payment system, electronic authentication system and personal internet banking system.
- The Bank continued to cement the "big data" foundation for IT-based banking and built a streaming data processing platform.
- The Bank promoted the application of the Group's information bank and leveraged on the information bank to strengthen the mining and analysis of data in key business areas, such as deposits of corporate financial customers, loss of high and medium-end customers and analysis of investment and wealth management customers.
- The Bank accelerated its business system construction. It optimized its personal and corporate customer marketing system and established the customer manager desk. It completed the migration of corporate credit business from the corporate credit management system (CM2002) to the global credit management system (GCMS), thus achieving unified management of personal and corporate credit businesses in GCMS. It pushed forward relevant systems for the internationalized and diversified operation and successfully launched the FOVA system in ICBC (USA).
- In the first half of 2015, the Bank obtained 19 patents from the State Intellectual Property Office, and the total number of patents owned by the Bank increased to 376.

Human Resources Management

In line with the strategic needs of information-based, internationalized and diversified development, the Bank improved human resource management concepts and methods, constantly advanced innovation of the system and mechanism, and optimized the official rank system. The Bank reinforced its talent reserve, expanded the career development platform for staff, and improved human resource allocations. The Bank deepened the reform of remuneration incentive system, and improved the supporting mechanism for selecting, employing, training and retaining talented people, in a bid to provide strong human resources support for its transformational development.

The Bank pushed forward training transformations, initiated the "Top 10 Professional Talent Training Programs", implemented 31 projects and trained 5,030 persons. It deepened key projects such as enhancement of Party school and outlet competitiveness, innovatively implemented the training points-based system and dualistic training mode, and promoted the internal trainer team building and the mobile learning platform construction. In the first half of 2015, the Bank organized 24,000 sessions of training for 1,447,000 persons, with the average reaching about 2.86 days of training per person.

The Bank deepened the cultivation of corporate culture and enhanced the overall vitality of civilization work. The Bank innovated in the media for cultural communication, launched a themed educational activity involving the Social Networking Platform, designed the "ICBC Culture" WeChat public account plan, and enriched the column of "Corporate Culture Corner". The Bank advanced the cultivation of integrity culture and strengthened employees' awareness of honesty at work.

RISK MANAGEMENT

Enterprise Risk Management System

In the first half of 2015, in response to the complicated and changing operating environment, the Bank further improved and strengthened its enterprise risk management system and rules, pushed forward the implementation of the advanced capital management approaches, and continued to enhance the risk management capability of the Group.

In the reporting period, the Bank continuously pushed forward the implementation of the advanced approaches by optimizing risk measurement models and promoting risk measurement result application, to constantly improve its risk management capability and measurement. In respect of credit risk, to actively adapt to the economic new normal, the Bank timely validated and updated internal rating models with the latest data and improved system measurement functions; the Bank continuously improved the rating monitoring and early warning mechanism and the timeliness and accuracy of ratings; the Bank strengthened internal rating guidance for branches and outlets and deepened the promotion and application of internal rating achievements. In respect of market risk, the Bank continuously enhanced the Group's market risk management and measurement, carried forward the classified and refined management of consolidated institutions, and further improved the market risk management system. The Bank expanded the coverage of the global market risk management (GMRM) system to more products and institutions, optimized risk measurement models and database, and actively carried out the internal model approach (IMA) validation. Besides, the Bank constantly deepened the IMA core application in the limit management, stress test, capital measurement, etc. In respect of operational risk, the Bank further improved the operational risk governance framework, constantly optimized the operational risk management system and strengthened the application of the advanced measurement approaches while implementing the standardized approach.

Credit Risk

Credit Risk Management

In the first half of 2015, the Bank continued to financially support the real economy and strengthened credit risk management according to economic and industry development trends.

The Bank continued to strengthen the development of the credit system. It modified the corporate customer credit management measures, further improved global uniform credit management and effectively identified and controlled counterparty credit risk. It strengthened the management of potential risk customers, and reinforced the monitoring and pre-warning information checking and feedback mechanism. It optimized RAROC threshold value management and supported the business development of key fields.

The Bank continuously adjusted and improved regional and industrial credit policy in accordance with the macroeconomic policy, the prevailing trends of industry policy and the characteristics of the operation of the industry. In response to China's regional development strategy, the Bank formulated the regional credit policy pertaining to the "Three Supporting Belts", i.e. "One Belt and One Road", the synchronizing development of Beijing-Tianjin-Hebei region, and the Yangtze River Economic Belt, and actively supported the key planned projects and high-quality energy resources projects included in the "Three Supporting Belts". It strengthened credit support for quality customers in various fields including the modern services industries and emerging industries, promoting the optimization and adjustment of its credit structure.

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 of loans to LGFVs. It also exerted strict control over new loans, strengthened the limit and eligibility management of loans to LGFVs, intensified the monitoring of loans to LGFVs and further optimized the structure of loans to LGFVs. During the reporting period, part of the Bank's loans to LGFVs were converted into local government bonds according to relevant policies of China and fiscal arrangements of each province and municipality.

The Bank strengthened risk management of the property loans. It closely monitored risk changes in the real estate market, specially supported the high-quality general residential housing projects and indemnificatory housing projects developed by large real estate enterprises, and optimized the category and regional structure of property loans. It reinforced the monitoring, analysis and closed-loop management of existing real estate projects, in an effort to mitigate the potential risks of property loans.

The Bank strengthened risk management in relation to trade finance. It modified the domestic trade finance policy, and changed the eligibility conditions, term and guarantee requirements for trade finance. It integrated trade finance product types and standardized the commodity finance business models. It strengthened trade background authenticity verification, strictly controlled false trading, repeated pledge and other risks, refined trade finance business management and promoted the healthy development of trade finance.

The Bank strengthened credit risk management of small enterprises. It reinforced the credit risk management of small enterprises throughout the whole process, developed individualized financing plans for different customers, finalized financing limit and risk control plan, translated risk management requirements into specific operation methods for loans in each link and moved the control gate of risk forward. It strengthened the management of loan period, leveraged on big data technology to expand customer information sources and enhanced business risk pre-warning and dynamic management capability. It strengthened the monitoring and analysis of key regions, industries and clusters to prevent group-occurring, regional and systemic risks.

The Bank enhanced risk management of personal loans. It adjusted personal loan business process, reinforced the approval responsibilities of institutions at various levels for controlling personal loan risks, and improved personal loan approval efficiency. It further improved the classified approval process for personal housing loans, established differentiated interest rate pricing mechanism by region, project and customer, and enhanced the personal housing loan risk pricing capability. It intensified the management of personal loan collateral risks, standardized collateral assessment process, adjusted collateral revaluation cycle and improved collateral management quality and efficiency. It optimized personal loan risk monitoring model and enhanced the effectiveness of fund flow risk pre-warning.

The Bank enhanced risk management of credit card business. It improved credit card lending policy, reinforced dynamic credit management of credit cards, and strengthened the prevention and control of cross default risk. It established the real time monitoring system that can interpose and cover the whole business, whole processes and whole risks of credit card, and enhanced the key monitoring of and direct interference in centralized risk events, large-value transactions and large-value credits. It reinforced overdue loan collection management of credit cards and implemented pertinent collection strategy and NPL recovery and disposal plan.

The Bank improved credit risk management of treasury operations. It further improved credit risk monitoring and analysis mechanism for treasury business, optimized the structure of bond investment portfolio in line with the trends of domestic and international financial markets, and continued to maintain high-quality unsecured bond investment, effectively mitigating the credit risk of bond investment portfolio.

The Bank strengthened risk management of financial asset service business. It refined the regulations relating to authorization and supervision of financial asset service business, and improved policies and rules for non-standardized agency investment business. It standardized the process management of innovative businesses such as local government bond underwriting and funds portfolio. Moreover, it improved the system infrastructure of financial asset services and enhanced system management of non-standardized agency investment.

Credit Risk Analysis

As at the end of June 2015, the Bank's maximum credit risk exposures regardless of collaterals and other credit enhancement measures reached RMB24,182,609 million, representing an increase of RMB1,741,888 million over the end of the previous year. Please refer to Note 48.(a)(i) Details of the Bank's Maximum Exposure to Credit Risk Without Taking Account of Any Collateral and Other Credit Enhancements. For mitigated risk exposures of credit risk asset portfolio of the Bank, please refer to the "Information Disclosed Pursuant to the Capital Regulation".

DISTRIBUTION OF LOANS BY FIVE-CATEGORY CLASSIFICATION

In RMB millions, except for percentages

Item	At 30 June 2015		At 31 December 2014	
	Amount	Percentage (%)	Amount	Percentage (%)
Pass	11,058,212	94.99	10,582,050	95.97
Special mention	420,378	3.61	319,784	2.90
NPLs	163,495	1.40	124,497	1.13
Substandard	92,066	0.79	66,809	0.60
Doubtful	58,804	0.50	49,359	0.45
Loss	12,625	0.11	8,329	0.08
Total	**11,642,085**	**100.00**	**11,026,331**	**100.00**

Loan quality was generally stable. As at the end of June 2015, according to the five-category classification, pass loans amounted to RMB11,058,212 million, representing an increase of RMB476,162 million from the end of the previous year and accounting for 94.99% of total loans. Special mention loans amounted to RMB420,378 million, representing an increase of RMB100,594 million and accounting for 3.61% of total loans. Outstanding NPLs amounted to RMB163,495 million, increasing by RMB38,998 million, and NPL ratio was 1.40%.

DISTRIBUTION OF LOANS AND NPLS BY BUSINESS LINE

In RMB millions, except for percentages

Item	At 30 June 2015				At 31 December 2014			
	Loan	Percentage (%)	NPLs	NPL ratio (%)	Loan	Percentage (%)	NPLs	NPL ratio (%)
Corporate loans	7,943,677	68.2	125,037	1.57	7,612,592	69.0	92,277	1.21
Discounted bills	432,700	3.7	521	0.12	350,274	3.2	71	0.02
Personal loans	3,265,708	28.1	37,937	1.16	3,063,465	27.8	32,149	1.05
Total	**11,642,085**	**100.0**	**163,495**	**1.40**	**11,026,331**	**100.0**	**124,497**	**1.13**

The balance of non-performing corporate loans stood at RMB125,037 million, increasing by RMB32,760 million from the end of the previous year, and NPL ratio was 1.57%, which was mainly due to defaults as a result of operating difficulties of some enterprises in the face of slower macroeconomic growth and economic restructuring. Non-performing personal loans stood at RMB37,937 million, increasing by RMB5,788 million, and NPL ratio was 1.16%, which was mainly due to the increase in NPL amount of personal loans as a result of decrease in 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 2015				At 31 December 2014			
	Loan	Percentage (%)	NPLs	NPL ratio (%)	Loan	Percentage (%)	NPLs	NPL ratio (%)
Head Office	512,947	4.4	7,277	1.42	475,485	4.3	5,139	1.08
Yangtze River Delta	2,284,054	19.6	36,388	1.59	2,191,188	19.9	26,208	1.20
Pearl River Delta	1,506,290	12.9	26,984	1.79	1,453,273	13.2	23,858	1.64
Bohai Rim	1,955,512	16.8	26,941	1.38	1,861,749	16.9	20,611	1.11
Central region	1,621,240	13.9	21,570	1.33	1,500,909	13.6	17,194	1.15
Western China	2,121,647	18.3	31,373	1.48	1,988,934	18.0	20,701	1.04
Northeastern China	654,072	5.6	7,179	1.10	625,457	5.7	6,932	1.11
Overseas and others	986,323	8.5	5,783	0.59	929,336	8.4	3,854	0.41
Total	**11,642,085**	**100.0**	**163,495**	**1.40**	**11,026,331**	**100.0**	**124,497**	**1.13**

The Bank continuously optimized the geographic credit mix and promoted a balanced allocation of credit resources for different geographic areas, maintaining the stability of credit quality. The Bank actively responded to China's development strategies related to the rise of the central region and the development of the western region, and strengthened financing support for construction in the central and western regions. The Bank granted RMB253,044 million of new loans to these regions, accounting for 41.1% of the total new loans. Overseas and other loans increased by RMB56,987 million or 6.1%, which was mainly due to the active support for "Going Global" projects of Chinese-funded enterprises, innovation of cross-border trade finance business and efforts in exploring local businesses of ICBC Luxembourg Branch, ICBC (Macau), ICBC (Asia), Dubai Branch and other overseas institutions, thus accomplishing fast increase in loans.

The Western China, the Yangtze River Delta and the Bohai Rim witnessed relatively large increases in the balance of NPLs. The increase in the NPLs in the western region was attributed to the loan default of some enterprises, especially small and medium-sized enterprises, in wholesale and retailing and coal industries which encountered operating difficulties as a result of slower macroeconomic growth, economic restructuring and other various factors, as well as the increase in NPLs of certain other enterprises; the increase in the NPLs in the Yangtze River Delta and the Bohai Rim was mainly due to the rise in loan default of some enterprises in manufacturing, wholesale and retailing industries which faced operating difficulties.

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

In RMB millions, except for percentages

	At 30 June 2015				At 31 December 2014			
Item	Loan	Percentage (%)	NPLs	NPL ratio (%)	Loan	Percentage (%)	NPLs	NPL ratio (%)
Manufacturing	1,610,032	22.9	49,009	3.04	1,532,947	22.7	35,681	2.33
Chemical industry	268,330	3.8	6,892	2.57	256,186	3.8	3,637	1.42
Machinery	249,927	3.6	9,441	3.78	238,857	3.5	6,288	2.63
Metal processing	181,525	2.6	6,979	3.84	175,163	2.6	4,819	2.75
Textiles and apparels	142,890	2.0	6,097	4.27	139,117	2.1	4,181	3.01
Computer, telecommunications equipment, and other electronic equipment	132,682	1.9	1,456	1.10	121,013	1.8	906	0.75
Iron and steel	117,052	1.7	771	0.66	111,892	1.7	908	0.81
Transportation equipment	101,304	1.4	4,063	4.01	98,443	1.5	3,569	3.63
Non-metallic mineral	73,226	1.0	2,655	3.63	70,236	1.0	1,980	2.82
Petroleum processing, coking and nuclear fuel	62,874	0.9	150	0.24	51,951	0.8	204	0.39
Others	280,222	4.0	10,505	3.75	270,089	3.9	9,189	3.40
Transportation, storage and postal services	1,392,474	19.9	4,008	0.29	1,335,127	19.8	4,226	0.32
Wholesale and retail	776,986	11.1	47,357	6.09	772,536	11.5	35,612	4.61
Production and supply of electricity, heat, gas and water	753,663	10.7	1,374	0.18	699,649	10.4	1,353	0.19
Leasing and commercial service	633,792	9.0	3,839	0.61	575,469	8.5	2,164	0.38
Water, environment and public utility management	465,660	6.6	232	0.05	470,014	7.0	56	0.01
Real estate	459,275	6.5	4,444	0.97	443,471	6.6	3,713	0.84
Mining	248,613	3.5	2,204	0.89	262,338	3.9	1,576	0.60
Construction	223,736	3.2	2,482	1.11	205,881	3.1	1,242	0.60
Accommodation and catering	155,898	2.2	2,118	1.36	159,469	2.4	1,312	0.82
Science, education, culture and sanitation	123,181	1.8	333	0.27	114,012	1.7	429	0.38
Others	183,808	2.6	2,128	1.16	172,986	2.4	1,306	0.75
Total	**7,027,118**	**100.0**	**119,528**	**1.70**	**6,743,899**	**100.0**	**88,670**	**1.31**

In the first half of 2015, the Bank scientifically followed the credit granting and structural adjustment direction, actively supported key planned projects and high-quality energy resources projects included in the "Three Supporting Belts", and stepped up credit support for quality customers in each field of modern services and emerging industries. Loans to the manufacturing industry increased by RMB77,085 million or 5.0%, mainly because the Bank strengthened support for the real economy, and boosted the development of emerging industries and manufacturing industries related to people's livelihood and consumption with focus on the transformation and upgrade of the manufacturing industry; loans to the leasing and commercial services increased by RMB58,323 million or 10.1%, mainly due to the fast growth of loans to investment and asset management, enterprise headquarters management and other commercial services; loans to transportation, storage and postal services increased by RMB57,347 million or 4.3%, most of which were granted to high-quality transportation infrastructure construction projects; loans to production and supply of electricity, heat, gas and water increased by RMB54,014 million or 7.7%, which were mainly used to support credit demands for the development of clean energy.

The manufacturing industry and the wholesale and retail industry witnessed relatively large increases in balance of NPLs. Increase in NPLs to the manufacturing industry was mainly due to more loan defaults by some manufacturing enterprises triggered by fund shortage, which was caused by factors like slower macroeconomic growth, falling market demand, etc. Increase in NPLs of the wholesale and retail industry was largely attributable to loan defaults by some wholesale enterprises triggered by operating difficulties, which were caused by slower macroeconomic growth and price fall in bulk commodity.

CHANGES IN ALLOWANCE FOR IMPAIRMENT LOSSES ON LOANS

In RMB millions

	Individually assessed	Collectively assessed	Total
At the beginning of the period	**41,245**	**216,336**	**257,581**
Charge for the period	32,620	9,332	41,952
Including: Impairment allowances charged	45,173	61,721	106,894
Impairment allowances transferred	318	(318)	–
Reversal of impairment allowances	(12,871)	(52,071)	(64,942)
Accreted interest on impaired loans	(2,091)	–	(2,091)
Acquisition of subsidiary	326	88	414
Write-offs	(24,662)	(6,684)	(31,346)
Recoveries of loans and advances previously written off	436	192	628
At the end of the period	**47,874**	**219,264**	**267,138**

As at the end of June 2015, the allowance for impairment losses on loans stood at RMB267,138 million, representing an increase of RMB9,557 million as compared to the end of last year. Allowance to NPL was 163.39%; allowance to total loans was 2.29% and that to loans of domestic branches was 2.43%.

DISTRIBUTION OF LOANS BY COLLATERAL

In RMB millions, except for percentages

	At 30 June 2015		At 31 December 2014	
Item	Amount	Percentage (%)	Amount	Percentage (%)
Loans secured by mortgages	5,339,362	45.8	4,964,791	45.0
Including: Residential mortgages	2,258,520	19.4	2,070,366	18.8
Pledged loans	1,490,342	12.8	1,372,605	12.5
Including: Discounted bills	432,700	3.7	350,274	3.2
Guaranteed loans	1,601,111	13.8	1,534,012	13.9
Unsecured loans	3,211,270	27.6	3,154,923	28.6
Total	**11,642,085**	**100.0**	**11,026,331**	**100.0**

Loans secured by mortgages stood at RMB5,339,362 million, representing an increase of RMB374,571 million or 7.5% from the end of the previous year. Pledged loans amounted to RMB1,490,342 million, representing an increase of RMB117,737 million or 8.6% from the end of the previous year. Unsecured loans amounted to RMB3,211,270 million, representing an increase of RMB56,347 million or 1.8% from the end of the previous year.

OVERDUE LOANS

In RMB millions, except for percentages

Overdue periods	At 30 June 2015 Amount	At 30 June 2015 % of total loans	At 31 December 2014 Amount	At 31 December 2014 % of total loans
Within 3 months	134,433	1.15	95,410	0.87
3 months to 1 year	95,266	0.82	65,134	0.59
1 to 3 years	44,281	0.38	35,152	0.32
Over 3 years	15,294	0.13	14,882	0.13
Total	**289,274**	**2.48**	**210,578**	**1.91**

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 RMB289,274 million, representing an increase of RMB78,696 million from the end of the previous year. Among which, loans overdue for over 3 months amounted to RMB154,841 million, representing an increase of RMB39,673 million.

RENEGOTIATED LOANS

Renegotiated loans and advances amounted to RMB5,339 million, representing an increase of RMB760 million or 16.6% as compared to the end of the previous year. Renegotiated loans and advances overdue for over three months amounted to RMB1,562 million, representing a decrease of RMB364 million.

EXTENDED LOANS

The balance of extended loans amounted to RMB49,130 million, representing an increase of RMB20,142 million from the end of the previous year, of which NPL balance was RMB8,576 million, representing an increase of RMB4,364 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 4.5% and 14.7% of the Bank's net capital respectively. The total amount of loans granted to the top ten single customers was RMB268,602 million, accounting for 2.3% 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 2015.

In RMB millions, except for percentages

Borrower	Industry	Amount	% of total loans
Borrower A	Transportation, storage and postal services	82,871	0.7
Borrower B	Transportation, storage and postal services	31,750	0.3
Borrower C	Transportation, storage and postal services	27,988	0.2
Borrower D	Manufacturing	21,764	0.2
Borrower E	Transportation, storage and postal services	19,682	0.2
Borrower F	Transportation, storage and postal services	18,694	0.2
Borrower G	Transportation, storage and postal services	18,404	0.2
Borrower H	Transportation, storage and postal services	16,661	0.1
Borrower I	Transportation, storage and postal services	16,082	0.1
Borrower J	Transportation, storage and postal services	14,706	0.1
Total		**268,602**	**2.3**

Market Risk

Market Risk Management of the Banking Book

The Bank actively improved the market risk management system 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 improved differentiated deposit pricing management and established the mechanism to manage the upper limit of floating of RMB deposit rate; the Bank strengthened the interest rate risk monitoring and analysis, improved the interest rate risk measurement methods such as gap, duration, income simulation and value simulation, and enhanced interest rate risk management.

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. For VaR of the trading book of the Bank, please refer to "Note 48.(c)(i) to the Financial Statements: Value at Risk (VaR)".

Market Risk Analysis

◆ *Interest Rate Risk Analysis*

In the first half of 2015, China accelerated its reform of interest rate liberalization. In the face of the new challenges of interest rate risk management, the Bank comprehensively analyzed the influence of interest rate liberalization reform, and actively developed corresponding plan; the Bank strengthened the monitoring and analysis of interest rate execution, reasonably grasped the interest rate floating band and optimized interest rate structure; the Bank kept improving differentiated deposit pricing management and enhanced the deposit interest rate pricing flexibility and market-oriented pricing capability.

As at the end of June 2015, the Bank had a cumulative interest rate risk negative exposure within one year of RMB148,953 million, representing an increase of RMB249,422 million from the end of the previous year, mainly because of the increase of due to banks and other financial institutions and due to customers re-priced or matured within one year. Interest rate risk positive exposure over one year stood at RMB1,617,423 million, representing an increase of RMB232,970 million, mainly due to the increase in bonds investment maturing in 1 to 5 years. 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 2015	(3,892,613)	3,743,660	494,563	1,122,860
At 31 December 2014	(1,047,439)	1,147,908	361,676	1,022,777

Note: Please refer to the "Note 48.(c) (ii) to the Financial Statements: Interest Rate Risk".

Please refer to the "Note 48.(c) (ii) to the Financial Statements: Interest Rate Risk" for the interest rate risk sensitivity analysis.

◆ *Currency Risk Analysis*

In the first half of 2015, PBC further improved the Renminbi exchange rate formation mechanism, enhanced Renminbi exchange rate elasticity, and maintained stability of Renminbi exchange rate at a rational equilibrium level. Renminbi appreciated slightly, and the central parity of Renminbi against US dollar appreciated 0.09% compared to the end of 2014. The Bank closely watched the changes in external market and internal funds, actively took a combination of management 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 2015		At 31 December 2014	
	RMB	USD equivalent	RMB	USD equivalent
Exposure of on-balance sheet foreign currency items, net	341,676	55,100	262,643	42,334
Exposure of off-balance sheet foreign currency items, net	(187,290)	(30,203)	(136,602)	(22,018)
Total foreign currency exposure, net	**154,386**	**24,897**	**126,041**	**20,316**

Please refer to "Note 48.(c) (iii) to the Financial Statements: Currency Risk" for the currency risk sensitivity analysis.

Liquidity Risk

The Bank constantly improved its liquidity risk management rules according to changes in the macroeconomic environment and financial regulatory requirements, thus optimizing liquidity risk management mechanism and enhancing the liquidity risk management quality of the Bank. The Bank reinforced the uniform liquidity management and coordination of domestic and overseas institutions, and guided overseas institutions to adjust and improve asset and liability structure. The Bank intensified the coordinated management of on- and off-balance sheet liquidity, and improved the uniform and coordinated management and efficiency of on- and off-balance sheet liquidity. The Bank enhanced the development and optimization of liquidity management system, and refined and automated the liquidity risk management.

Liquidity Risk Analysis

In the first half of 2015, PBC continued to implement the prudent monetary policy, attached more importance to monetary policy appropriateness, and timely and appropriately deployed the fine-tuning and pre-setting adjustments. The Bank kept close watch on the macroeconomic control policy and market fund situation, and dynamically adjusted its liquidity management strategy and fund operation rhythm according to its asset and liability business development and liquidity. The Bank consolidated the foundation of deposit growth, strived to enhance the stability of liability growth, and flexibly adjusted internal and external pricing strategy. The Bank further strengthened the management of asset and liability maturity structure and scale, prevented long and medium-term liquidity risk, and took various measures to manage daily liquidity.

In the first half of 2015, the deposit and loan businesses of the Bank maintained coordinated development, and liquidity risk management ability was further strengthened. Relevant indicators reflecting the Bank's liquidity status all met the regulatory requirements. Specifically, the RMB liquidity ratio, foreign currency liquidity ratio, loan-to-deposit ratio and liquidity coverage ratio of the Bank were 35.6%, 108.7%, 68.9% and 176.0%, respectively. Please refer to "Discussion and Analysis — Other Information Disclosed Pursuant to Regulatory Requirements".

The Bank also assessed its liquidity risk status by using liquidity exposure analysis. Liquidity exposure for the less than 1 month category turned from negative to positive, mainly due to the increase of reverse repurchase agreements with the corresponding term; negative liquidity exposure for the 1 to 3 months category decreased, mainly due to the increase in reverse repurchase agreements and the decrease in customers' deposits with the corresponding term; negative liquidity exposure for the 3 months to 1 year category increased to some extent, mainly because of the increase in customers' deposits with the corresponding term. Deposits of the Bank maintained steady growth with a high deposition rate, and at the same time the Bank made major investment in central bank bills, treasury bonds and other high-liquidity assets, and further increased liquidity reserves. Therefore, the overall liquidity of the Bank maintained at a safe level. The liquidity exposure analysis of the Bank as at the end of June 2015 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 2015	(9,143,178)	201,485	(257,099)	(564,459)	3,310,167	4,804,777	3,261,944	1,613,637
At 31 December 2014	(7,958,354)	(325,851)	(782,933)	(479,125)	3,082,273	4,628,344	3,372,950	1,537,304

Note: Please refer to "Note 48.(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. The Bank formulated the Development Plan of the Internal Control System for 2015–2017, establishing the basic framework for internal control system development under the new normal. According to the relevant work requirements of the State Council and CBRC, it accomplished various tasks including the reinforcement of internal management and control, combating against irregular operation and special inspection of illegalities and crimes. It specially carried out pertinent inspection of such fields as deposit safety management, agency business, new NPLs and precious metal business, and enhanced operational risk inspection and management and irregularity accountability. It continuously pushed forward IT-based internal control, popularized new methods and new technologies such as compliance index and text mining, and intensified internal control monitoring and analysis. It reinforced staff behavior management and deeply pushed forward staff compliance education. During the reporting period, the Bank further improved the integrity, reasonableness and effectiveness of internal control.

Operational Risk Management

In accordance with the latest regulatory requirements concerning operational risk and the trends of operational risk, the Bank continuously strengthened the refined management of operational risks in key fields and core links, and further improved the operational risk management of the Group. The Bank modified the operational risk limit management plan, improved case prevention regulations and enhanced operational risk prevention, control and rectification. It enhanced the application of operational risk management tools and control over data quality of risk loss events, and constantly conducted monitoring and self-assessment of operational risk indicators. It comprehensively upgraded the functions of operational risk management loss, monitoring and assessment system, and actively extended the functions of operational risk measurement management system in overseas institutions. During the reporting period, the operational risk management system of the Bank operated smoothly and the operational risk was controllable on the whole.

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. It 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 paid more attention to the protection of consumers' rights and interests in the process of legal consultation and review to ensure the fairness and reasonableness of relevant legal documents and business arrangements. It recovered NPLs with legal means actively, and improved the efficiency of recovery. 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 enhanced litigation management.

Anti-money Laundering

In strict compliance with applicable laws and regulations concerning anti-money laundering, the Bank actively implemented the "risk-based" regulatory requirements in respect of anti-money laundering, earnestly fulfilled the social responsibility for anti-money laundering as a commercial bank, and constantly enhanced the anti-money laundering and counter-terrorist financing management of the Group. Relying on the new-generation anti-money laundering monitoring system, the Bank strengthened the random inspection of suspicious transaction analysis and report quality, and the quality of suspicious transaction reports was recognized by PBC. It completed the reclassification of money laundering risk levels of customers and enhanced due diligence investigation of high-risk customers, remarkably improving the accuracy of customer classification. It continuously deepened the reform of centralized processing mechanism for sensitive business, established the regular random inspection mechanism to identify the quality of sensitive and warning information, and enhanced the professionalism in centralized identification of sensitive information. It accelerated the development of anti-money laundering system of overseas institutions, strengthened anti-money laundering supervision and inspection of overseas institutions, and effectively prevented and controlled anti-money laundering compliance risk and reputational risk in the course of internationalized development of the Group. It strengthened the training of anti-money laundering talent and authentication and promotion of anti-money laundering qualifications, and improved the compliance consciousness, professionalism and performance capability 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 enhance the reputational risk management level and prevention ability across the Bank. It further improved the reputational risk management system and working mechanism in line with the latest regulatory requirements and changes in external situations, and carried out identification, evaluation, monitoring, control, mitigation and assessment of reputational risk in an extensive manner, establishing all-rounded and whole-process reputational risk management. Besides, it conducted reputational risk assessment on new businesses and products, made comprehensive inspections on potential reputational risk, and created the reputational risk management ledger level by level. To proactively react to the impact of changes in media pattern on reputational risk management, it drafted corresponding reputational risk management strategies, responded to the issues that the society was concerned about, and effectively communicated with the general public. During the reporting period, the Bank's reputational risk was controllable.

Country Risk

In the first half of 2015, the Bank continued to strengthen country risk management and improve country risk management system. The Bank paid close attention to changes in risk exposures, tracked, monitored and reported country risk on an ongoing basis, and timely reviewed and updated country risk rating and limits. The Bank also strengthened the country risk early warning and contingency planning mechanism, conducted stress testing on country risk, and effectively controlled country risk while pushing ahead with the internationalization strategy.

CAPITAL MANAGEMENT

In the first half of 2015, the Bank implemented the capital management reform measures in an in-depth manner and continued to elevate the capital use efficiency and return on capital. Moreover, the Bank coordinated, allocated and utilized various capital resources to satisfy capital supplement requirements of subsidiaries. During the reporting period, the Bank maintained stable capital adequacy ratio. Net tier 1 capital of the Bank was kept at a relatively high level among global banks.

Capital Adequacy Ratio and Leverage Ratio

The Bank calculated capital adequacy ratios at all tiers in accordance with the Capital Regulation. According to the scope of implementing the advanced capital management approaches as approved by CBRC, the foundation internal ratings-based (IRB) approach is adopted for corporate credit risk, the IRB approach for retail credit risk, the internal model approach (IMA) for market risk, and the standardized approach for operational risk meeting regulatory requirements. The weighted approach is adopted for credit risk uncovered by the IRB approach and the standardized approach for market risk uncovered by the IMA approach.

As at the end of June 2015, core tier 1 capital adequacy ratio, tier 1 capital adequacy ratio and capital adequacy ratio stood at 12.13%, 12.40% and 14.17% respectively, complying with regulatory requirements. Both core tier 1 capital adequacy ratio and tier 1 capital adequacy ratio increased by 0.21 percentage points, and capital adequacy ratio decreased by 0.36 percentage points from the end of the previous year. During the reporting period, the Bank's increasing undistributed profits and conversion of convertible bonds 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 steady and healthy level.

CAPITAL ADEQUACY RATIO

In RMB millions, except for percentages

Item	At 30 June 2015	At 31 December 2014
Core tier 1 capital	**1,571,961**	**1,498,403**
Paid-in capital	356,407	353,495
Valid portion of capital reserve	152,193	144,874
Surplus reserve	151,362	150,752
General reserve	222,520	221,622
Retained profits	706,649	650,308
Valid portion of minority interests	4,135	2,191
Others	(21,305)	(24,839)
Core tier 1 capital deductions	**11,903**	**11,670**
Goodwill	8,620	8,487
Other intangible assets other than land use rights	1,422	1,279
Cash flow hedge reserves that relate to the hedging of items that are not fair valued on the balance sheet	(3,839)	(3,796)
Investment in core tier 1 capital instruments issued by financial institutions that are under control but not subject to consolidation	5,700	5,700
Net core tier 1 capital	**1,560,058**	**1,486,733**
Additional tier 1 capital	**34,611**	**34,500**
Additional tier 1 capital instruments and related premium	34,428	34,428
Valid portion of minority interests	183	72
Net tier 1 capital	**1,594,669**	**1,521,233**
Tier 2 capital	**240,870**	**306,704**
Valid portion of tier 2 capital instruments and related premium	167,233	187,829
Surplus provision for loan impairment	72,574	118,633
Valid portion of minority interests	1,063	242
Tier 2 capital deductions	**13,600**	**15,800**
Significant minority investments in tier 2 capital instruments issued by financial institutions that are not subject to consolidation	13,600	15,800
Net capital base	**1,821,939**	**1,812,137**
Risk-weighted assets	**12,860,745**	**12,475,939**
Core tier 1 capital adequacy ratio	**12.13%**	**11.92%**
Tier 1 capital adequacy ratio	**12.40%**	**12.19%**
Capital adequacy ratio	**14.17%**	**14.53%**

Notes: Please refer to "Note 48.(d) to the Financial Statements: Capital management".

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

LEVERAGE RATIO

In RMB millions, except for percentages

Item	At 30 June 2015	At 31 December 2014
Net tier 1 capital	1,594,669	1,521,233
Balance of adjusted on- and off-balance sheet assets	24,015,488	23,409,777
Leverage ratio	6.64%	6.50%

Note: Data at the end of June 2015 are calculated based on relevant provisions in the Administrative Measures for Leverage Ratio of Commercial Banks (Revised) promulgated by CBRC in 2015. For the leverage ratio disclosure template, please refer to "Unaudited Supplementary Financial Information". Data at the end of 2014 are calculated based on relevant provisions in the Administrative Measures for Leverage Ratio of Commercial Banks promulgated by CBRC in 2011.

Capital Financing Management

The Bank actively explored external channels for capital replenishment and constantly promoted the issuance of new capital instruments. During the reporting period, the application regarding the Bank's non-public offering of domestic preference shares was approved by CSRC. The Bank will start the issuance work at a proper point in time according to market conditions.

OUTLOOK

In the second half of 2015, the global economy is expected to continue to recover slowly, but the operation of different economic sectors and macro policies will be further differentiated and there might be new uncertainties which may further interrupt the economic recovery process. The fundamentals remain that the Chinese economy will maintain reasonable operation and grow for the better in the long run, has great potential, resilience and room for maneuver, but is still under great downward pressure as it is going through in-depth structural adjustment and is in the critical stage of shifting from old to new engine.

For the Bank, the external environment presents both opportunities and challenges, but on the whole, it is good for business growth. Major opportunities facing the Bank are as follows: First, the "One Belt and One Road" initiative, the Beijing-Tianjin-Hebei coordinated development strategy, the Yangtze River Economic Belt strategy, the "Made in China 2025" project and international cooperation in production capacity and equipment manufacturing have created a vast market for the Bank's domestic and overseas services. Second, the new "Internet+" economy is taking shape rapidly and the Internet-based finance regulatory environment is improving, in favor of the Bank's efforts in promoting the leapfrog development of Internet-based finance and fundamentally changing the operation & management mode and service mode. Third, as the government steps up its effort to streamline administration and delegate power to lower levels and advances the construction of free trade zones and reform in investment, financing, taxation, and state-owned enterprises, the market dynamism and motivation for innovation are further stimulated, and new economic growth points grow rapidly, creating a benign environment and providing opportunities for operational transformation and business innovation of the Bank. Fourth, the financial reform, aimed at market-oriented allocation of resources, is deepening and a series of policies and measures are rolled out to promote the financial industry's support for the real economy, creating opportunities for the Bank to optimize allocation of resources and improve operational quality and conditions.

Major challenges facing the Bank are as follows: First, as economic growth slows down and the difficulty of in-depth economic restructuring is revealed, the risk exposure of some companies, industries and regions is being transmitted to banks. Moreover, on- and off-balance sheet risks and domestic and overseas risks are intertwined, constantly testing the Bank's risk management ability. Second, as the market-oriented interest rate reform advances to its ultimate goal, the reform of exchange rate formation mechanism continues to move forward, the establishment of private banks and consumer finance companies speeds up, and the financial competition pattern changes rapidly, making it more urgent for the Bank to improve its operational mode. Third, the global financial market faces growing uncertainties, imposing higher requirements on the global asset management and international operation of the Bank.

2015 is the starting year of the new round of ten-year development outline and three-year development planning, and is also a critical year for the Bank's transformational development and quality management. In the first half year, the Bank overcame a number of difficulties and negative factors and maintained stable operation on the whole. The Bank is also accumulating positive factors and new momentum. In the second half year, the Bank will continue to seek for progress while ensuring stability and make breakthroughs through reform and innovation, in order to deliver better performance.

- **First, the Bank will stick to the principle of serving the real economy with financial services and achieve healthy development by helping the real economy improve its quality and efficiency.** The Bank will coordinate the use of credit increment and stock, credit and non-credit resources, and meet companies' reasonable financing needs and demands for diversified financial services in a more timely and efficient manner. The Bank will actively support the government's "Three Supporting Belts" strategy and major projects of international cooperation in production capacity, and enhance financing support and supportive financial services in areas of high-end manufacturing, modern services and emerging industries. The Bank will establish dedicated personal credit consumption finance centers and e-financing centers, characterized by standard, small-amount and online lending, to facilitate financial innovation in areas of small and micro finance and personal consumption, and enhance the effectiveness in serving the real economy and its own operational quality and efficiency.

- **Second, the Bank will safeguard the risk bottom line, ensure the stable quality of assets and keep risks under control.** The Bank will improve the big data risk monitoring system and the Head Office-branch joint check mechanism and step up efforts to review, mitigate and prevent potential credit risks and consolidate risk prevention foundations. The Bank will give full play to the role of specialized teams, improve the collection and disposal of non-performing loans by speeding up the disposal process and increasing the recovery rate, and strive to maintain good asset quality among comparable peers. The Bank will strengthen comprehensive, coordinated and effective prevention and control of cross-sector, cross-border and cross-market risks, and accelerate the formation of a risk management mechanism adaptive to the financial new normal.

- **Third, the Bank will speed up innovation and transformation and develop multiple driving forces for operation and development.** The Bank will seize new market opportunities, facilitate the innovative development of retail business, asset management and investment banking, and foster more profit growth points and poles. The Bank will grab the opportunities presented by the new round of high-level opening up, intensify global coordinated allocation of resources, extend core product lines overseas more rapidly, and increase the international operational standards and the contribution of international operation to profits. The Bank will seize the opportunities brought by "Internet+" actions, highlight the advantages in the reputation, technology and quality of Internet-based finance, and continue to improve the "three major platforms and three major product lines", in particular the functions of mobile clients, so as to rapidly expand the business scale and build up the ICBC brand.

- **Fourth, the Bank will deepen the reform in priority areas and key links, and improve new mechanisms to meet the needs of transformation and development.** The Bank will adapt to the trend of comprehensive interest rate liberalization and improve the asset & liability management system and the interest rate pricing mechanism. The Bank will explore the establishment of a new credit operation structure featuring "tiered marketing, differentiated operation, category-specific authorization, clear responsibilities, and right-responsibility match", and improve its responsiveness to the market and the ability of risk control at the same time. The Bank will improve the financial resource allocation mechanism appropriate to performance evaluation to stimulate the ability to create values, and continue to improve the new customer-oriented service marketing mechanism to further enhance customer services of the Bank.

OTHER INFORMATION DISCLOSED PURSUANT TO REGULATORY REQUIREMENTS

Major Regulatory Indicators

Item		Regulatory criteria	At 30 June 2015	At 31 December 2014	At 31 December 2013
Liquidity ratio (%)	RMB	>=25.0	35.6	33.2	30.2
	Foreign currency	>=25.0	108.7	91.1	61.0
Loan-to-deposit ratio (%)	RMB and foreign currency	<=75.0	68.9	68.4	66.6
Liquidity coverage ratio (%)	RMB and foreign currency	>=100.0(2)	176.0	142.4	—
Percentage of loans to single largest customer (%)		<=10.0	4.5	4.8	4.2
Percentage of loans to top 10 customers (%)			14.7	14.9	16.2
Loan migration ratio (%)	Pass		2.4	2.7	1.7
	Special mention		21.3	17.2	9.7
	Substandard		24.5	37.4	43.9
	Doubtful		7.2	5.2	9.5

Notes: (1) 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.

(2) Pursuant to the Administrative Measures for Liquidity Risk Management of Commercial Banks (Provisional), the liquidity coverage ratio of commercial banks shall reach 100% by the end of 2018. During the transitional period, such ratio shall reach 60%, 70%, 80% and 90% by the end of 2014, 2015, 2016 and 2017, respectively.

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 2015 and equity attributable to equity holders of the parent company as at the end of the reporting period have no differences.

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

SECURITIES INVESTMENT

S/N	Type	Stock code	Stock name	Initial investment cost (RMB yuan)	Number of shares held (10,000 shares)	Book value at the end of the period (RMB yuan)	Percentage of total securities investment at the end of the period (%)	Gain/(loss) during the period (RMB yuan)
1	Stock	BLR RW	Bralirwa SA	88,585,627	2,649.25	79,706,265	43.1	7,044,578
2	Stock	NMB KN	National Microfinance Bank Plc	36,788,476	319.96	34,428,355	18.6	5,698,987
3	Stock	BOK RW	Bank of Kigali Ltd	14,291,578	541.38	13,487,901	7.3	316,002
4	Stock	SAFCOM KN	Safaricom Ltd	2,941,042	308.57	3,171,452	1.7	(136,077)
5	Stock	EABL TZ	East African Breweries Ltd	3,786,287	14.88	2,826,751	1.5	35,724
6	Stock	UCSP KN	Uchumi Supermarket Ltd	3,560,082	400.00	2,236,775	1.2	435,444
7	Stock	LAC MC	Lafarge Ciments SA	1,926,360	0.18	2,180,904	1.2	(185,325)
8	Stock	MCBG MP	MCB Group Ltd	2,057,932	5.41	2,070,942	1.1	(228,707)
9	Stock	IAM MC	Maroc Telecom SA	2,063,870	2.83	1,941,626	1.0	177,317
10	Stock	GUARANTY NL	Guaranty Trust Bank Plc	1,789,237	221.67	1,875,096	1.0	(343,082)
Other securities investment held as at the end of the reporting period				115,233,220	—	41,049,516	22.3	(32,278,003)
Gain/(loss) from sale of securities investment during the reporting period				–	–	–	–	250
Total				**273,023,711**	**—**	**184,975,583**	**100.0**	**(19,462,892)**

Note: The stocks specified above are recognized as financial assets held for trading and held by the Bank's subsidiary, ICBC Standard Bank.

SHARES IN OTHER LISTED COMPANIES

Stock code	Stock name	Initial investment cost (RMB yuan)	Shareholding percentage (%)	Book value at the end of the period (RMB yuan)	Gain/(loss) during the period[3] (RMB yuan)	Change in owner's equity during the reporting period (RMB yuan)	Accounting item	Source of shares
SBK (South Africa)	Standard Bank Group	34,713,171,914	20.08	25,446,448,613	1,359,022,161	1,390,484,316	Long-term equity investment	Investment with self-owned capital
002013	AVIC Electromechanical	125,279,356	3.00	778,801,355	646,469,245	(299,082,266)	Available-for-sale financial assets	Debt-equity swap
FSS (Thailand)	FSS	65,751,384	23.56	93,727,432	3,764,286	–	Long-term equity investment	Investment with self-owned capital
MY (USA)	Mingyang Wind Power	77,244,802	1.61	43,304,599	–	9,708,683	Available-for-sale financial assets	Investment with self-owned capital
M-CHAI-CS (Thailand)	M-CHAI-CS	4,963,064	4.87	25,685,776	429,289	(691,254)	Available-for-sale financial assets	Purchase from market
PPP-CS (Thailand)	PPP-CS	745,862	1.32	5,389,449	116,529	902,025	Available-for-sale financial assets	Debt-equity swap
2468 (Hong Kong, China)	TRONY SOLAR	168,439,670	11.88	–	–	–	Available-for-sale financial assets	Investment with self-owned capital
Total		**35,155,596,052**	**—**	**26,393,357,224**	**2,009,801,510**	**1,101,321,504**	**—**	**—**

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

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

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

SHARES IN UNLISTED FINANCIAL INSTITUTIONS

Company	Initial investment cost (RMB yuan)	Number of shares held (10,000 shares)	Shareholding percentage (%)	Book value at the end of the period (RMB yuan)	Gain/(loss) during the period[3] (RMB yuan)	Change in owner's equity during the reporting period (RMB yuan)	Accounting item	Source of shares
China UnionPay Co., Ltd.	146,250,000	11,250.00	3.84	146,250,000	6,187,500	–	Available-for-sale financial assets	Investment with self-owned capital
Xiamen International Bank	102,301,500	20,043.00	6.28	102,301,500	–	–	Available-for-sale financial assets	Investment with self-owned capital
China New Enterprise Investment Co	49,906,690	690.00	14.00	49,906,832	143	–	Financial assets designated at fair value through profit or loss	Investment with self-owned capital
UkrAg Funding Ltd	16,321,032	157.00	4.65	16,321,032	–	–	Financial assets designated at fair value through profit or loss	Investment with self-owned capital
Ethemba Capital	11,121,115	154.00	3.51	11,121,115	–	–	Financial assets designated at fair value through profit or loss	Investment with self-owned capital
Asset Reconstruction Company Pte Ltd	9,437,159	538.00	9.78	9,437,141	(19)	–	Financial assets designated at fair value through profit or loss	Investment with self-owned capital
Bangkok BTMU Ltd.	4,272,984	20.00	10.00	3,743,003	367,149	–	Available-for-sale financial assets	Investment with self-owned capital
Luen Fung Hang Insurance Co., Ltd.	1,518,440	2.40	6.00	1,346,909	931,608	–	Available-for-sale financial assets	Investment with self-owned capital
Total	**341,128,920**	—	—	**340,427,532**	**7,486,381**	–	—	—

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

(2) Shares in China New Enterprise Investment Co, UkrAg Funding Ltd, Ethemba Capital and Asset Reconstruction Company Pte Ltd were held by ICBC Standard Bank, a subsidiary of the Bank; shares in Bangkok BTMU Ltd. were held by ICBC (Thai), a subsidiary of the Bank; and shares in Luen Fung Hang Insurance Co., Ltd. were held by ICBC (Macau), a subsidiary of the Bank.

(3) Refers to dividend income.

PURCHASE AND SALE OF SHARES IN OTHER LISTED COMPANIES

	Stock name	Shares held at the beginning of the period (Share)	Shares bought/sold during the reporting period (Share)	Shares held at the end of the period (Share)	Capital utilized (RMB yuan)	Investment income generated (RMB yuan)
Buy	—	2,184,988	11,444,312	13,629,300	528,343,078	–
Sell	—	98,267,033	67,638,777	30,628,256	–	1,287,618,996

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

In RMB millions, except for percentages

Item	At 30 June 2015		At 31 December 2014	
	Group	Parent Company	Group	Parent Company
Calculated in accordance with the Capital Regulation:				
Net core tier 1 capital	1,560,058	1,453,035	1,486,733	1,393,120
Net tier 1 capital	1,594,669	1,487,463	1,521,233	1,427,548
Net capital base	1,821,939	1,696,065	1,812,137	1,699,357
Core tier 1 capital adequacy ratio	12.13%	12.26%	11.92%	12.05%
Tier 1 capital adequacy ratio	12.40%	12.55%	12.19%	12.35%
Capital adequacy ratio	14.17%	14.31%	14.53%	14.70%
Calculated in accordance with the Regulation Governing Capital Adequacy of Commercial Banks and related regulations:				
Core capital adequacy ratio	11.70%	12.07%	11.49%	11.82%
Capital adequacy ratio	14.35%	14.42%	14.29%	14.35%

Note: 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

According to the scope of implementing the advanced capital management approaches as approved by CBRC, the foundation internal ratings-based (IRB) approach is adopted for corporate credit risk, the IRB approach for retail credit risk, the internal model approach (IMA) for market risk, and the standardized approach for operational risk meeting regulatory requirements. The weighted approach is adopted for credit risk uncovered by the IRB approach and the standardized approach for market risk uncovered by the IMA approach.

RISK-WEIGHTED ASSETS

In RMB millions

Item	At 30 June 2015	At 31 December 2014
Credit risk-weighted assets	11,580,966	11,091,736
Parts covered by internal ratings-based approach	7,558,820	7,478,053
Parts uncovered by internal ratings-based approach	4,022,146	3,613,683
Market risk-weighted assets	189,611	79,189
Parts covered by internal model approach	135,901	68,888
Parts uncovered by internal model approach	53,710	10,301
Operational risk-weighted assets	1,068,357	1,068,357
Risk-weighted assets increased due to applying capital floor	21,811	236,657
Total	**12,860,745**	**12,475,939**

Credit Risk

EXPOSURE AT DEFAULT COVERED BY INTERNAL RATINGS-BASED APPROACH

In RMB millions

Item	At 30 June 2015	At 31 December 2014
Corporate risk exposure	7,098,588	7,027,466
Retail risk exposure	3,226,759	3,041,593
Total	**10,325,347**	**10,069,059**

RISK EXPOSURE UNCOVERED BY INTERNAL RATINGS-BASED APPROACH

In RMB millions

Item	At 30 June 2015	At 31 December 2014
On-balance sheet credit risk	**12,701,589**	**11,415,730**
Including: Cash assets	3,635,161	3,562,770
Claims on the central governments and central banks	1,394,588	1,304,337
Claims on China's financial institutions	4,015,675	3,357,016
Asset securitization	5,769	4,853
Off-balance sheet credit risk	**701,678**	**771,816**
Counterparty credit risk	**1,044,411**	**92,946**
Total	**14,447,678**	**12,280,492**

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.

Market Risk

CAPITAL REQUIREMENT FOR MARKET RISK

In RMB millions

Risk type	At 30 June 2015	At 31 December 2014
Parts covered by internal model approach	**10,872**	**5,511**
Parts uncovered by internal model approach	**4,297**	**824**
Interest rate risk	2,638	824
Commodity risk	1,626	0
Option risk	32	–
Equity risk	1	–
Total	**15,169**	**6,335**

Note: According to the scope of implementing the advanced capital management approaches 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 are 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

	Six months ended 30 June 2015				Six months ended 30 June 2014			
Item	Period end	Average	Maximum	Minimum	Period end	Average	Maximum	Minimum
VaR	**1,512**	**1,120**	**1,611**	**757**	**527**	**554**	**721**	**426**
Interest rate risk	368	242	368	166	192	127	199	76
Currency risk	1,494	1,149	1,592	817	486	538	709	402
Commodity risk	72	63	172	11	26	30	55	14
Stressed VaR	**2,166**	**1,758**	**2,166**	**1,367**	**1,047**	**1,058**	**1,279**	**754**
Interest rate risk	297	177	297	106	152	78	152	43
Currency risk	2,050	1,717	2,095	1,354	1,020	1,059	1,296	789
Commodity risk	105	86	245	20	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 2015, the capital requirement for operational risk was RMB85,469 million. Please refer to the section headed "Discussion and Analysis — Risk Management" for operational risk management of the Bank during the reporting period.

Equity Risk in the Banking Book

In RMB millions

	At 30 June 2015			At 31 December 2014		
Equity type	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	25,412	908	64	28,049	840	506
Company	3,083	3,067	1,749	2,789	3,127	1,267
Total	**28,495**	**3,975**	**1,813**	**30,838**	**3,967**	**1,773**

Notes: (1) Publicly-traded equity investment refers to equity investment in listed companies, and non-publicly-traded equity investment refers to equity investment in non-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 Ordinary Shares

DETAILS OF CHANGES IN SHARE CAPITAL

Unit: Share

	At 31 December 2014		Increase/decrease during the reporting period (+, -)	At 30 June 2015	
	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	353,494,213,820	100.00	2,912,043,269	356,406,257,089	100.00
1. RMB-denominated ordinary shares	266,700,169,270	75.45	2,912,043,269	269,612,212,539	75.65
2. Foreign shares listed overseas	86,794,044,550	24.55	–	86,794,044,550	24.35
III. Total number of shares	353,494,213,820	100.00	2,912,043,269	356,406,257,089	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 830,147 ordinary shareholders and no preference shareholders with their voting rights restored, including 135,938 holders of H shares and 694,209 holders of A shares.

PARTICULARS OF SHAREHOLDING OF THE TOP 10 ORDINARY SHAREHOLDERS OF THE BANK (The following data are based on the register of shareholders as at 30 June 2015)

Unit: Share

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[3]	State-owned	A shares	34.71	123,717,852,951	–	None
MOF	State-owned	A shares	34.60	123,316,451,864	–	None
Hong Kong Securities Clearing Company Limited/ HKSCC Nominees Limited[4]	Foreign legal person	A shares	0.24	867,044,094	–	None
		H shares	24.15	86,073,329,560	–	Unknown
Ping An Life Insurance Company of China, Ltd. — Traditional — Ordinary insurance products	Other domestic entities	A shares	1.21	4,322,828,137	–	None
Guarantee securities accounts for customer unsecured transactions of China Galaxy Securities Co., Ltd.	Other domestic entities	A shares	0.11	374,457,482	–	None
GIC PRIVATE LIMITED	Foreign legal person	A shares	0.10	347,768,565	–	None
China Life Insurance Company Limited — Traditional — Ordinary insurance products — 005L — CT001 Hu	Other domestic entities	A shares	0.09	329,666,525	–	None
Penghua CSI Bank Index Structured Securities Investment Fund	Other domestic entities	A shares	0.09	313,132,550	–	None
Guotai Junan Securities Co., Ltd.	Other domestic entities	A shares	0.08	268,331,127	–	None
TEMASEK FULLERTON ALPHA PTE LTD	Foreign legal person	A shares	0.07	255,422,003	–	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) The Bank is not aware of any connected relations or concert party action among the afore-mentioned shareholders.

(3) Huijin cumulatively reduced its shareholding in the Bank by 438,000,000 A shares of the Bank from 1 January 2015 to 30 June 2015, accounting for 0.1229% of the Bank's total shares issued as at 30 June 2015.

From 30 June 2015 to the disclosure date of this report, 1,013,921,700 A shares of the Bank were transferred to Huijin via negotiated transfer. Upon the transfer, Huijin held 124,731,774,651 A shares of the Bank.

(4) Hong Kong Securities Clearing Company Limited held 867,044,094 A shares and HKSCC Nominees Limited held 86,073,329,560 H shares.

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 2015, the Bank received notices from the following persons about their interests or short positions held in the Bank's shares and relevant shares, which were recorded in the register pursuant to Section 336 of the Securities and Futures Ordinance of Hong Kong as follows:

Interests or short positions of ordinary shares of the Bank:

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 ordinary shares (%)
MOF[1]	Beneficial owner	118,006,174,032	Long position	43.77	33.11
Huijin[2]	Beneficial owner	123,729,852,951	Long position	45.89	34.72

Notes: (1) According to the register of shareholders of the Bank as at 30 June 2015, MOF held 123,316,451,864 shares in the Bank.

(2) According to the register of shareholders of the Bank as at 30 June 2015, Huijin held 123,717,852,951 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 ordinary shares (%)
National Council for Social Security Fund	Beneficial owner	8,663,703,234	Long position	9.98	2.43
Temasek Holdings (Private) Limited	Interest of controlled corporations	7,812,951,355	Long position	9.00	2.19
JPMorgan Chase & Co.	Beneficial owner	1,195,256,564	Long position	1.38	0.34
	Investment manager	719,439,581	Long position	0.83	0.20
	Trustee (excluding bare trustee)	99,300	Long position	0.00	0.00
	Custodian-corporation/approved lending agent	4,358,333,535	Shares available for lending	5.02	1.22
	Total	6,273,128,980		7.23	1.76
	Beneficial owner	372,939,609	Short position	0.43	0.10
Blackrock, Inc.	Interest of controlled corporations	5,239,506,203	Long position	6.04	1.47
		12,070,000	Short position	0.01	0.00

Conversion and Redemption of Convertible Bonds

Given that the closing price of A shares of the Bank from 19 November 2014 to 30 December 2014 is not less than 130% (i.e., RMB4.25 per share) of the prevailing conversion price of the ICBC Convertible Bonds (RMB3.27 per share) for 15 trading days out of 30 consecutive trading days, the redemption clause of convertible bonds was triggered. The Board of Directors of the Bank resolved to exercise the right of early redemption of the ICBC Convertible Bonds to redeem all outstanding ICBC Convertible Bonds which appeared on the register on the redemption record date. The abovementioned redemption record date was 12 February 2015. As at 12 February 2015, a total amount of RMB24,985,764,000 ICBC Convertible Bonds were converted into A shares of the Bank, and unconverted ICBC Convertible Bonds of RMB14,236,000 were redeemed by the Bank. The redemption payment date was 26 February 2015 and the delisting date of ICBC Convertible Bonds was 26 February 2015. For the redemption results, payment and delisting details, please refer to the Announcement on Results of Redemption and Delisting of ICBC Convertible Bonds issued by the Bank on 16 February 2015.

Preference Shares

◆ *Issuance and Listing of Preference Shares in Latest Three Years*

On 10 December 2014, the Bank privately offered non-cumulative, non-participating and perpetual offshore preference shares in U.S. dollar, Euro and Renminbi, which were listed on SEHK on 11 December 2014. (Please refer to the 2014 Annual Report for detailed information.)

Type of preference share	Stock code	Dividend rate	Total amount	Full amount of raised fund per share	Number of issued shares
USD preference shares	4603	6%	USD2,940,000,000	USD20	147,000,000
EUR preference shares	4604	6%	EUR600,000,000	EUR15	40,000,000
RMB preference shares	84602	6%	RMB12,000,000,000	RMB100	120,000,000

Each offshore preference share had a par value of RMB100. The USD preference shares, EUR preference shares and RMB preference shares were fully paid and issued in U.S. dollar, Euro and Renminbi, respectively. The offshore preference shares had no maturity. They had no less than 6 qualified placees. They were offered to professional investors only rather than retail investors and transferred privately in the OTC market only.

As at the end of the reporting period, the Bank gained the regulatory approval for the issuance of domestic preference shares. On 9 March 2015, the Bank received the Reply of CBRC on ICBC's Issuance of Domestic Preference Shares (Yin Jian Fu [2015] No. 189), where CBRC approved of the Bank's issuance of no more than 450 million preference shares with funds raised no more than RMB45 billion. The preference shares shall be recognized as other tier 1 capital of the Bank according to relevant requirements. On 8 May 2015, CSRC Public Offering Review Committee approved the Bank's issuance of domestic preference shares. On 4 June 2015, the Bank received the Reply on Approving the Non-public Offering of Preference Shares by Industrial and Commercial Bank of China Limited (Zheng Jian Xu Ke [2015] No.1023), where CSRC approved of the Bank's issuance of no more than 450 million preference shares through non-public offering. The Bank will handle issues regarding the issuance of domestic preference shares in accordance with relevant laws and regulations, the replies of CBRC and CSRC as well as the authorization of the Bank's Shareholders' General Meeting.

Changes in Preference Shares

As at the end of the reporting period, the Bank had two preference shareholders (or proxies).

PARTICULARS OF SHAREHOLDING OF THE TOP 10 PREFERENCE SHAREHOLDERS (OR PROXIES) OF THE BANK (The following data are based on the register of shareholders as at 30 June 2015)

Unit: Share

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
Cede & Co.	Foreign legal person	USD preference shares	47.9	147,000,000	–	Unknown
The Bank of New York Depository (Nominees) Limited	Foreign legal person	RMB preference shares	39.1	120,000,000	–	Unknown
The Bank of New York Depository (Nominees) Limited	Foreign legal person	EUR preference shares	13.0	40,000,000	–	Unknown

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

(2) As the issuance was private offering, the register of preference shareholders presented the information on proxies of placees.

(3) The Bank is not aware of any connected relations or concert party action among the afore-mentioned preference shareholders.

Profit Distribution of Preference Shares

During the reporting period, the Bank did not distribute any preference share dividend.

Redemption or Conversion of Preference Shares

During the reporting period, the Bank did not redeem or convert any preference share.

Restoration of Voting Rights of Preference Shares

During the reporting period, the Bank did not restore any voting right of preference share.

Accounting Policy Adopted for Preference Shares and Grounds

According to the Rules for Distinguishing Financial Liabilities and Equity Instruments and Relevant Accounting Treatment (Cai Kuai [2014] No. 13) promulgated by MOF as well as other accounting standards and main issuance clauses of the offshore preference shares, issued and existing preference shares of the Bank excluded contractual obligations of delivering cash or other financial assets and contractual obligations of settlement by delivering variable equity instruments, and shall be calculated as other equity instruments.

Directors, Supervisors, Senior Management, Employees and Institutions

Basic Information on Directors, Supervisors and Senior Management

As at the disclosure date of this report, 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 16 directors, including four Executive Directors: Mr. Jiang Jianqing, Mr. Yi Huiman, Mr. Zhang Hongli and Mr. Wang Xiquan; six Non-executive Directors: Ms. Wang Xiaoya, Ms. Ge Rongrong, Mr. Fu Zhongjun, Mr. Zheng Fuqing, Mr. Fei Zhoulin and Mr. Cheng Fengchao; and six Independent Non-executive Directors: Sir Malcolm Christopher McCarthy, Mr. Kenneth Patrick Chung, Mr. Or Ching Fai, Mr. Hong Yongmiao, Mr. Yi Xiqun and Mr. Anthony Francis Neoh.

The Board of Supervisors of the Bank consists of 6 members, including two Shareholder Supervisors, namely Mr. Qian Wenhui 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 10 Senior Management members, namely Mr. Jiang Jianqing, Mr. Yi Huiman, Mr. Zhang Hongli, Mr. Wang Xiquan, Mr. Zheng Wanchun, Mr. Gu Shu, Mr. Wang Jingdong, Mr. Wang Lin, Mr. Wei Guoxiong and Mr. Hu Hao.

During the reporting period, the Bank did not implement any share incentives. None of the existing directors, supervisors and Senior Management members of the Bank or those who resigned during the reporting period, 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, and there was no change during the reporting period.

Appointment and Removal

◆ *Directors*

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 qualification was approved by CBRC in June 2015. At the First Extraordinary General Meeting of 2015 held on 23 January 2015, Mr. Jiang Jianqing was re-appointed as Executive Director of the Bank, and Ms. Wang Xiaoya and Ms. Ge Rongrong were re-appointed as Non-executive Directors of the Bank. Their new terms of office took effect from the date of review and approval by the meeting. In addition, Mr. Zheng Fuqing was appointed as Non-executive Director of the Bank and his qualification was approved by CBRC in February 2015. Mr. Fei Zhoulin and Mr. Cheng Fengchao were appointed as Non-executive Directors of the Bank, and their qualifications were approved by CBRC in March 2015. Mr. Anthony Francis Neoh was appointed as Independent Non-executive Director of the Bank, and his qualification was approved by CBRC in April 2015. At the Annual General Meeting for the Year of 2014 held on 19 June 2015, Mr. Wang Xiquan was appointed as Executive Director of the Bank and his qualification was approved by CBRC in June 2015. Besides, Mr. Or Ching Fai was re-appointed as Independent Non-executive Director of the Bank, with his new term of office taking effect from the date of review and approval by the meeting.

In March 2015, Mr. Li Jun ceased to act as Non-executive Director of the Bank due to expiration of the term of office. In April 2015, Mr. Wong Kwong Shing, Frank ceased to act as Independent Non-executive Director of the Bank due to expiration of the term of office.

◆ *Supervisors*

As reviewed and approved by the Annual General Meeting for the Year 2014 of the Bank held on 19 June 2015, Mr. Qian Wenhui was appointed as Shareholder Supervisor, and the appointment took effect from the date of review and approval by the meeting. On 19 June 2015, upon review and approval of the Board of Supervisors of the Bank, Mr. Qian Wenhui was appointed as Chairman of the Board of Supervisors.

Mr. Zhao Lin submitted his resignation to the meeting of the Board of Supervisors held on 19 June 2015 according to relevant regulations and for the reason of his age, resigning from the positions of Supervisor and Chairman of the Board of Supervisors of the Bank, which took effect from 19 June 2015.

◆ *Senior Management members*

Mr. Lin Xiaoxuan has ceased to act as Chief Information Officer of the Bank since 23 June 2015 due to work changes. On 28 July 2015, Mr. Wang Lin was appointed as Secretary of the Party Discipline Committee of the Bank.

Changes in Information of Directors and Supervisors

Mr. Or Ching Fai, Independent Non-executive Director of the Bank, has acted as vice chairman and non-executive director of Aquis Entertainment Limited since August 2015.

Mr. Yi Xiqun, Independent Non-executive Director of the Bank, has ceased to act as independent non-executive director of SOHO China Ltd. since May 2015.

Mr. Li Mingtian, Employee Supervisor of the Bank, has ceased to act as Deputy Secretary of the Party Discipline Committee and Director of the Discipline Enforcement Department of the Bank since 15 June 2015.

Basic Information on Employees and Institutions

As at the end of June 2015, the Bank had 460,619 employees[1], representing a decrease of 1,663 from the end of the previous year, of whom 4,859 were employees in major domestic subsidiaries and 13,755 were local employees in overseas institutions.

As at the end of June 2015, the Bank had a total of 17,510 institutions, representing an increase of 50 as compared to the end of the previous year. Among them, there were 17,111 domestic institutions and 399 overseas ones.

GEOGRAPHIC DISTRIBUTION OF ASSETS, INSTITUTIONS AND EMPLOYEES

	At 30 June 2015					
Item	Assets (In RMB millions)	Percentage (%)	Number of institutions	Percentage (%)	Number of employees	Percentage (%)
Head Office	9,924,291	44.3	31	0.2	14,921	3.2
Yangtze River Delta	3,860,016	17.2	2,653	15.2	62,493	13.6
Pearl River Delta	2,650,939	11.8	2,144	12.2	50,555	11.0
Bohai Rim	3,317,835	14.8	2,853	16.3	72,366	15.7
Central China	1,958,595	8.7	3,676	21.0	94,651	20.6
Western China	2,532,466	11.3	3,907	22.3	95,017	20.6
Northeastern China	948,328	4.2	1,765	10.1	52,002	11.3
Overseas and others	2,176,829	9.7	481	2.7	18,614	4.0
Eliminated and undistributed assets	(4,952,004)	(22.0)				
Total	**22,417,295**	**100.0**	**17,510**	**100.0**	**460,619**	**100.0**

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

1 Does not include labors dispatched for services totaling 1,220 persons.

Significant Events

Corporate Governance

Corporate Governance and Measures for Improvement 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 mechanisms. The Bank selected and appointed executive directors, non-executive directors and independent non-executive directors and changed chairmen and members of some special committees of the Board of Directors in accordance with relevant rules and regulations. It also established an independent and diversified board structure and further gave full play to the function of the special committees in assisting the decision-making of the Board of Directors. The Board of Directors reviewed and approved the 2015–2017 Development Strategic Plan.
- Attaching importance to the supervisory function of the Board of Supervisors. The Bank improved off-site monitoring methods and techniques, increased supervision efforts in key business areas and explored to institutionalize the implementation of supervisory opinions of the Board of Supervisors. It also promoted the integration of supervision results of the Board of Supervisors with duty performance supervision and assessment, and improved the self-assessment mechanism and the incentive & restraint mechanism of the Board of Supervisors.
- Constantly strengthening the operating mechanism of corporate governance. The Bank continued to enhance the enterprise risk management system and strengthen consolidated management of the Group by revising consolidated management measures of the Bank and intensifying risk management of non-banking subsidiaries. It improved the risk assessment indicators system where prevention and control of credit risk during the economic downturn were emphasized. It constantly improved the internal control and compliance management mechanism and enhanced the capability of whole-process management of compliance risk and operational risk of the Group. It carried out risk-oriented audits in an in-depth way to be more professional, and improved human resources management by accelerating human resources structure adjustment, increasing human resources allocation efficiency and strengthening talent cultivation for key areas. It further reinforced social responsibility management and tried to find a way with ICBC features to promote the performance of its social responsibilities.
- Continuously increasing the level of transparency. Adhering to the principle of "authenticity, accuracy, completeness, timeliness and fairness" and the orientation of meeting investors' needs, the Bank continuously enhanced voluntary disclosure to effectively safeguard investors' right to information. The Bank strictly implemented the Administrative Measures for Insider Information and Insiders to strengthen insider information confidentiality management and to prevent insider transactions, fully protecting legitimate rights and interests of investors.

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 2014 held on 19 June 2015, the Bank has distributed cash dividends of RMB91,026 million, or RMB2.554 per ten shares (pre-tax), for the period from 1 January 2014 to 31 December 2014 to the ordinary shareholders whose names appeared on the share register after the close of market on 6 July 2015.The Bank will not declare or distribute interim dividends for 2015, nor will it convert any capital reserves to share capital.

During the reporting period, the Bank did not distribute any preference share dividend.

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 fundraising 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.

For details on the use of funds raised from the issue of preference shares of the Bank, please refer to "Details of Changes in Share Capital and Shareholding of Substantial Shareholders — Preference Shares".

Material Legal Proceedings and Arbitration The Bank was involved in several legal proceedings in its 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 2015, the amount of pending proceedings in which the Bank and its subsidiaries acted as defendant totaled RMB4,096 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 Assets Acquisition, Sale and Merger

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 the 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. This transaction was completed on 1 February 2015 (Beijing time) after obtaining approval from domestic and overseas regulatory authorities and complying with relevant preconditions for completion. The Bank officially became a controlling shareholder of the Target Bank.

Acquisition of Majority Stake in 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. This transaction was completed on 22 May 2015 (Beijing time) after obtaining approval from domestic and overseas regulatory authorities and complying with relevant preconditions for completion. According to the capital markets law of Turkey, this transaction shall trigger the provision that a mandatory tender offer shall be issued to purchase all the remaining shares of Tekstilbank that are 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. Upon the approval of relevant regulatory authorities, the Bank completed the tender offer and purchased additional shares of Tekstilbank with the total nominal value of TRL72,730,110.49 from 20 July 2015 to 14 August 2015. After the tender offer, the Bank has held 92.8169% of the issued shares of Tekstilbank.

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 Mainland China in a subsidiary bank of a Taiwan financial holdings company is relaxed to 20% by Taiwan's financial regulator. At that time, the Bank will subscribe for shares of Bank SinoPac. On 27 February 2014, the Bank, SinoPac Holdings and Bank SinoPac entered into a supplemental agreement on the extension of the transaction waiting period under the agreement on subscription (the "First Supplementary Agreement"). On 1 April 2015, the Bank, SinoPac Holdings and Bank SinoPac entered into another supplemental agreement to further extend the transaction waiting period to 1 October 2015. Other clauses of the agreement on the subscription and the First Supplemental Agreement remain unchanged. 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 46. to the Financial Statements: Related Party Disclosures" 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 sub-contract or lease arrangement in respect of assets of other corporations that needs 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 needs 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 needs 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 2015, 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
		August 2010/ No specific term	Prospectus on Issuance of the A Share Convertible Corporate Bonds of Industrial and Commercial Bank of China Limited		
		November 2010/ No specific term	Prospectus on A Share Rights Issue of Industrial and Commercial Bank of China Limited		

In July 2015, the Bank received the notifications from MOF and Huijin, shareholders of the Bank, that during times of abnormal fluctuations in the stock market, MOF and Huijin would proactively perform their obligations as capital providers and undertake not to reduce their shareholding in the Bank. Please refer to the Announcement Regarding Undertakings by the Ministry of Finance and Huijin not to Reduce Shareholding in the Bank issued by the Bank for detailed information.

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 Securities

For details on the redemption of ICBC Convertible Bonds, please refer to "Details of Changes in Share Capital and Shareholding of Substantial Shareholders — Conversion and Redemption of Convertible Bonds".

Save as disclosed above, during the reporting period, neither the Bank nor any of its subsidiaries purchased, sold or redeemed any listed securities 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 with 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 2015, Mr. Zhang Hongli, Executive Director and Senior Executive Vice President of the Bank, held 2,000 H shares of the Bank, and the spouse of Mr. Or Ching Fai, Independent Non-executive Director of the Bank, held 1,316,040 H shares of the Bank. Save as above, as at 30 June 2015, 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.

Implementation of Employee Stock Option Plan during the Reporting Period During the reporting period, the Bank did not implement any employee stock option plan.

Review of the Interim Report

The 2015 interim financial report prepared by the Bank in accordance with PRC GAAP and IFRSs have been reviewed by KPMG Huazhen LLP 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 of the Bank.

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

Review Report and Interim Financial Report

- Review Report
- Interim Financial Report
- Unaudited Supplementary Financial Information

CONTENTS

Review Report

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 interim financial report set out on pages 83 to 173, 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 of 30 June 2015 and the related consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and consolidated cash flow statement 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 an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34, *Interim Financial Reporting*, issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of interim financial report in accordance with International Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion 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*, issued by the International Auditing and Assurance Standards Board. A review of the interim financial report consists of making enquiries, 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 interim financial report as at 30 June 2015 is not prepared, in all material respects, in accordance with International Accounting Standard 34, *Interim Financial Reporting*.

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

27 August 2015

Unaudited Interim Consolidated Statement of Profit or Loss

For the six months ended 30 June 2015
(In RMB millions, unless otherwise stated)

	Notes	Six months ended 30 June 2015 (unaudited)	Six months ended 30 June 2014 (unaudited)
Interest income	3	437,295	412,613
Interest expense	3	(185,208)	(175,006)
NET INTEREST INCOME	3	252,087	237,607
Fee and commission income	4	85,330	79,386
Fee and commission expense	4	(8,210)	(6,158)
NET FEE AND COMMISSION INCOME	4	77,120	73,228
Net trading income	5	2,165	1,626
Net loss on financial assets and liabilities designated at fair value through profit or loss	6	(5,082)	(4,977)
Net gain on financial investments	7	2,613	1,036
Other operating income, net	8	7,834	8,333
OPERATING INCOME		336,737	316,853
Operating expenses	9	(101,499)	(99,612)
Impairment losses on:			
Loans and advances to customers	20	(41,952)	(23,988)
Others	10	1	(179)
OPERATING PROFIT		193,287	193,074
Share of profits of associates and joint ventures		1,391	1,016
PROFIT BEFORE TAXATION		194,678	194,090
Income tax expense	11	(45,252)	(45,709)
PROFIT FOR THE PERIOD		149,426	148,381
Attributable to:			
Equity holders of the parent company		149,021	148,100
Non-controlling interests		405	281
		149,426	148,381
EARNINGS PER SHARE			
— Basic (RMB yuan)	13	0.42	0.42
— Diluted (RMB yuan)	13	0.42	0.42

Details of the dividends declared and paid or proposed are disclosed in note 12 to this interim financial report.

The notes on pages 91 to 173 form part of this interim financial report.

Unaudited Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2015
(In RMB millions, unless otherwise stated)

	Notes	Six months ended 30 June	
		2015 (unaudited)	2014 (unaudited)
Profit for the period		149,426	148,381
Other comprehensive income:			
(after tax, net)	36		
Items that may be reclassified subsequently to profit or loss:			
Net gain from change in fair value of available-for-sale financial assets		7,672	22,597
Effective hedging portion of gains or losses arising from cash flow hedging instruments		(34)	53
Share of the other comprehensive income of the investee accounted for using equity method which will be reclassified subsequently to profit or loss		(297)	(11)
Foreign currency translation differences		(3,126)	1,902
Subtotal of other comprehensive income for the period		4,215	24,541
Total comprehensive income for the period		153,641	172,922
Total comprehensive income attributable to:			
Equity holders of the parent company		152,961	172,605
Non-controlling interests		680	317
		153,641	172,922

The notes on pages 91 to 173 form part of this interim financial report.

Unaudited Interim Consolidated Statement of Financial Position

As at 30 June 2015
(In RMB millions, unless otherwise stated)

	Notes	30 June 2015 (unaudited)	31 December 2014 (audited)
ASSETS			
Cash and balances with central banks	14	3,615,260	3,523,622
Due from banks and other financial institutions	15	783,352	782,776
Financial assets held for trading	16	127,786	34,373
Financial assets designated at fair value through profit or loss	17	295,174	312,455
Derivative financial assets	18	69,657	24,048
Reverse repurchase agreements	19	1,040,068	468,462
Loans and advances to customers	20	11,374,947	10,768,750
Financial investments	21	4,459,864	4,086,409
Investments in associates and joint ventures	22	27,577	28,919
Property and equipment	23	207,554	199,280
Deferred income tax assets	24	22,037	24,758
Other assets	25	394,019	356,101
TOTAL ASSETS		**22,417,295**	**20,609,953**
LIABILITIES			
Due to central banks		332	631
Financial liabilities designated at fair value through profit or loss	26	499,095	589,385
Derivative financial liabilities	18	66,790	24,191
Due to banks and other financial institutions	27	2,562,775	1,539,239
Repurchase agreements	28	330,933	380,957
Certificates of deposit	29	145,450	176,248
Due to customers	30	16,287,768	15,556,601
Income tax payable		38,332	60,666
Deferred income tax liabilities	24	474	451
Debt securities issued	31	284,903	279,590
Other liabilities	32	586,806	464,690
TOTAL LIABILITIES		**20,803,658**	**19,072,649**
EQUITY			
Equity attributable to equity holders of the parent company			
Share capital	33	356,407	353,495
Other equity instrument	34	34,428	34,428
Equity component of convertible bonds	31	–	388
Reserves	35	505,467	492,312
Retained profits		706,723	650,236
		1,603,025	1,530,859
Non-controlling interests		10,612	6,445
TOTAL EQUITY		**1,613,637**	**1,537,304**
TOTAL EQUITY AND LIABILITIES		**22,417,295**	**20,609,953**

Jiang Jianqing
Chairman

Yi Huiman
Vice Chairman and President

Liu Yagan
General Manager of Finance and Accounting Department

The notes on pages 91 to 173 form part of this interim financial report.

Unaudited Interim Consolidated Statement of Changes in Equity

For the six months ended 30 June 2015
(In RMB millions, unless otherwise stated)

	Attributable to equity holders of the parent company														
				Reserves											
	Issued share capital	Other equity instrument	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 2015	353,495	34,428	388	144,424	150,752	221,622	4,809	(26,103)	(3,853)	661	492,312	650,236	1,530,859	6,445	1,537,304
Profit for the period	–	–	–	–	–	–	–	–	–	–	–	149,021	149,021	405	149,426
Other comprehensive income	–	–	–	–	–	–	7,336	(3,057)	(42)	(297)	3,940	–	3,940	275	4,215
— Net gain from change in fair value of available-for-sale financial assets	–	–	–	–	–	–	7,336	–	–	–	7,336	–	7,336	336	7,672
— Effective hedging portion of gains arising from cash flow hedging instruments	–	–	–	–	–	–	–	–	(42)	–	(42)	–	(42)	8	(34)
— Share of the other comprehensive income of the investee accounted for using equity method which will be reclassified subsequently to profit or loss	–	–	–	–	–	–	–	–	–	(297)	(297)	–	(297)	–	(297)
— Foreign currency translation differences	–	–	–	–	–	–	–	(3,057)	–	–	(3,057)	–	(3,057)	(69)	(3,126)
Total comprehensive income	–	–	–	–	–	–	7,336	(3,057)	(42)	(297)	3,940	149,021	152,961	680	153,641
Dividend — 2014 final (note 12)	–	–	–	–	–	–	–	–	–	–	–	(91,026)	(91,026)	–	(91,026)
Appropriation to surplus reserve (i)	–	–	–	–	610	–	–	–	–	–	610	(610)	–	–	–
Appropriation to general reserve (ii)	–	–	–	–	–	898	–	–	–	–	898	(898)	–	–	–
Conversion of convertible bonds	2,912	–	–	7,761	–	–	–	–	–	–	7,761	–	10,673	–	10,673
Capital injection by non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	–	–	–	3,487	3,487
Conversion of equity component of convertible bonds (note 31)	–	–	(388)	–	–	–	–	–	–	–	–	–	(388)	–	(388)
Others	–	–	–	–	–	–	–	–	–	(54)	(54)	–	(54)	–	(54)
Balance as at 30 June 2015 (unaudited)	**356,407**	**34,428**	**–**	**152,185**	**151,362**	**222,520**	**12,145**	**(29,160)**	**(3,895)**	**310**	**505,467**	**706,723**	**1,603,025**	**10,612**	**1,613,637**

(i) Includes the appropriation made by overseas branches and subsidiaries in the amounts of RMB610 million.

(ii) Includes the appropriation made by subsidiaries in the amount of RMB898 million.

The notes on pages 91 to 173 form part of this interim financial report.

(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	–	–	–	–	–	22,485	1,979	52	(11)	24,505	–	24,505	36	24,541
— 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)
— Foreign currency translation differences	–	–	–	–	–	–	1,979	–	–	1,979	–	1,979	(77)	1,902
Total comprehensive income	–	–	–	–	–	22,485	1,979	52	(11)	24,505	148,100	172,605	317	172,922
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	–	(6)	–	–	–	–	–	–	–	–	–	(6)	–	(6)
Others	–	–	–	–	–	–	–	–	24	24	–	24	–	24
Balance as at 30 June 2014 (unaudited)	**351,406**	**1,954**	**138,896**	**124,086**	**203,492**	**(6,894)**	**(22,059)**	**(3,909)**	**564**	**434,176**	**567,321**	**1,354,857**	**4,646**	**1,359,503**

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

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

The notes on pages 91 to 173 form part of this interim financial report.

(In RMB millions, unless otherwise stated)

	Attributable to equity holders of the parent company														
				Reserves											
	Issued share capital	Other equity instrument	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 year	–	–	–	–	–	–	–	–	–	–	–	275,811	275,811	475	276,286
Other comprehensive income	–	–	–	–	–	–	34,188	(2,065)	108	80	32,311	–	32,311	256	32,567
— Net gain from change in fair value of available-for-sale financial assets	–	–	–	–	–	–	34,188	–	–	–	34,188	–	34,188	362	34,550
— Effective hedging portion of gains arising from cash flow hedging instruments	–	–	–	–	–	–	–	–	108	–	108	–	108	2	110
— Share of the other comprehensive income of the investee accounted for using equity method which will be reclassified subsequently to profit or loss	–	–	–	–	–	–	–	–	–	80	80	–	80	–	80
— Foreign currency translation differences	–	–	–	–	–	–	–	(2,065)	–	–	(2,065)	–	(2,065)	(108)	(2,173)
Total comprehensive income	–	–	–	–	–	–	34,188	(2,065)	108	80	32,311	275,811	308,122	731	308,853
Dividend — 2013 final (note 12)	–	–	–	–	–	–	–	–	–	–	–	(91,960)	(91,960)	–	(91,960)
Appropriation to surplus reserve (i)	–	–	–	–	26,882	–	–	–	–	–	26,882	(26,882)	–	–	–
Appropriation to general reserve (ii)	–	–	–	–	–	18,682	–	–	–	–	18,682	(18,682)	–	–	–
Capital injection by other equity holder	–	34,428	–	–	–	–	–	–	–	–	–	–	34,428	–	34,428
Conversion of convertible bonds	2,105	–	–	5,572	–	–	–	–	–	–	5,572	–	7,677	–	7,677
Capital injection by non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	–	–	–	1,393	1,393
Dividends to non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	–	–	–	(8)	(8)
Conversion of equity component of convertible bonds	–	–	(1,572)	–	–	–	–	–	–	–	–	–	(1,572)	–	(1,572)
Others	–	–	–	–	–	–	–	–	–	30	30	–	30	–	30
Balance as at 31 December 2014 (audited)	**353,495**	**34,428**	**388**	**144,424**	**150,752**	**221,622**	**4,809**	**(26,103)**	**(3,853)**	**661**	**492,312**	**650,236**	**1,530,859**	**6,445**	**1,537,304**

(i) Includes the appropriation made by overseas branches and subsidiaries in the amounts of RMB114 million and RMB345 million, respectively.

(ii) Includes the appropriation made by subsidiaries in the amount of RMB520 million.

The notes on pages 91 to 173 form part of this interim financial report.

Unaudited Interim Consolidated Cash Flow Statement

For the six months ended 30 June 2015
(In RMB millions, unless otherwise stated)

	Notes	Six months ended 30 June 2015 (unaudited)	2014 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		194,678	194,090
Adjustments for:			
Share of profits of associates and joint ventures		(1,391)	(1,016)
Depreciation	9	8,600	7,829
Amortisation	9	1,183	1,131
Amortisation of financial investments		(980)	578
Impairment losses on loans and advances to customers	20	41,952	23,988
Impairment (reversal)/losses on assets other than loans and advances to customers	10	(1)	179
Unrealised foreign exchange loss/(gain)		331	(6,948)
Interest expense on debt securities issued		6,441	5,645
Accreted interest on impaired loans	3	(2,091)	(1,215)
Gain on disposal of available-for-sale financial assets, net	7	(2,555)	(924)
Net trading (gain)/loss on equity investments	5	(30)	1
Net loss on financial assets and liabilities designated at fair value through profit or loss	6	5,082	4,977
Net gain on disposal of property and equipment and other assets (other than repossessed assets)		(463)	(426)
Dividend income	7	(58)	(112)
		250,698	227,777
Net decrease/(increase) in operating assets:			
Due from central banks		135,537	(130,081)
Due from banks and other financial institutions		43,278	(23,692)
Financial assets held for trading		(93,203)	(19,355)
Financial assets designated at fair value through profit or loss		17,589	8,636
Reverse repurchase agreements		(125,407)	(44,974)
Loans and advances to customers		(648,325)	(714,006)
Other assets		(127,036)	(59,135)
		(797,567)	(982,607)
Net increase/(decrease) in operating liabilities:			
Financial liabilities designated at fair value through profit or loss		(91,243)	86,055
Due to central banks		(299)	21
Due to banks and other financial institutions		1,023,760	138,442
Repurchase agreements		(50,024)	(105,446)
Certificates of deposit		(30,746)	43,069
Due to customers		731,459	1,091,999
Other liabilities		114,198	(13,898)
		1,697,105	1,240,242
Net cash flows from operating activities before tax		1,150,236	485,412
Income tax paid		(66,387)	(67,321)
Net cash flows from operating activities		1,083,849	418,091

The notes on pages 91 to 173 form part of this interim financial report.

(In RMB millions, unless otherwise stated)

	Notes	Six months ended 30 June 2015 (unaudited)	Six months ended 30 June 2014 (unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property and equipment and other assets		(17,482)	(19,981)
Proceeds from disposal of property and equipment and other assets (other than repossessed assets)		678	495
Purchases of financial investments		(876,105)	(587,502)
Proceeds from sale and redemption of financial investments		512,323	499,566
Investments in associates and joint ventures		–	(10)
Dividends received		596	570
Net cash flows from investing activities		(379,990)	(106,862)
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital injection by non-controlling shareholders		49	–
Proceeds from issuance of other debt securities		39,291	24,349
Interest paid on debt securities		(3,776)	(4,013)
Borrowing and repayments of debt securities		(21,258)	(23,794)
Dividends paid on ordinary shares		–	(69,246)
Net cash flows from financing activities		14,306	(72,704)
NET INCREASE IN CASH AND CASH EQUIVALENTS		718,165	238,525
Cash and cash equivalents at beginning of the period		994,264	957,402
Effect of exchange rate changes on cash and cash equivalents		(940)	8,940
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	39	1,711,489	1,204,867
NET CASH FLOWS FROM OPERATING ACTIVITIES INCLUDE:			
Interest received		425,951	398,109
Interest paid		(168,638)	(150,557)

The notes on pages 91 to 173 form part of this interim financial report.

1 CORPORATE INFORMATION

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

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

The Bank's A Shares and H Shares are listed on the Shanghai Stock Exchange and the Stock Exchange of Hong Kong Limited and the stock codes are 601398 and 1398, respectively. The Bank's offshore preference shares are listed on the Stock Exchange of Hong Kong Limited and the stock codes are 4603, 4604 and 84602, 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

The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, and compliance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*, issued by the International Accounting Standards Board. It was authorised for issue on 27 August 2015.

The interim financial report does not include all of the information required for full set of financial statements prepared in accordance with IFRSs, and should be read in conjunction with the Group's annual financial report for the year ended 31 December 2014.

The interim financial report has been reviewed by the Bank's auditors, KPMG, in accordance with International Standard on Review Engagements 2410, Review of interim financial information performed by the independent auditor of the entity, issued by International Auditing and Assurance Standards Boards ("IAASB").

Accounting judgements and estimates

The preparation of the interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. 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 2014.

(In RMB millions, unless otherwise stated)

Basis of consolidation

The interim financial report comprises the financial statements of the Bank and its subsidiaries for the six months ended 30 June 2015. The financial statements of the subsidiaries are prepared for the same reporting period as the Bank, using consistent accounting policies.

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 statement of profit or loss and the consolidated statement of profit or loss and other 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 2015 %	31 December 2014 %	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	HKD23,592 million	Hong Kong, the PRC	Commercial banking
ICBC International Holdings Limited ("ICBC International")	100	100	HKD4,882 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
ICBC (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 ("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	RMB11,000 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)

Name	Percentage of equity interest directly attributable to the Bank: 30 June 2015 %	31 December 2014 %	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	CAD158 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")	97.86	97.86	THB20,132 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	RMB8,705 million	Shanghai, China	Insurance
Industrial and Commercial Bank of China (USA) NA	80	80	USD309 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
Industrial and Commercial Bank of China (Peru) Limited	100	100	USD50 million	Lima, Peru	Commercial banking
Industrial and Commercial Bank of China (Brazil) Limited	100	100	Real202 million	Sao Paulo, Brazil	Commercial and investment banking
Industrial and Commercial Bank of China (New Zealand) Limited ("ICBC New Zealand")	100	100	NZD60.38 million	Auckland, New Zealand	Commercial banking
Industrial and Commercial Bank of China (Mexico) Limited	100	100	MXN664 million	Mexico City, Mexico	Commercial banking
Turkey Tekstilbank	75.5	–	USD969 million	Istanbul Turkey	Commercial banking
Industrial and Commercial Bank of China Standard Bank Plc ("ICBC Standard")	60	–	USD1,083 million	London United Kingdom	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 financial report are consistent with those followed in the preparation of the Group's annual financial report for the year ended 31 December 2014, except for the adoption of the following revised International Financial Reporting Standards ("IFRSs", including International Accounting Standards ("IASs")) as of 1 January 2015. The principal effects of adopting these revised IFRSs are as follows:

Amendments to IAS 19 Employee benefits "Defined benefit plans: Employee contributions"

The amendments introduce a relief to reduce the complexity of accounting for certain contributions from employees or third parties under defined benefit plans. When the contributions meet the criteria set out in the amendments, a company is permitted (but not required) to recognize the contributions as a reduction of the service cost in the period in which the related service is rendered, instead of including them in calculating the defined benefit obligation.

The adoption does not have any material impact on the financial position and the financial result of the Group.

(In RMB millions, unless otherwise stated)

Annual Improvements to IFRSs 2010-2012 Cycle

The 2010–2012 cycle of annual improvement contains amendments to seven standards with consequential amendments to other standards and interpretations including IFRS 2 Share based payment, IFRS 3 Business combinations, IFRS 8 Operating segments, IFRS 13 Fair value measurement, IAS 24 Related party disclosures, IAS 16 Property, plant and equipment and IAS 38 Intangible assets.

Annual Improvements to IFRSs 2011–2013 Cycle

The 2011–2013 cycle of annual improvement contains amendments to four standards with consequential amendments to other standards and interpretations including IFRS 1 First-time adoption of International Financial Reporting Standards, IFRS 3 Business combinations, IFRS 13 Fair value measurement, IAS 40 Investment property.

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The group has not applied any new standard, interpretation or modification that is not yet effective for the current accounting period.

3. NET INTEREST INCOME

	Six months ended 30 June	
	2015	**2014**
Interest income on:		
Loans and advances to customers (i)		
— Corporate loans and advances	217,660	213,873
— Personal loans	84,365	79,130
— Discounted bills	9,837	4,750
Financial investments (ii)	82,664	77,490
Due from central banks	24,538	23,695
Due from banks and other financial institutions	18,231	13,675
	437,295	412,613
Interest expense on:		
Due to customers	(151,971)	(146,493)
Due to banks and other financial institutions	(25,428)	(21,474)
Debt securities issued	(7,809)	(7,039)
	(185,208)	(175,006)
Net interest income	252,087	237,607

The above interest income and expense are 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 RMB2,091 million (six months ended 30 June 2014: RMB1,215 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 RMB25 million (six months ended 30 June 2014: RMB14 million) with respect to interest income on impaired debt securities.

(In RMB millions, unless otherwise stated)

4. NET FEE AND COMMISSION INCOME

	Six months ended 30 June	
	2015	2014
Personal wealth management and private banking services (i)	19,051	10,108
Bank card business	18,684	16,861
Investment banking business	15,197	19,685
Settlement, clearing business and cash management	15,015	16,701
Corporate wealth management services (i)	9,235	7,056
Asset custody business (i)	2,732	3,532
Guarantee and commitment business	2,702	2,841
Trust and agency services (i)	1,147	1,162
Others	1,567	1,440
Fee and commission income	85,330	79,386
Fee and commission expense	(8,210)	(6,158)
Net fee and commission income	77,120	73,228

(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 RMB9,281 million (six months ended 30 June 2014: RMB8,175 million) with respect to trust and other fiduciary activities.

5. NET TRADING INCOME

	Six months ended 30 June	
	2015	2014
Debt securities	872	952
Equity investments	30	(1)
Derivatives and others	1,263	675
	2,165	1,626

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 ON FINANCIAL ASSETS AND LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

	Six months ended 30 June	
	2015	2014
Financial assets	8,009	9,286
Financial liabilities	(13,091)	(14,263)
	(5,082)	(4,977)

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.

(In RMB millions, unless otherwise stated)

7. NET GAIN ON FINANCIAL INVESTMENTS

	Six months ended 30 June	
	2015	2014
Dividend income from unlisted investments	52	109
Dividend income from listed investments	6	3
Dividend income	58	112
Gain on disposal of available-for-sale financial assets, net	2,555	924
	2,613	1,036

8. OTHER OPERATING INCOME, NET

	Six months ended 30 June	
	2015	2014
Insurance net income (i)	195	318
Gain from foreign exchange and foreign exchange products, net	1,404	3,270
Leasing income	3,844	3,118
Net gain on disposal of property and equipment, repossessed assets and others	521	478
Sundry bank charge income	36	53
Gain on acquisition of subsidiary	487	–
Others	1,347	1,096
	7,834	8,333

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

	Six months ended 30 June	
	2015	2014
Premium income	15,000	7,750
Less: premiums ceded to reinsurers	–	(45)
Net premium income	15,000	7,705
Insurance operating cost	(14,805)	(7,387)
Insurance net income	195	318

(In RMB millions, unless otherwise stated)

9. OPERATING EXPENSES

	Six months ended 30 June	
	2015	2014
Staff costs:		
Salaries and bonuses	31,233	31,108
Staff benefits	11,515	11,604
Post-employment benefits defined contribution plans (i)	7,355	6,740
	50,103	49,452
Premises and equipment expenses:		
Depreciation (note 23)	8,600	7,829
Lease payments under operating leases in respect of land and buildings	3,808	3,545
Repairs and maintenance charges	1,107	1,241
Utility expenses	1,217	1,210
	14,732	13,825
Amortisation	1,183	1,131
Other administrative expenses	8,836	10,093
Business tax and surcharges	21,667	20,493
Others	4,978	4,618
	101,499	99,612

(i) The defined contribution plans 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	2015	2014
(Reversal)/Charge of impairment losses on:			
Due from banks and other financial institutions	15	(3)	(29)
Financial investments:			
Held-to-maturity investments	21(d)	(9)	(9)
Available-for-sale financial assets	21(c)(i), (d)	(14)	83
Others		25	134
		(1)	179

(In RMB millions, unless otherwise stated)

11. INCOME TAX EXPENSE

(a) Income tax

	Six months ended 30 June	
	2015	2014
Current income tax expense:		
Mainland China	42,010	43,042
Hong Kong and Macau	823	779
Overseas	1,162	1,200
	43,995	45,021
Adjustments in respect of current income tax of prior years	59	292
Deferred income tax expense	1,198	396
	45,252	45,709

(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	
	2015	2014
Profit before taxation	194,678	194,090
Tax at the PRC statutory income tax rate (25%)	48,670	48,523
Effects of different applicable rates of tax prevailing in other countries/regions	(144)	(176)
Non-deductible expenses (i)	1,126	1,452
Non-taxable income (ii)	(4,575)	(4,383)
Profits attributable to associates and joint ventures	(348)	(254)
Adjustment in respect of current income tax of prior years	59	292
Others	464	255
Current income tax expenses	45,252	45,709

(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	
	2015	2014
Dividends on ordinary shares declared and paid or proposed:		
Final dividend for 2014: RMB0.2554 per share (2013: RMB0.2617 per share)	91,026	91,960

13. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2015	2014
Earnings:		
Profit for the period attributable to ordinary equity holders of the parent company	149,021	148,100
Shares:		
Weighted average number of ordinary shares in issue (in million shares)	356,026	351,390
Basic earnings per share (RMB yuan)	0.42	0.42

Basic earnings per share was calculated as the profit for the period attributable to ordinary equity holders of the parent company 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	
	2015	2014
Earnings:		
Profit for the period attributable to ordinary equity holders of the parent company	149,021	148,100
Add: Interest expense on convertible bonds (net of tax)	13	231
Profit used to determine diluted earnings per share	149,034	148,331
Shares:		
Weighted average number of ordinary shares outstanding (in million shares)	356,026	351,390
Add: Weighted average number of ordinary shares assuming conversion of all dilutive shares (in million shares)	–	5,006
Weighted average number of ordinary shares for diluted earnings per share (in million shares)	356,026	356,396
Diluted earnings per share (RMB yuan)	0.42	0.42

Diluted earnings per share was computed from dividing the profit attributable to ordinary equity holders of the parent company (after adjusting for interest expense on the convertible bonds) by the weighted average number of ordinary shares outstanding during the 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 2015	31 December 2014
Cash and unrestricted balances with central banks:		
Cash on hand	85,286	88,714
Surplus reserves with central banks (i)	342,974	80,436
Unrestricted balances with central banks of overseas countries or regions	43,244	31,935
	471,504	201,085
Restricted balances with central banks:		
Mandatory reserves with central banks (ii)	2,785,171	2,967,011
Fiscal deposits with the PBOC	312,659	337,092
Mandatory reserves with central banks of overseas countries or regions (ii)	45,794	18,232
Other restricted balances with the PBOC (ii)	132	202
	3,143,756	3,322,537
	3,615,260	3,523,622

(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 2015, the mandatory deposit reserve ratios of the domestic branches of the Bank in respect of customer deposits denominated in RMB and foreign currencies were consistent with the requirement of the PBOC. The amounts of mandatory reserve deposits placed with the central banks of those countries or regions outside Mainland China are determined by local jurisdictions.

(In RMB millions, unless otherwise stated)

15. DUE FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	30 June 2015	31 December 2014
Due from banks and other financial institutions:		
Banks operating in Mainland China	202,200	202,309
Other financial institutions operating in Mainland China	2,636	1,331
Banks and other financial institutions operating outside Mainland China	75,761	100,864
	280,597	304,504
Less: Allowance for impairment losses	(227)	(231)
	280,370	304,273
Placements with banks and other financial institutions:		
Banks operating in Mainland China	99,216	90,107
Other financial institutions operating in Mainland China	229,052	272,392
Banks and other financial institutions operating outside Mainland China	174,741	116,030
	503,009	478,529
Less: Allowance for impairment losses	(27)	(26)
	502,982	478,503
	783,352	782,776

As at 30 June 2015, the amount of the placements from the Group with non-principal guaranteed wealth management products sponsored by the Group is RMB109,266 million (31 December 2014: RMB163,700 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 is RMB199,316 million (31 December 2014: RMB176,624 million). The transactions were conducted in the ordinary course of business under normal terms.

Movements of the allowance for impairment losses are as follows:

	Due from banks and other financial institutions	Placements with banks and other financial institutions	Total
At 1 January 2014	183	66	249
Charge/(Reversal) for the year	48	(40)	8
At 31 December 2014 and 1 January 2015	231	26	257
(Reversal)/Charge for the period	(4)	1	(3)
At 30 June 2015	227	27	254

(In RMB millions, unless otherwise stated)

16. FINANCIAL ASSETS HELD FOR TRADING

	30 June 2015	31 December 2014
Debt securities	38,265	23,970
Other debt instruments:		
Banks and other financial institutions	89,077	10,020
Equity investments	444	383
	127,786	34,373
Debt securities analysed into:		
Listed in Hong Kong	156	64
Listed outside Hong Kong	18,293	2,634
Unlisted	19,816	21,272
	38,265	23,970

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

	30 June 2015	31 December 2014
Debt securities	76,260	101,560
Other debt instruments:		
Banks and other financial institutions	42,480	71,096
Others	176,434	139,799
	295,174	312,455
Analysed into:		
Listed in Hong Kong	–	62
Listed outside Hong Kong	2,220	3,312
Unlisted	292,954	309,081
	295,174	312,455

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.

In accordance with accounting policy of offsetting, the Group offsets derivative assets and derivative liabilities which meet the criteria for offsetting, and presents net amount in the financial statements. As at 30 June 2015, derivative assets and derivative liabilities which meet the criteria for offsetting were RMB60,901million and RMB59,576 million respectively, and the net derivative assets and net derivative liabilities were RMB38,586 million and RMB37,261million respectively.

(In RMB millions, unless otherwise stated)

At the end of the reporting period, the Group had derivative financial instruments as follows:

	30 June 2015						
	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	1,163,367	880,240	108,629	5,112	2,157,348	28,590	(28,567)
Option contracts purchased	27,440	50,131	1,049	–	78,620	264	–
Option contracts written	20,948	23,041	42	–	44,031	–	(259)
	1,211,755	953,412	109,720	5,112	2,279,999	28,854	(28,826)
Interest rate contracts:							
Swap contracts	118,110	371,910	614,925	143,366	1,248,311	27,825	(27,844)
Forward contracts	118,037	179,127	167,231	–	464,395	74	(123)
Option contracts purchased	52,381	3,453	1,495	–	57,329	95	–
Option contracts written	54,693	3,425	1,217	15	59,350	–	(63)
	343,221	557,915	784,868	143,381	1,829,385	27,994	(28,030)
Commodity derivatives and others	870,400	354,426	64,248	915	1,289,989	12,809	(9,934)
	2,425,376	1,865,753	958,836	149,408	5,399,373	69,657	(66,790)

	31 December 2014						
	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	1,015,906	753,091	92,944	4,237	1,866,178	19,068	(20,281)
Option contracts purchased	12,670	32,181	301	–	45,152	165	–
Option contracts written	9,564	6,919	99	–	16,582	–	(140)
	1,038,140	792,191	93,344	4,237	1,927,912	19,233	(20,421)
Interest rate contracts:							
Swap contracts	70,707	88,816	152,041	33,598	345,162	2,408	(2,382)
Forward contracts	5,198	11,219	819	–	17,236	2	(5)
	75,905	100,035	152,860	33,598	362,398	2,410	(2,387)
Commodity derivatives and others	185,228	52,507	1,304	219	239,258	2,405	(1,383)
	1,299,273	944,733	247,508	38,054	2,529,568	24,048	(24,191)

(In RMB millions, unless otherwise stated)

Cash flow hedges

The Group's cash flow hedges consist of interest rate swap contracts, currency swap contracts, currency forward contracts and equity derivatives that are used to protect against exposures to variability of future cash flows arising from foreign currency assets and foreign currency liabilities.

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

	30 June 2015						
	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	–	774	1,039	3,719	5,532	186	(23)
Currency swap contracts	3,512	3,041	–	–	6,553	10	(46)
Currency forward contracts	–	25	–	–	25	–	–
Equity derivative instruments	73	29	69	–	171	78	–
	3,585	3,869	1,108	3,719	12,281	274	(69)

	31 December 2014						
	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	318	378	1,778	3,734	6,208	190	(31)
Currency swap contracts	3,022	6,508	–	–	9,530	98	–
Currency forward contracts	–	25	–	–	25	–	–
	3,340	6,911	1,778	3,734	15,763	288	(31)

There was no ineffectiveness recognised in profit or loss that arose from the cash flow hedge for the current period (six months ended 30 June 2014: 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 liability 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 profit or loss during the period is presented as follows:

	Six months ended 30 June	
	2015	2014
Gain/(loss) arising from fair value hedges, net:		
— Hedging instruments	44	59
— Hedged items attributable to the hedged risk	(46)	(61)
	(2)	(2)

(In RMB millions, unless otherwise stated)

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

	30 June 2015						
	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	–	69	–	–	69	18	–
Interest rate swap contracts	546	372	13,004	3,647	17,569	326	(181)
	546	441	13,004	3,647	17,638	344	(181)

	31 December 2014						
	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	–	69	–	–	69	16	–
Interest rate swap contracts	470	837	8,748	3,688	13,743	51	(217)
	470	906	8,748	3,688	13,812	67	(217)

The credit risk-weighted assets in respect of the above derivatives of the Group as at the end of the reporting date are as follows:

	30 June 2015	31 December 2014
Counterparty credit default risk-weighted assets	40,497	24,882
Currency derivatives	26,573	22,676
Interest rate derivatives	1,431	1,631
Commodity derivatives and others	2,234	565
Netting Settled credit default risk-weighted assets	10,259	10
Credit value adjustment	14,276	17,717
	54,773	42,599

The credit risk-weighted assets represent the counterparty credit risk associated with derivative transactions and are calculated with reference to Regulation Governing Capital of Commercial Banks (Provisional) promulgated by the CBRC, which 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 2015	31 December 2014
Reverse repurchase (i)	979,294	388,512
Cash advanced as collateral on securities borrowing	60,774	79,950
	1,040,068	468,462
Reverse repurchase analysed by counterparty:		
Banks	698,572	232,592
Other financial institutions	280,722	155,920
	979,294	388,512
Reverse repurchase analysed by collateral:		
Securities	711,401	251,777
Bills	267,893	133,752
Loans	–	2,983
	979,294	388,512

(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 statements. As at 30 June 2015, reverse repurchase agreements and repurchase agreements which meet the criteria for offsetting were RMB421,136 million (31 December 2014: RMB385,031 million) and RMB454,667 million (31 December 2014: RMB429,705 million), respectively, and the net reverse repurchase agreements and net repurchase agreements were RMB113,674 million (31 December 2014: RMB110,748 million) and RMB147,205 million (31 December 2014: RMB155,422 million), respectively.

(ii) As part of the reverse repurchase agreements, the Group has received securities that is allowed to sell or repledge in the absence of default by their owners. As at 30 June 2015, the Group had received securities with a fair value of approximately RMB142,234 million on such terms (31 December 2014: RMB189,195 million), among which securities with a fair value of approximately RMB159,063 million have been repledged under repurchase agreements (31 December 2014: RMB168,769 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 2015	31 December 2014
Corporate loans and advances	7,943,677	7,612,592
Personal loans	3,265,708	3,063,465
Discounted bills	432,700	350,274
	11,642,085	11,026,331
Less: Allowance for impairment losses	(267,138)	(257,581)
	11,374,947	10,768,750

(In RMB millions, unless otherwise stated)

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

	Individually assessed	Collectively assessed	Total
At 1 January 2014	39,065	201,894	240,959
Impairment loss:	37,610	18,657	56,267
— impairment allowances charged	59,516	134,411	193,927
— impairment allowances transferred	861	(861)	–
— reversal of impairment allowances	(22,767)	(114,893)	(137,660)
Accreted interest on impaired loans	(2,779)	–	(2,779)
Write-offs	(33,875)	(4,489)	(38,364)
Recoveries of loans and advances previously written off	1,224	274	1,498
At 31 December 2014 and 1 January 2015	41,245	216,336	257,581
Impairment loss:	32,620	9,332	41,952
— impairment allowances charged	45,173	61,721	106,894
— impairment allowances transferred	318	(318)	–
— reversal of impairment allowances	(12,871)	(52,071)	(64,942)
Accreted interest on impaired loans (note 3)	(2,091)	–	(2,091)
Acquisition of subsidiary	326	88	414
Write-offs	(24,662)	(6,684)	(31,346)
Recoveries of loans and advances previously written off	436	192	628
At 30 June 2015	47,874	219,264	267,138

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 2014	172,417	68,542	240,959
Impairment loss:	40,176	16,091	56,267
— impairment allowances charged	155,673	38,254	193,927
— reversal of impairment allowances	(115,497)	(22,163)	(137,660)
Accreted interest on impaired loans	(2,779)	–	(2,779)
Write-offs	(33,875)	(4,489)	(38,364)
Recoveries of loans and advances previously written off	1,224	274	1,498
At 31 December 2014 and 1 January 2015	177,163	80,418	257,581
Impairment loss:	33,103	8,849	41,952
— impairment allowances charged	84,368	22,526	106,894
— reversal of impairment allowances	(51,265)	(13,677)	(64,942)
Accreted interest on impaired loans (note 3)	(2,091)	–	(2,091)
Acquisition of subsidiary	372	42	414
Write-offs	(24,662)	(6,684)	(31,346)
Recoveries of loans and advances previously written off	436	192	628
At 30 June 2015	184,321	82,817	267,138

(In RMB millions, unless otherwise stated)

	30 June 2015	31 December 2014
Loans and advances for which allowance for impairment losses are:		
Individually assessed	125,558	92,348
Collectively assessed	11,516,527	10,933,983
	11,642,085	11,026,331
Less: Allowance for impairment losses:		
Individually assessed	(47,874)	(41,245)
Collectively assessed	(219,264)	(216,336)
	(267,138)	(257,581)
Net loans and advances for which allowance for impairment losses are:		
Individually assessed	77,684	51,103
Collectively assessed	11,297,263	10,717,647
	11,374,947	10,768,750
Identified impaired loans and advances	163,495	124,497
Percentage of impaired loans and advances	1.40%	1.13%

21. FINANCIAL INVESTMENTS

		30 June 2015	31 December 2014
Receivables	(a)	375,282	331,731
Held-to-maturity investments	(b)	2,646,489	2,566,390
Available-for-sale financial assets	(c)	1,438,093	1,188,288
		4,459,864	4,086,409

(a) Receivables

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

		30 June 2015	31 December 2014
Huarong bonds	(i)	112,128	112,128
Special government bond	(ii)	85,000	85,000
Others	(iii)	178,154	134,603
		375,282	331,731

	30 June 2015	31 December 2014
Analysed into:		
Listed outside Hong Kong	45,119	23,720
Unlisted	330,163	308,011
	375,282	331,731

(In RMB millions, unless otherwise stated)

(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 at 30 June 2015, the Bank received accumulated early repayment amounting to RMB200,868 million.

(ii) The special government bond represents a non-negotiable bond with a nominal value of RMB85,000 million issued by the MOF to the Bank in 1998. The bond will mature in 2028 and bears interest at a fixed rate of 2.25% per annum.

(iii) Others include government, financial and corporate bonds, asset management plans with fixed or determined payments, which have no quoted price in active market. They will mature from July 2015 to July 2027 and bear interest rates ranging from 3.26% to 8.60% 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 2015	31 December 2014
Debt securities	2,646,625	2,566,532
Less: Allowance for impairment losses	(136)	(142)
	2,646,489	2,566,390

	30 June 2015	31 December 2014
Analysed into:		
Listed in Hong Kong	17,409	11,477
Listed outside Hong Kong	856,573	863,914
Unlisted	1,772,507	1,690,999
	2,646,489	2,566,390
Market value of listed debt securities	873,982	875,391

For the six months ended 30 June 2015, the Group disposed of securities classified as held-to-maturity with a total carrying amount of RMB655 million prior to their maturity (31 December 2014: RMB16,370 million). The carrying amount of held-to-maturity securities sold accounted for 0.03% of the total amount of the Group's held-to-maturity investments (31 December 2014: 0.62%).

(In RMB millions, unless otherwise stated)

(c) Available-for-sale financial assets

Available-for-sale financial assets comprise the following:

	30 June 2015	31 December 2014
Debt securities, at fair value (i)	1,296,182	1,164,855
Other debt instruments, at fair value	128,765	11,751
Equity investments:		
At fair value (i)	12,311	10,889
At cost (ii)	835	793
Debt for equity swaps	1,045	1,061
Others	460	402
Less: Allowance for impairment losses of equity investments, at cost	(670)	(670)
	1,438,093	1,188,288
Debt securities analysed into:		
Listed in Hong Kong	29,835	23,843
Listed outside Hong Kong	233,123	211,051
Unlisted	1,033,224	929,961
	1,296,182	1,164,855
Equity investments analysed into:		
Listed in Hong Kong	215	1,391
Listed outside Hong Kong	6,082	3,040
Unlisted	6,849	7,251
	13,146	11,682
Market value of listed securities:		
Debt securities	262,958	234,894
Equity investments	6,297	4,431
	269,255	239,325

(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 2015, the available-for-sale financial assets measured at fair value include impaired debt securities whose carrying amount was RMB49 million (31 December 2014: RMB75 million), and impaired equity investments whose carrying amount was RMB571 million (31 December 2014: RMB593 million) with the accrual of impairment loss reversed in the statement of profit or loss for the period of RMB14 million (six months ended 30 June 2014: the accrual of impairment loss of RMB2 million) on available-for-sale bonds, and did not recognise accrual of impairment loss for the period (six months ended 30 June 2014: RMB81 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 2015, the Group did not dispose of these equity investments (six months ended 30 June 2014: RMB244 million). No gain was recognised on disposal during the period (six months ended 30 June 2014: RMB213 million).

(In RMB millions, unless otherwise stated)

(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 2014	142	803	945
Charge for the year	41	–	41
Reversal	(38)	–	(38)
Disposal	(3)	(195)	(198)
Others	–	62	62
At 31 December 2014 and 1 January 2015	142	670	812
Charge for the period	1	–	1
Reversal	(10)	–	(10)
Others	3	–	3
At 30 June 2015	136	670	806

22. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

Investment in associated and joint ventures comprise the following:

		30 June 2015	31 December 2014
Interest in associates	(a)	25,752	27,005
Interest in joint ventures	(b)	1,825	1,914
		27,577	28,919

	30 June 2015	31 December 2014
Share of net assets	17,203	16,954
Goodwill	10,722	12,313
	27,925	29,267
Less: Allowance for impairment losses	(348)	(348)
	27,577	28,919

(In RMB millions, unless otherwise stated)

(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 2015 %	31 December 2014 %	30 June 2015 %	Place of incorporation/ registration	Principal activities
Standard Bank Group Limited ("Standard Bank") (i)	20.08	20.08	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.

The market value of the Group's investment in Standard Bank is amount to RMB26,356 million as at 30 June 2015 (31 December 2014: RMB25,019 million).

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

	30 June 2015	31 December 2014
Gross amounts of the associate		
Assets	940,245	1,021,036
Liabilities	855,818	934,306
Net assets	84,427	86,730
Revenue	22,123	48,112
Profit from continuing operations	6,768	10,229
Other comprehensive income	(2,347)	187
Total comprehensive income	4,421	10,416
Dividends received from the associate	2,873	5,061
Reconciled to the Group's interests in the associate		
Gross amounts of net assets of the associate attribute to the parent company	73,500	76,606
Group's effective interest	20.08%	20.08%
Group's share of net assets of the associate	14,760	15,382
Goodwill	10,686	11,324
Carrying amount of the Group's interest in Standard Bank in the consolidated financial statements	25,446	26,706

(In RMB millions, unless otherwise stated)

(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 2015	2014
Aggregate amounts of the Group's share of those associates		
Profit from continuing operations	11	29
Other comprehensive income	–	–
Total comprehensive income	11	29

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

	30 June 2015	31 December 2014
Carrying amount of material associates — Standard Bank	25,446	26,706
Carrying amount of individually immaterial associates	654	647
Less: Allowance for impairment losses	(348)	(348)
Interest in associates in the consolidated financial statements	25,752	27,005

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

(b) Interest in joint ventures

The Group has interests in a number of individually 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 2015	31 December 2014
Aggregate carrying amount of individually immaterial joint ventures in the consolidated financial statements	1,825	1,914

	Six months ended 30 June 2015	2014
Aggregate amounts of the Group's share of those joint ventures		
Profit from continuing operations	21	74
Other comprehensive income	–	–
Total comprehensive income	21	74

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

(In RMB millions, unless otherwise stated)

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 2014	117,755	24,911	8,257	59,730	34,013	244,666
Additions	4,398	10,643	973	8,731	29,070	53,815
CIP transfer in/(out)	5,931	(10,615)	–	165	4,519	–
Disposals	(671)	(94)	(568)	(3,053)	(778)	(5,164)
At 31 December 2014 and 1 January 2015	127,413	24,845	8,662	65,573	66,824	293,317
Additions	206	1,323	333	1,057	15,494	18,413
CIP transfer in/(out)	988	(1,443)	–	39	416	–
transfer from acquisition of subsidiary	319	–	–	160	–	479
Disposals	(177)	(9)	(40)	(903)	(1,568)	(2,697)
At 30 June 2015	128,749	24,716	8,955	65,926	81,166	309,512
Accumulated depreciation and impairment:						
At 1 January 2014	35,142	70	4,614	38,523	1,970	80,319
Depreciation charge for the year	5,348	–	1,041	7,909	1,796	16,094
Impairment charge for the year	–	–	–	–	123	123
Disposals	(293)	(29)	(35)	(2,120)	(22)	(2,499)
At 31 December 2014 and 1 January 2015	40,197	41	5,620	44,312	3,867	94,037
Depreciation charge for the period (note 9)	2,773	–	512	3,874	1,441	8,600
transfer from acquisition of subsidiary	189	–	–	97	–	286
Disposals	(113)	–	(18)	(737)	(97)	(965)
At 30 June 2015	43,046	41	6,114	47,546	5,211	101,958
Net carrying amount:						
At 31 December 2014	87,216	24,804	3,042	21,261	62,957	199,280
At 30 June 2015	85,703	24,675	2,841	18,380	75,955	207,554

As at 30 June 2015, the process of obtaining the legal titles for the Group's properties and buildings with an aggregate net carrying value of RMB10,614 million (31 December 2014: RMB10,781 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 would it have any significant impact on the business operation of the Group.

As at 30 June 2015, the net carrying value of aircraft and vessels owned by the Group that have been pledged as security for liabilities due to banks and financial institutions was RMB17,663 million (31 December 2014: RMB15,598 million).

(In RMB millions, unless otherwise stated)

24. DEFERRED INCOME TAX ASSETS AND LIABILITIES

(a) Analysed by nature

Deferred income tax assets:

	At 30 June 2015		At 31 December 2014	
	Deductible/ (taxable) temporary differences	Deferred income tax assets/ (liabilities)	Deductible/ (taxable) temporary differences	Deferred income tax assets/ (liabilities)
Allowance for impairment losses	104,553	26,126	104,244	25,807
Change in fair value of available-for-sale financial assets	(13,632)	(3,390)	(5,457)	(1,341)
Change in fair value of financial instruments at fair value through profit or loss	(3,357)	(835)	(2,400)	(602)
Accrued staff costs	20,971	5,243	25,791	6,448
Others	(20,852)	(5,107)	(22,701)	(5,554)
	87,683	22,037	99,477	24,758

Deferred income tax liabilities:

	At 30 June 2015		At 31 December 2014	
	Taxable/ (deductible) temporary differences	Deferred income tax liabilities/ (assets)	Taxable/ (deductible) temporary differences	Deferred income tax liabilities/ (assets)
Allowance for impairment losses	(535)	(137)	(465)	(68)
Change in fair value of available-for-sale financial assets	1,145	317	396	70
Others	1,146	294	2,474	449
	1,756	474	2,405	451

(b) Movements of deferred income tax

Deferred income tax assets:

	At 1 January 2015	Recognised in profit or loss	Recognised in equity	Acquisition of subsidiaries	At 30 June 2015
Allowance for impairment losses	25,807	319	–	–	26,126
Change in fair value of available-for-sale financial assets	(1,341)	–	(2,049)	–	(3,390)
Change in fair value of financial instruments at fair value through profit or loss	(602)	(233)	–	–	(835)
Accrued staff costs	6,448	(1,205)	–	–	5,243
Others	(5,554)	(455)	737	165	(5,107)
	24,758	(1,574)	(1,312)	165	22,037

(In RMB millions, unless otherwise stated)

Deferred income tax assets:

	At 1 January 2014	Recognised in profit or loss	Recognised in equity	At 31 December 2014
Allowance for impairment losses	19,612	6,195	–	25,807
Change in fair value of available-for-sale financial assets	9,782	–	(11,123)	(1,341)
Change in fair value of financial instruments at fair value through profit or loss	(1,874)	1,272	–	(602)
Accrued staff costs	5,751	697	–	6,448
Others	(4,411)	(387)	(756)	(5,554)
	28,860	7,777	(11,879)	24,758

Deferred income tax liabilities:

	At 1 January 2015	Recognised in profit or loss	Recognised in equity	At 30 June 2015
Allowance for impairment losses	(68)	(69)	–	(137)
Change in fair value of available-for-sale financial assets	70	–	247	317
Others	449	(155)	–	294
	451	(224)	247	474

Deferred income tax liabilities:

	At 1 January 2014	Recognised in profit or loss	Recognised in equity	At 31 December 2014
Allowance for impairment losses	(45)	(23)	–	(68)
Change in fair value of available-for-sale financial assets	149	–	(79)	70
Others	316	127	6	449
	420	104	(73)	451

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 2015	31 December 2014
Interest receivable	116,035	108,330
Precious metal	115,198	95,950
Land use rights	20,127	20,499
Advance payments	12,591	12,124
Settlement accounts	101,540	95,014
Goodwill	9,099	8,966
Repossessed assets	4,284	3,726
Others	15,145	11,492
	394,019	356,101

(In RMB millions, unless otherwise stated)

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

		30 June 2015	31 December 2014
Wealth management products	(1)	294,386	312,336
Structured deposits	(2)(a)	138,986	217,431
Financial liabilities related to precious metals	(2)(b)	53,658	53,227
Debt securities	(2)(c)	6,248	6,227
Others		5,817	164
		499,095	589,385

(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. As at 30 June 2015, the fair value of the wealth management products was higher than the amount that the Group would be contractually required to pay to the holders of the wealth management products upon maturity by RMB2,017 million (31 December 2014: RMB1,531 million higher).

(2) Structured deposits, certain financial liabilities related to precious metals and debt securities have been matched with derivatives or precious metals as part of a documented risk management strategy of the Group 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 profit or loss. By designating these financial liabilities at fair value through profit or loss, the movement in their fair values is recorded in the statement of profit or loss.

   (a) As at 30 June 2015, 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 RMB1,020 million (31 December 2014: RMB588 million higher).

   (b) As at 30 June 2015, 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 2014: approximately the same).

   (c) The debt securities and notes issued by the Singapore Branch in 2012 and 2014 at fixed rates classified as financial liabilities designated at fair value through profit or loss. As at 30 June 2015, the fair value of the debt securities is lower than the amount that the Group would be contractually required to pay to the holders of these debt securities upon maturity by RMB617 million (31 December 2014: RMB641 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 arising from changes in credit risk were not considered significant during the period/year and at 30 June 2015 and 31 December 2014. The changes in fair value of the financial liabilities were mainly attributable to changes in other market factors.

27. DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS

	30 June 2015	31 December 2014
Deposits:		
Banks and other financial institutions operating in Mainland China	2,009,289	941,769
Banks and other financial institutions operating outside Mainland China	114,609	165,007
	2,123,898	1,106,776
Money market takings:		
Banks and other financial institutions operating in Mainland China	155,065	136,819
Banks and other financial institutions operating outside Mainland China	283,812	295,644
	438,877	432,463
	2,562,775	1,539,239

(In RMB millions, unless otherwise stated)

28. REPURCHASE AGREEMENTS

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

	30 June 2015	31 December 2014
Repurchase (note 19(i))	295,153	344,380
Cash received as collateral on securities lending	35,780	36,577
	330,933	380,957
Repurchase analysed by counterparty:		
Banks	188,267	191,763
Other financial institutions	106,886	152,617
	295,153	344,380
Repurchase analysed by collateral:		
Securities	286,161	332,578
Bills	8,992	10,834
Loans	–	968
	295,153	344,380

29. CERTIFICATES OF DEPOSIT

Certificates of deposit issued by Hong Kong Branch, Tokyo Branch, Singapore Branch, Luxembourg Branch, Seoul Branch, Doha Branch, New York Branch, Sydney Branch, Abu Dhabi Branch, London Branch, Dubai (DIFC) Branch, ICBC Asia, ICBC Macau, ICBC London, ICBC Argentina and ICBC Standard were recognised at amortised cost.

30. DUE TO CUSTOMERS

	30 June 2015	31 December 2014
Demand deposits:		
Corporate customers	4,392,924	4,134,828
Personal customers	3,289,662	3,153,817
Time deposits:		
Corporate customers	4,119,119	3,902,305
Personal customers	4,218,912	4,034,790
Others	267,151	330,861
	16,287,768	15,556,601

31. DEBT SECURITIES ISSUED

		30 June 2015	31 December 2014
Subordinated bonds issued by:			
The Bank	(1)(a)	187,060	187,024
Subsidiaries	(1)(b)	13,913	9,638
		200,973	196,662
Convertible bonds	(2)	–	9,485
Other debt securities issued by:	(3)		
The Bank		53,634	47,181
Subsidiaries		30,296	26,262
		83,930	73,443
		284,903	279,590

As at 30 June 2015, the amount of debt securities issued due within one year was RMB30,796 million. (31 December 2014: RMB28,886 million)

(In RMB millions, unless otherwise stated)

(1) Subordinated bonds

(a) 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, 2012 and 2014. 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 2014: 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 02 Bond	2009-7-16	100	4.00%	2009-7-20	2024-7-20	2009-8-20	24,000 million	(ii)
10 ICBC 01 Bond	2010-9-10	100	3.90%	2010-9-14	2020-9-14	2010-11-3	5,800 million	(iii)
10 ICBC 02 Bond	2010-9-10	100	4.10%	2010-9-14	2025-9-14	2010-11-3	16,200 million	(iv)
11 ICBC 01 Bond	2011-6-29	100	5.56%	2011-6-30	2031-6-30	2011-8-30	38,000 million	(v)
11 ICBC 02 Bond	2011-12-29	100	5.50%	2011-12-30	2026-12-30	2012-1-17	50,000 million	(vi)
12 ICBC 01 Bond	2012-6-11	100	4.99%	2012-6-13	2027-6-13	2012-7-13	20,000 million	(vii)
14 ICBC 01 Bond	2014-8-4	100	5.80%	2014-8-5	2024-8-5	2014-9-24	20,000 million	(viii)

(i) The Bank has the option to redeem all or part of the bonds at face value on 6 September 2015. If the Bank does not exercise this option, the annual coupon rate will increase by 300 basis points ("bps") thereafter.

(ii) The Bank has the option to redeem all or part of the bonds at face value on 20 July 2019. If the Bank does not exercise this option, the annual coupon rate will increase by 300 bps thereafter.

(iii) The Bank has the option to redeem all of the bonds on 14 September 2015 upon the approval of the relevant regulatory authorities.

(iv) The Bank has the option to redeem all of the bonds on 14 September 2020 upon the approval of the relevant regulatory authorities.

(v) The Bank has the option to redeem all of the bonds on 30 June 2026 upon the approval of the relevant regulatory authorities.

(vi) The Bank has the option to redeem all of the bonds on 30 December 2021 upon the approval of the relevant regulatory authorities.

(vii) The Bank has the option to redeem all of the bonds on 13 June 2022 upon the approval of the relevant regulatory authorities.

(viii) The Bank has the option to redeem all of the bonds on 05 August 2019 upon the approval of the relevant regulatory authorities.

(b) Subsidiaries:

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.

On 10 September 2014, ICBC Macau issued a subordinated bond with an aggregate nominal amount of USD320 million, bearing a floating interest rate. The bond was issued at the price fixed at 99.298% of the nominal amount with maturity due on 10 September 2024.

(In RMB millions, unless otherwise stated)

On 27 July 2006, ICBC Standard issued a subordinated bond with an nominal amount of USD140 million, bearing a fixed interest rate of 8.012% per annum. ICBC Standard has the right to fully or partly redeem at face value after 27 July 2016.

On 2 December 2009, ICBC Standard issued a subordinated bond with an amount of USD500 million, bearing a fixed interest rate of 8.125% per annum and with maturity due on 2 December 2019.

The above subordinated bonds and notes are separately listed on the Singapore Exchange Securities Trading Limited, the Stock Exchange of Hong Kong Limited and the London Stock Exchange Plc. ICBC Asia, ICBC Macau and ICBC Standard have 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 2014: 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. As at 30 June 2015, the bank redeemed all outstanding ICBC Convertible Bonds which was approved by the CBRC and the board of directors of the Bank and delisted from the Shanghai Stock Exchange.

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 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	2,580	–	2,580
Conversion	(14,980)	(2,597)	(17,577)
Balance as at 31 December 2014	9,485	388	9,873
Accretion of interest	11	–	11
Conversion	(9,482)	(386)	(9,868)
Redemption	(14)	(2)	(16)
Balance as at 30 June 2015	–	–	–

(3) Other debt securities issued

As at 30 June 2015, other debt securities issued mainly include:

The Bank:

(i) Sydney Branch issued debt securities amounting to RMB10,505 million denominated in AUD, CHF, RMB, EUR, HKD, JPY and USD. These securities were with maturities between the second half of 2015 and 2024 at fixed or floating interest rates. Of which, in 2015, Sydney Branch issued debt securities amounting to RMB834 million denominated in AUD, RMB, HKD, JPY and USD. These securities were issued with maturities between 2016 and 2022 at fixed or floating interest rates.

(ii) Singapore Branch issued debt securities and notes amounting to RMB8,975 million denominated in RMB and USD. These securities and notes were with maturities between the second half of 2015 and 2021 at fixed interest rates. Of which, in 2015, Singapore Branch issued debt securities and notes amounting RMB2,979 million denominated in RMB and USD, with maturities in 2018 at fixed rates.

(iii) In 2015, Tokyo Branch issued debt securities amounting to RMB5,389 million denominated in USD, JPY and RMB. These securities were issued with maturities between the second half of 2015 and 2017 at free or floating interest rates.

(iv) New York Branch issued notes amounting to RMB16,462 million denominated in USD. These notes were with maturities between the second half of 2015 and 2019 at fixed or floating interest rates. Of which, in 2015, New York Branch issued notes amounting to RMB2,541 million denominated in USD, with maturities in the second half of 2015 at fixed interest rates.

(v) In 2015, Luxembourg Branch issued notes amounting to RMB3,721 million denominated in USD with maturities in 2018 at floating interest rates.

(vi) In 2015, Dubai Branch issued debt securities amounting to RMB3,089 million denominated in USD with maturities in 2020 at fixed interest rates.

(vii) The Head Office issued debt securities in Hong Kong amounting to RMB3,500 million denominated in RMB with maturities between the second half of 2015 and 2019 at fixed interest rates.

(viii) The Head Office issued debt securities in London amounting to RMB1,993 million denominated in RMB with maturities between 2016 and 2018 at fixed interest rates.

Subsidiaries:

(i) ICBC Asia issued medium-term and short-term notes amounting to RMB2,581 million denominated in RMB, EUR, HKD and USD with maturities between the second half of 2015 and 2016 at free interest rates. Of which, in 2015, ICBC Asia issued medium-term and short-term notes amounting to RMB793 million denominated in USD, EUR and RMB, with maturities between the second half of 2015 and 2016 at free interest rates; ICBC Asia issued inter-bank deposit certificates amounting to RMB4,781 million denominated in RMB with maturities in the second half of 2015 at fixed interest rates.

(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% in 2011. 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 RMB4,468 million. By satisfying certain conditions, Skysea International has the option to redeem all of the notes at any time. The notes were listed on the Stock Exchange of Hong Kong Limited. In 2015, Skysea International issued medium-term debt securities amounting to RMB7,158 million denominated in RMB and USD, with maturities between 2018 and 2020 at floating or fixed interest rates.

(iii) ICBC Thai issued debt securities amounting to RMB6,262 million denominated in THB with maturities between the second half of 2015 and 2019 at fixed interest rates. Of which, in 2015, ICBC Thai issued debt securities of RMB1,717 million denominated in THB with maturities in the second half of 2015 at fixed interest rates.

(iv) In 2014, ICBC International issued debt securities amounting to RMB4,006 million denominated in USD with maturities in 2017 at fixed interest rates.

(v) ICBC New Zealand issued medium-term notes amounting to RMB210 million denominated in NZD with maturities in 2017 at fixed or floating interest rates.

(vi) ICBC Indonesia issued medium-term notes amounting to RMB109 million denominated in IDR with maturities in 2017 at fixed interest rates.

(vii) ICBC Argentina issued medium-term notes amounting to RMB721 million denominated in ARS with maturities between the second half of 2015 and 2016 at floating interest rates. Of which, in 2015, ICBC Argentina issued medium-term notes amounting to RMB325 million denominated in ARS with maturities in 2016 at floating interest rates.

32. OTHER LIABILITIES

	30 June 2015	31 December 2014
Interest payable	253,977	242,433
Settlement accounts	112,786	104,972
Dividend payable	91,047	–
Salaries, bonuses, allowances and subsidies payables	16,318	21,038
Early retirement benefits	4,461	4,798
Sundry tax payables	11,846	11,612
Bank drafts	1,141	2,409
Others	95,230	77,428
	586,806	464,690

As at 30 June 2015, the amount of other liabilities due within one year was RMB490,882 million. (31 December 2014 RMB403,335 million)

33. SHARE CAPITAL

	30 June 2015		31 December 2014	
	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)	269,612	269,612	266,700	266,700
	356,407	356,407	353,495	353,495

Except for the dividends for H shares which are payable in Hong Kong dollars ("HKD"), all of the A shares and H 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. Given that the closing price of A shares of the Bank from 19 November 2014 to 31 December 2014 is not less than 130% (i.e., RMB4.25 per share) of the prevailing conversion price of the ICBC Convertible Bonds (RMB3.27 per share) for 15 trading days out of 30 consecutive trading days, the redemption clause of convertible bonds was triggered. The Board of Directors of the Bank resolved to exercise the right of early redemption of the ICBC Convertible Bonds to redeem all outstanding ICBC Convertible Bonds which appeared on the register on the redemption record date. The abovementioned redemption record date was 12 February 2015. As at 12 February 2015, 249,857,640 ICBC Convertible Bonds were converted into A shares of the Bank, and unconverted ICBC Convertible Bonds of 142,360 were redeemed by the Bank. A total of 7,387,711,262 shares have been converted and total of 269,612,212,539 A shares have been issued by the Bank. As of 30 June 2015, the convertible bond has been fully redeemed.

34. PREFERENCE SHARES

(a) Preference shares outstanding at the end of the period

Financial instrument outstanding	Issue date	Accounting classification	Dividend rate	Issue price	Amount (million shares)	In original currency million	In RMB million	Maturity	Conversion condition	Conversion
Preference Shares in:										
USD	2014-12-10	Equity	6.00%	20USD/Share	147	2,940	17,991	None	Mandatory	No
EUR	2014-12-10	Equity	6.00%	15EUR/Share	40	600	4,558	None	Mandatory	No
RMB	2014-12-10	Equity	6.00%	100RMB/Share	120	12,000	12,000	None	mandatory	No
Total					307		34,549			
Less: Issue fees							121			
Book value							34,428			

(b) Main Clauses

(i) Dividend

Fixed rate for a certain period (5 years for USD and RMB tranche and 7 years for EUR tranche) after issuance.

Dividend reset every 5 years thereafter to the sum of the benchmark rate and the Fixed Spread.

The Fixed Spread will be equal to the spread between the dividend rate at the time of issuance and the benchmark rate. The Fixed Spread will remain unchanged throughout the term of the Preference Shares.

Dividends will be paid annually.

(ii) Conditions to distribution of dividends

The Bank could pay dividends while the Bank still has distributable after-tax profit after making up previous years' losses, contributing to the statutory reserve and making general provisions, and the Bank's capital adequacy ratio meets regulatory requirements. The Bank may elect to cancel any dividend, but such cancellation will require a shareholder's resolution to be passed.

(iii) Dividend stopper

If the Bank cancels all or part of the dividends to the Preference Shareholders, the Bank shall not make any dividend distribution to ordinary shareholders before the Bank pays the dividends for the current dividend period to the Preference Shareholders in full.

(iv) Order of distribution and liquidation method

The USD, EUR and RMB Preference Shareholders will rank equally for payment. The Preference Shareholders will be subordinated to the depositors, ordinary creditors, holders of subordinated debt, holders of convertible bonds, holders of Tier 2 capital bonds and holders of other Tier 2 capital instruments of the Bank, but will be senior to the ordinary shareholders.

(v) Mandatory conversion trigger events

Upon the occurrence of an Additional Tier 1 Capital Trigger Event (Core Tier 1 Capital Adequacy Ratio of the Bank falling to 5.125% or below), the Bank shall have the right to convert all or part of the Preference Shares into H shares, in order to restore the Core Tier 1 Capital Adequacy Ratio of the Bank to above 5.125%; If Preference Shares were converted to H shares, it could not be converted to Preference Shares again;

Upon the occurrence of a Non-Viability Trigger Event (Earlier of the two situations: (1) CBRC has determined that the Bank would become non-viable if there is no conversion or write-down of capital; or (2) the relevant authorities have determined that a public sector injection of capital or equivalent support is necessary, without which the Bank would become non-viable), the Bank shall have the right to convert all Preference Shares into H shares.

(vi) Redemption

Under the premise of obtaining the approval of the CBRC and condition of redemption, the bank has right to inform foreign preferred stockholders, registered persons and financial agents at least 30 days in advance but no more than 60 days, to redeem all or some of oversee preferred stocks in first call date and subsequent any dividend payment date. The first call date after issuance and subsequent any dividend payment date (redemption price is equal to issue price plus accrued dividend in current period).

USD Preference Shares: the First Redemption Date is five years after issuance

EUR Preference Shares: the First Redemption Date is seven years after issuance

RMB Preference Shares: the First Redemption Date is five years after issuance

(c) Movement of Preference shares issued

Financial instrument outstanding		Preference Shares			
		USD	EUR	RMB	Total
1 January 2015	Amount (million shares)	147	40	120	307
	In original currency (million)	2,940	600	12,000	N/A
	In RMB (million)	17,991	4,558	12,000	34,549
Increase this period	Amount (million shares)	–	–	–	–
	In original currency (million)	–	–	–	N/A
	In RMB (million)	–	–	–	–
Decrease this period	Amount (million shares)	–	–	–	–
	In original currency (million)	–	–	–	N/A
	In RMB (million)	–	–	–	–
30 June 2015	Amount (million shares)	147	40	120	307
	In original currency (million)	2,940	600	12,000	N/A
	In RMB (million)	17,991	4,558	12,000	34,549

(d) Dividends

Non cumulative dividend is a dividend on preference shares which does not cumulate upon omission of payment so as to require payment of a passed or omitted dividend of one year out of earnings of a following year. After receiving dividend at agreed dividend rate, preference shareholders of the Bank will not participate the distribution of residual profits with ordinary shareholders.

The Bank could pay dividends while the bank still has distributable after-tax profit after making up previous years' losses, contributing to the statutory reserve and making general provisions, and the Bank's capital adequacy ratio meets regulatory requirements. Preference shareholders of the Bank are senior to the ordinary shareholders on the right to dividends.

The Bank shall distribute dividends for the Preference Shares in cash, based on the total amount of the issued and outstanding Preference Shares on the corresponding times. Interest method of the Preference Shares of the Bank is once a year.

(In RMB millions, unless otherwise stated)

(e) Interests attribute to equity instruments' holder

Equity instrument	1 January 2015	30 June 2015
1. Total equity attribute to equity holders of the parent company	1,530,859	1,603,025
(1) Equity attribute to ordinary equity holders of the parent company	1,496,431	1,568,597
(2) Equity attribute to other equity holders of the parent company	34,428	34,428
2. Total equity attribute to non-controlling interests	6,445	10,612
(1) Equity attribute to non-controlling interests of ordinary shares	6,445	10,612
(2) Equity attribute to non-controlling interests of other equity instruments	–	–

35. 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.

(In RMB millions, unless otherwise stated)

(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 reserves of subsidiaries and share of reserves of associates and joint ventures other than the items listed above.

36. OTHER COMPREHENSIVE INCOME

	Six months ended 30 June	
	2015	2014
Items that may be reclassified subsequently to profit or loss:		
Net gain from change in fair value of available-for-sale financial assets:		
Changes in fair value recorded in other comprehensive income	9,705	27,228
Less: Transfer to profit or loss arising from disposal/impairment	263	2,388
Income tax effect	(2,296)	(7,019)
	7,672	22,597
Effective hedging portion of gains or losses arising from cash flow hedging instruments:		
(Loss)/Gain during the period	(35)	66
Less: Income tax effect	1	(13)
	(34)	53
Share of the other comprehensive income of the investee accounted for using equity method which will be reclassified subsequently to profit or loss	(297)	(11)
Foreign currency translation differences	(3,126)	1,902
	4,215	24,541

(In RMB millions, unless otherwise stated)

37. ACQUISITION OF SUBSIDIARY

(a) ICBC Standard

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 the 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. This transaction was completed on 1 February 2015 (Beijing time) after obtaining approval from domestic and overseas regulatory authorities and complying with relevant preconditions for completion. The Bank officially became a controlling shareholder of the Target Bank. After the completion of acquisition, Standard Bank Plc was formally renamed as Industrial and Commercial Bank of China Standard Bank Plc ("ICBC Standard") on 20 March 2015. ICBC acquired 60% of total issued shares of Standard Bank Plc as of 30 June 2015.

(b) Turkey 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. This transaction was completed on 22 May 2015 (Beijing time) after obtaining approval from domestic and overseas regulatory authorities and complying with relevant preconditions for completion. 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 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. Upon the approval of relevant regulatory authorities, the Bank completed the tender offer to purchase the remaining shares of Tekstilbank with the total face value of TRL72,730,110.49 from 20 July 2015 to 14 August 2015. After the tender offer, the Bank has held 92.8169% of the issued shares of Tekstilbank.

38. INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES

(a) 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 wealth management products, segregated asset management plans, trust plans 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 2015 in the structured entities sponsored by third party institutions:

	30 June 2015		31 December 2014	
	Carrying amount	Maximum explosure	Carrying amount	Maximum explosure
Wealth management products	14,176	14,176	3,872	3,872
Segregated asset management plan	204,478	204,478	139,194	139,194
Trust plan	10,892	10,892	11,225	11,225
Asset-backed securities	5,654	5,654	6,459	6,459
	235,200	235,200	160,750	160,750

(In RMB millions, unless otherwise stated)

The following table sets out an analysis of the line items in the statement of financial position as at 30 June 2015 in which assets are recognised relating to the Group's interests in structured entities sponsored by third party institutions:

	30 June 2015			
	Held-to-maturity investments	Available-for-sale financial assets	Financial assets designated at fair value through profit or loss	Receivables
Wealth management products	–	13,976	–	200
Segregated asset management plans	–	737	176,072	27,669
Trust plans	–	–	–	10,892
Asset-backed securities	133	5,391	–	130
	133	20,104	176,072	38,891

	31 December 2014			
	Held-to-maturity investments	Available-for-sale financial assets	Financial assets designated at fair value through profit or loss	Receivables
Wealth management products	–	3,672	–	200
Segregated asset management plans	–	–	139,004	190
Trust plans	–	–	–	11,225
Asset-backed securities	465	4,666	–	1,328
	465	8,338	139,004	12,943

The maximum exposures to loss in the above investment funds, wealth management products, segregated asset management plans 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.

(b) Structured entities sponsored by the Group which the Group does not consolidate but holds an interest.

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 2015, 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 2015, the amount of assets held by the unconsolidated non-principal-guaranteed wealth management products and investment funds, which are sponsored by the Group, were RMB1,708,922 million (31 December 2014: RMB1,454,836 million) and RMB753,789 million (31 December 2014: RMB590,386 million) respectively.

(In RMB millions, unless otherwise stated)

(c) Unconsolidated structured entities sponsored by the Group during the period which the Group does not have an interest in as at 30 June 2015

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 RMB2,089 million (six months ended 30 June 2014: RMB3,521 million).

During the reporting period, the amount of income received from such category of investment funds was RMB14 million (six months ended 30 June 2014: not significant)

The aggregated amount of the non-principal-guaranteed wealth management products sponsored and issued by the Group after 1 January 2015 but matured before 30 June 2015 was RMB402,035 million (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).

The aggregated amount of the investment funds sponsored and issued by the Group after 1 January 2015 but matured before 30 June 2015 was RMB10,626 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).

39. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Analysis of balances of cash and cash equivalents

	Note	30 June 2015	30 June 2014
Cash on hand	14	85,286	84,690
Balances with central banks other than restricted deposits	14	342,974	293,388
Nostro accounts with banks and other financial institutions with original maturity of three months or less		223,601	189,223
Placements with banks and other financial institutions with original maturity of three months or less		691,347	191,319
Reverse repurchase agreements with original maturity of three months or less		368,281	446,247
		1,711,489	1,204,867

(In RMB millions, unless otherwise stated)

40. 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.

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

	30 June 2015		31 December 2014	
	Carrying amount of transferred assets	Carrying amount of associated liabilities	Carrying amount of transferred assets	Carrying amount of associated liabilities
Repurchase agreements	4,466	4,400	1,998	1,472
Securities lending agreements	57,864	–	13,361	–
	62,330	4,400	15,359	1,472

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 2015, loans with an original carrying amount of RMB22,560 million (31 December 2014: RMB9,164 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 2015, the carrying amount of assets that the Group continues to recognise was RMB1,170 million (31 December 2014: RMB268 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 2015, carrying amount of transferred assets that did not qualify for derecognition were RMB191 million (31 December 2014: RMB270 million) and carrying amount of their associated liabilities were RMB34 million (31 December 2014: RMB126 million).

(In RMB millions, unless otherwise stated)

41 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.

42 COMMITMENTS AND CONTINGENT LIABILITIES

(a) Capital commitments

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

	30 June 2015	31 December 2014
Authorised, but not contracted for	814	850
Contracted, but not provided for	26,998	28,738
	27,812	29,588

(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 2015	31 December 2014
Within one year	5,203	5,210
Over one year but within five years	10,679	12,389
Over five years	2,211	580
	18,093	18,179

(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 2015	31 December 2014
Bank acceptances	358,433	348,924
Guarantees issued		
Financing letters of guarantees	40,720	33,369
Non-financing letters of guarantees	228,976	274,186
Sight letters of credit	49,642	56,096
Usance letters of credit and other commitments	268,926	334,838
Loan commitments		
With an original maturity of under one year	217,234	235,664
With an original maturity of one year or over	637,480	584,362
Undrawn credit card limit	508,947	474,684
	2,310,358	2,342,123

(In RMB millions, unless otherwise stated)

	30 June 2015	31 December 2014
Credit risk-weighted assets of credit commitments (i)	1,011,637	1,014,045

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

(d) Legal proceedings

As at 30 June 2015, there were a number of legal proceedings outstanding against the Bank and/or its subsidiaries with a claimed amount of RMB4,096 million (31 December 2014: RMB3,001 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 2015, the Bank had underwritten and sold bonds with an accumulated amount of RMB96,491 million (31 December 2014: RMB90,874 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 2015, the Group had no unexpired securities underwriting obligations (31 December 2014: Nil).

43. DESIGNATED FUNDS AND LOANS

	30 June 2015	31 December 2014
Designated funds	984,253	940,303
Designated loans	983,797	939,773

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.

44. 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 2015, the carrying value of the financial assets of the Group pledged as collateral amounted to approximately RMB148,710 million (31 December 2014: RMB194,448 million).

45. 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)

46. RELATED PARTY DISCLOSURES

In addition to the transactions detailed elsewhere in this interim financial report, 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 2015, the MOF directly owned approximately 34.60% (31 December 2014: approximately 34.88%) 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 2015	31 December 2014
Balances at end of the period/year:		
The PRC government bonds and the special government bond	1,019,198	1,037,908

	Six months ended 30 June	
	2015	2014
Transactions during the period:		
Subscription of the PRC government bonds	26,907	62,424
Redemption of the PRC government bonds	44,805	52,856
Interest income on the PRC government bonds	18,248	17,443
Interest rate ranges during the period are as follows:	%	%
Bond investments	1.15 to 8.75	1.77 to 6.34

As at 30 June 2015, 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 RMB112,128 million (31 December 2014: RMB112,128 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 46(g) "transactions with state-owned entities in the PRC".

(ii) Huijin

As at 30 June 2015, Central Huijin Investment Ltd. ("Huijin") directly owned approximately 34.71% (31 December 2014: approximately 35.12%) 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.

As at 30 June 2015, the Huijin Bonds held by the Bank were of an aggregate face value of RMB21.63 billion (31 December 2014: 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.

(In RMB millions, unless otherwise stated)

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 2015	31 December 2014
Balances at end of the period/year:		
Debt securities purchased	20,900	20,821
Interest receivable	618	239
Deposits	20,976	16,506
Interest payable	14	26

	Six months ended 30 June	
	2015	2014
Transactions during the period:		
Interest income on debt securities purchased	363	309
Interest expense on deposits	47	26
Interest rate ranges during the period are as follows:	%	%
Debt securities purchased	3.14 to 4.20	3.14 to 4.20
Deposits	0.01 to 5.80	0.39 to 3.30

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 2015 are as follows:

	30 June 2015	31 December 2014
Balances at end of the period/year:		
Debt securities purchased	923,798	973,027
Due from these banks and financial institutions	127,319	82,410
Loans and advances to customers	31,688	–
Derivative financial assets	632	537
Due to banks and financial institutions	171,643	143,845
Derivative financial liabilities	567	425

	Six months ended 30 June	
	2015	2014
Transactions during the period:		
Interest income on debt securities purchased	16,019	18,790
Interest income on amounts due from these banks and financial institutions	323	306
Interest income on loans and advances to customers	574	–
Interest expense on amounts due to banks and financial institutions	1,336	548
Interest rate ranges during the period are as follows:	%	%
Debt securities purchased	1.08 to 6.15	2.51 to 5.70
Due from these banks and financial institutions	0 to 7.10	0 to 6.70
Loans and advances to customers	2.71 to 5.70	–
Due to these banks and financial institutions	0 to 5.60	0.0001 to 7.20

(In RMB millions, unless otherwise stated)

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 2015	31 December 2014
Balances at end of the period/year:		
Debt securities purchased	17,041	13,768
Due from banks and other financial institutions	253,647	195,574
Loans and advances to customers	23,543	18,308
Derivative financial assets	2,779	1,653
Due to banks and other financial institutions	263,774	210,237
Derivative financial liabilities	2,957	1,984
Commitments	119,878	127,089
Receivables	15,000	–

	Six months ended 30 June	
	2015	2014
Transactions during the period:		
Interest income on debt securities purchased	127	13
Interest income on amounts due from banks and other financial institutions	345	224
Interest income on loans and advances to customers	69	–
Interest expense on amounts due to banks and other financial institutions	403	369
Net trading expense	–	191
Net fee and commission income	781	248
Interest rate ranges during the period are as follows:	%	%
Debt securities purchased	0.76 to 4.50	1.56 to 3.15
Due from banks and other financial institutions	0 to 4.90	0.30 to 5.65
Loans and advances to customers	1.20 to 6.46	–
Due to banks and other financial institutions	0.0125 to 7.44	0.50 to 6.16

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

(In RMB millions, unless otherwise stated)

(c) Associates and affiliates

	30 June 2015	31 December 2014
Balances at end of the period/year:		
Due from banks	2,931	62
Loans to associates	67	106
Due to banks	16,795	566
Deposits	67	40

	Six months ended 30 June	
	2015	2014
Transactions during the period:		
Interest income on amounts due from banks	24	–
Interest income on loans to associates	1	3
Interest expense on amounts due to banks	78	5
Interest rate ranges during the period are as follows:	%	%
Due from banks	0 to 0.35	0.09 to 1.90
Loans to associates	2.69	2.23
Due to banks	0.01 to 5.50	0.35 to 1.90
Deposits	0 to 0.56	–

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 2015	31 December 2014
Balances at end of the period/year:		
Deposits	21	–

	Six months ended 30 June	
	2015	2014
Transactions during the period:		
Interest expense on deposits	–	–
Interest rates during the period are as follows:	%	%
Deposits	0.01 to 1.15	0.35 to 0.58

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	
	2015 In RMB'000	2014 In RMB'000
Short term employment benefits	5,492	7,388
Post-employment benefits	264	244
	5,756	7,632

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 2015, there is no transaction between the Group and the aforementioned parties (31 December 2014: 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 RMB0.36 million as at 30 June 2015 (31 December 2014: RMB0.54 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 does not hold any share or bond issued by the Group as at 30 June 2015 (31 December 2014: Annuity Fund holds the convertible bonds issued by the Group with an amount of RMB27.36 million).

(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.

47. 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 this interim financial report of the Group.

Transactions between segments mainly represent the provision of funding to and from individual segments. These transactions are conducted on terms determined with reference to the average cost of funding and have been reflected in the performance of each segment. Net interest income and expense arising on internal fund transfer are referred to as "internal net interest income/expense". Net interest income and expense relating to third parties are referred to as "external net interest income/expense".

(In RMB millions, unless otherwise stated)

Segment revenues, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The basis for allocation is mainly based on occupation of or contribution to resources. Income taxes are managed on a group basis and are not allocated to operating segments.

	Corporate banking	Personal banking	Treasury operations	Others	Total
Six months ended 30 June 2015					
External net interest income	148,700	8,995	93,380	1,012	252,087
Internal net interest (expense)/income	(31,700)	80,572	(48,872)	–	–
Net fee and commission income/(expense)	42,544	34,574	329	(327)	77,120
Other income, net (i)	737	1	3,838	2,954	7,530
Operating income	160,281	124,142	48,675	3,639	336,737
Operating expenses	(44,538)	(44,559)	(8,474)	(3,928)	(101,499)
Impairment (losses)/reversal on:					
Loans and advances to customers	(33,103)	(8,849)	–	–	(41,952)
Others	(71)	4	43	25	1
Operating profit/(loss)	82,569	70,738	40,244	(264)	193,287
Share of profits and losses of associates and joint ventures	–	–	–	1,391	1,391
Profit before taxation	82,569	70,738	40,244	1,127	194,678
Income tax expense					(45,252)
Profit for the period					149,426
Other segment information:					
Depreciation	3,830	3,007	1,550	213	8,600
Amortisation	547	373	251	12	1,183
Capital expenditure	9,207	7,129	3,727	450	20,513
As at 30 June 2015					
Segment assets	8,372,529	3,317,282	10,607,707	119,777	22,417,295
Including: Investments in associates and joint ventures	–	–	–	27,577	27,577
Property and equipment	82,002	64,217	32,789	28,546	207,554
Other non-current assets (ii)	15,883	7,212	5,232	12,524	40,851
Segment liabilities	9,123,443	7,711,124	3,803,122	165,969	20,803,658
Other segment information:					
Credit commitments	1,801,411	508,947	–	–	2,310,358

(i) Includes net trading income, 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)

	Corporate banking	Personal banking	Treasury operations	Others	Total
Six months ended 30 June 2014					
External net interest income	143,622	5,973	87,552	460	237,607
Internal net interest (expense)/income	(42,018)	77,624	(35,606)	–	–
Net fee and commission income/(expense)	47,082	26,037	326	(217)	73,228
Other income, net (i)	592	2	3,006	2,418	6,018
Operating income	149,278	109,636	55,278	2,661	316,853
Operating expenses	(47,444)	(41,343)	(7,455)	(3,370)	(99,612)
Impairment (losses)/reversal on:					
Loans and advances to customers	(15,891)	(8,097)	–	–	(23,988)
Others	(86)	3	5	(101)	(179)
Operating profit/(loss)	85,857	60,199	47,828	(810)	193,074
Share of profits and losses of associates and joint ventures	–	–	–	1,016	1,016
Profit before taxation	85,857	60,199	47,828	206	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 31 December 2014					
Segment assets	7,978,544	3,110,238	9,402,275	118,896	20,609,953
Including: Investments in associates and joint ventures	–	–	–	28,919	28,919
Property and equipment	81,543	60,209	30,286	27,242	199,280
Other non-current assets (ii)	16,915	7,059	4,629	10,377	38,980
Segment liabilities	8,733,027	7,404,957	2,865,472	69,193	19,072,649
Other segment information:					
Credit commitments	1,867,439	474,684	–	–	2,342,123

(i) Includes net trading income, 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)

(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, Auckland, Kuwait City, Mexico City, Rangoon and Istanbul).

The distribution of the geographical areas is as follows:

Mainland China (Head Office and domestic branches):

Head Office ("HO"): the HO business division (including institutions directly controlled by the HO and their offices);

Yangtze River Delta: including Shanghai, Jiangsu, Zhejiang and Ningbo;

Pearl River Delta: including Guangdong, Shenzhen, Fujian and Xiamen;

Bohai Rim: including Beijing, Tianjin, Hebei, Shandong and Qingdao;

Central China: including Shanxi, Henan, Hubei, Hunan, Anhui, Jiangxi and Hainan;

Western China: including Chongqing, Sichuan, Guizhou, Yunnan, Guangxi, Shaanxi, Gansu, Qinghai, Ningxia, Xinjiang, Inner Mongolia and Tibet; and

Northeastern China: including Liaoning, Heilongjiang, Jilin and Dalian.

Overseas and others: branches located outside Mainland China, domestic and overseas subsidiaries, and investments in associates and joint ventures.

	Mainland China (HO and domestic branches)									
	Head Office	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central China	Western China	Northeastern China	Overseas and others	Eliminations	Total
Six months ended 30 June 2015										
External net interest income	101,281	29,555	24,240	12,435	24,398	39,557	8,686	11,935	–	252,087
Internal net interest (expense)/income	(64,353)	12,016	4,075	36,836	6,598	1,006	4,140	(318)	–	–
Net fee and commission income	2,571	19,006	12,584	13,771	11,776	10,844	3,275	3,485	(192)	77,120
Other income/(expense), net (i)	2,514	(1,202)	259	(705)	(450)	591	(244)	6,767	–	7,530
Operating income	42,013	59,375	41,158	62,337	42,322	51,998	15,857	21,869	(192)	336,737
Operating expenses	(11,809)	(15,388)	(11,381)	(16,924)	(14,471)	(16,879)	(6,153)	(8,686)	192	(101,499)
Impairment (losses)/reversal on:										
Loans and advances to customers	(897)	(13,317)	(13,138)	(4,473)	(3,983)	(4,929)	(494)	(721)	–	(41,952)
Others	16	(15)	(3)	6	–	(3)	–	–	–	1
Operating profit	29,323	30,655	16,636	40,946	23,868	30,187	9,210	12,462	–	193,287
Share of profits and losses of associates and joint ventures	–	–	–	–	–	–	–	1,391	–	1,391
Profit before tax	29,323	30,655	16,636	40,946	23,868	30,187	9,210	13,853	–	194,678
Income tax expense										(45,252)
Profit for the period										149,426
Other segment information:										
Depreciation	918	1,095	726	1,054	1,254	1,470	555	1,528	–	8,600
Amortisation	423	151	84	71	130	180	34	110	–	1,183
Capital expenditure	884	327	328	464	599	1,031	186	16,694	–	20,513

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

(In RMB millions, unless otherwise stated)

(b) Geographical information (continued)

	Mainland China (HO and domestic branches)									
	Head Office	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central China	Western China	Northeastern China	Overseas and others	Eliminations	Total
As at 30 June 2015										
Assets by geographical area	9,924,291	3,860,016	2,650,939	3,317,835	1,958,595	2,532,466	948,328	2,176,829	(4,974,041)	22,395,258
Including: Investments in associates and joint ventures	–	–	–	–	–	–	–	27,577	–	27,577
Property and equipment	13,587	25,297	11,690	18,365	19,029	23,413	10,334	85,839	–	207,554
Other non-current assets (i)	11,054	5,841	2,689	3,595	5,288	6,043	1,324	4,633	–	40,467
Unallocated assets										22,037
Total assets										22,417,295
Liabilities by geographical area	8,623,036	3,830,263	2,619,299	3,274,401	1,934,747	2,501,043	935,999	2,020,105	(4,974,041)	20,764,852
Unallocated liabilities										38,806
Total liabilities										20,803,658
Other segment information:										
Credit commitments	522,608	418,284	209,918	370,514	132,157	211,711	61,679	383,487	–	2,310,358

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

	Mainland China (HO and domestic branches)									
	Head Office	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central China	Western China	Northeastern China	Overseas and others	Eliminations	Total
Six months ended 30 June 2014										
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 (expense)/income	(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)/reversal 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 tax	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 income/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.

(In RMB millions, unless otherwise stated)

	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 2014										
Assets by geographical area	8,820,680	4,680,319	3,342,070	3,394,573	2,008,309	2,579,889	1,001,247	1,919,486	(7,161,378)	20,585,195
Including: Investments in associates and joint ventures	–	–	–	–	–	–	–	28,919	–	28,919
Property and equipment	14,363	26,113	12,294	19,086	19,839	24,204	10,748	72,633	–	199,280
Other non-current assets (i)	11,274	5,986	2,691	3,631	5,307	5,674	1,325	3,092	–	38,980
Unallocated assets										24,758
Total assets										20,609,953
Liabilities by geographical area	7,431,623	4,693,296	3,457,784	4,344,494	1,983,382	2,555,769	959,520	747,042	(7,161,378)	19,011,532
Unallocated liabilities										61,117
Total liabilities										19,072,649
Other segment information:										
Credit commitments	469,704	438,216	319,851	419,494	129,088	158,055	58,811	348,904	–	2,342,123

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

48. 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.

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.

(a) Credit risk (continued)

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 profit or loss. In determining allowances on an individual basis, the following factors are considered:

- The sustainability of the counterparty's business plan;
- The borrower's ability to improve performance once a financial difficulty has arisen;
- Projected receipts and the expected payout should bankruptcy ensue;
- The availability of other financial support and the realisable value of collateral; and
- The timing of the expected cash flows.

It may not be possible to identify a single, discrete event that caused the impairment, but it may be possible to identify impairment through the combined effect of several events. The impairment losses are evaluated at the end of each reporting period, unless unforeseen circumstances require more careful attention.

Collectively assessed loans

Loans that are assessed for impairment losses on a collective basis include the following:

- Homogeneous groups of loans, including all personal loans; and
- All loans for which no impairment can be identified individually, either due to the absence of any loss events or due to an inability to measure reliably the impact of potential loss events on future cash flows.

For the purpose of collective assessment, assets are grouped on the basis of similar credit risk characteristics that are indicative of the debtors' ability to pay all amounts due according to the contractual terms.

Objective evidence of impairment losses on a collective basis consists of observable data indicating a measurable decrease in the estimated future cash flows from a portfolio of loans since the initial recognition of those loans, including:

- Adverse changes in the payment status of borrowers in the Group of loans; and
- National or local economic conditions that correlate with defaults on assets in the portfolio of loans.

Homogenous groups of loans not considered individually significant

For homogeneous groups of loans, the Group uses a collective assessment approach for impairment losses. The approach analyses historical trends of probability of default and the amount of the consequential loss, as well as evaluates current economic conditions that may have a consequential impact on inherent losses in the portfolio.

(a) Credit risk (continued)

Individually assessed loans with no objective evidence of impairment

Individually assessed loans with no objective evidence of impairment are grouped together in portfolios of similar credit risk characteristics for the purpose of assessing a collective impairment loss. The collective impairment loss is assessed after taking into account:

- Historical loss experience in portfolios of similar risk characteristics; and
- The current economic and credit environment and, whether these, in management's experience, indicate that the actual level of incurred but not yet identified losses is likely to be greater or less than that suggested by historical experience.

As soon as information that specifically identifies objective evidence of impairment on individual assets in a pool is available, those assets are excluded and individually assessed. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment for impairment.

Collateral

The amount and type of collateral required depend on the assessment of the credit risk of the counterparty. Guidelines are in place specifying the types of collateral and valuation parameters which can be accepted.

Reverse repurchase business is mainly collateralised by bills, loans or investment securities. As part of the reverse repurchase agreements, the Group has received securities that it is allowed to sell or repledge in the absence of default by their owners. Fair value of collateral is shown in note 19.

Corporate loans are mainly collateralised by properties or other assets. As at 30 June 2015, the carrying value of corporate loans amounted to RMB8,376,377 million (31 December 2014: RMB7,962,866 million), of which credit exposure of corporate loans covered by collateral amounted to RMB3,909,086 million (31 December 2014: RMB3,666,694 million).

Personal loans are mainly collateralised by residential properties. As at 30 June 2015, the carrying value of personal loans amounted to RMB3,265,708 million (31 December 2014: RMB3,063,465 million), of which credit exposure of personal loans covered by collateral amounted to RMB2,426,116 million (31 December 2014: RMB2,577,534 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 48(a)(iii).

(In RMB millions, unless otherwise stated)

(a) Credit risk (continued)

Management monitors the market value of collateral periodically and requests additional collateral in accordance with the underlying agreement when it is considered necessary.

It is the Group's policy to dispose of repossessed assets in an orderly manner. In general, the Group does not occupy repossessed assets for business use.

(i) Maximum exposure to credit risk without taking account of any collateral and other credit enhancements

As at the end of the reporting period, the maximum credit risk exposure of the Group without taking account of any collateral and other credit enhancements is set out below:

	30 June 2015	31 December 2014
Balances with central banks	3,529,974	3,434,908
Due from banks and other financial institutions	783,352	782,776
Financial assets held for trading	127,342	33,990
Financial assets designated at fair value through profit or loss	295,174	312,455
Derivative financial assets	69,657	24,048
Reverse repurchase agreements	1,040,068	468,462
Loans and advances to customers	11,374,947	10,768,750
Financial investments		
— Receivables	375,282	331,731
— Held-to-maturity investments	2,646,489	2,566,390
— Available-for-sale financial assets	1,424,947	1,176,606
Others	205,019	198,482
	21,872,251	20,098,598
Credit commitments	2,310,358	2,342,123
Total maximum credit risk exposure	24,182,609	22,440,721

(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)

(a) Credit risk (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 2015

	Head Office	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central China	Western China	North-eastern China	Overseas and others	Total
Balances with central banks	3,089,599	72,903	64,492	136,075	22,404	37,096	10,903	96,502	3,529,974
Due from banks and other financial institutions	418,293	5,375	1,417	34,440	1,495	1,440	294	320,598	783,352
Financial assets held for trading	106,743	–	–	145	–	–	–	20,454	127,342
Financial assets designated at fair value through profit or loss	291,632	7	17	78	26	31	60	3,323	295,174
Derivative financial assets	14,943	2,155	4,939	1,917	128	444	1,530	43,601	69,657
Reverse repurchase agreements	845,335	–	–	–	–	–	–	194,733	1,040,068
Loans and advances to customers	500,606	2,230,421	1,465,369	1,909,393	1,582,280	2,071,158	637,787	977,933	11,374,947
Financial investments									
— Receivables	355,404	240	5,000	6,044	474	486	624	7,010	375,282
— Held-to-maturity investments	2,505,822	2,094	3,060	5,561	16,628	2,882	42,958	67,484	2,646,489
— Available-for-sale financial assets	883,495	3,388	20,179	239,529	37,205	20,794	67,383	152,974	1,424,947
Others	99,572	14,624	8,487	18,702	11,736	13,770	3,257	34,871	205,019
	9,111,444	2,331,207	1,572,960	2,351,884	1,672,376	2,148,101	764,796	1,919,483	21,872,251
Credit commitments	522,608	418,284	209,918	370,514	132,157	211,711	61,679	383,487	2,310,358
Total maximum credit risk exposure	9,634,052	2,749,491	1,782,878	2,722,398	1,804,533	2,359,812	826,475	2,302,970	24,182,609

The compositions of each geographical distribution above are set out in note 47(b).

31 December 2014

	Head Office	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central China	Western China	North-eastern China	Overseas and others	Total
Balances with central banks	3,006,630	67,318	49,194	179,692	20,387	32,200	8,599	70,888	3,434,908
Due from banks and other financial institutions	408,339	5,506	2,479	47,527	1,513	1,917	1,221	314,274	782,776
Financial assets held for trading	32,865	–	–	–	–	–	–	1,125	33,990
Financial assets designated at fair value through profit or loss	301,231	172	126	7,675	58	79	20	3,094	312,455
Derivative financial assets	9,377	1,371	5,519	848	255	322	910	5,446	24,048
Reverse repurchase agreements	256,230	–	–	2,983	–	–	–	209,249	468,462
Loans and advances to customers	463,735	2,141,295	1,412,991	1,816,719	1,462,435	1,940,872	608,799	921,904	10,768,750
Financial investments									
— Receivables	304,092	1,140	510	5,948	5,960	1,218	240	12,623	331,731
— Held-to-maturity investments	2,454,903	51,699	18,931	4,140	–	–	–	36,717	2,566,390
— Available-for-sale financial assets	695,131	62,585	37,264	228,694	15,006	17,094	3,422	117,410	1,176,606
Others	93,801	16,278	10,303	16,925	11,312	11,572	2,823	35,468	198,482
	8,026,334	2,347,364	1,537,317	2,311,151	1,516,926	2,005,274	626,034	1,728,198	20,098,598
Credit commitments	469,704	438,216	319,851	419,494	129,088	158,055	58,811	348,904	2,342,123
Total maximum credit risk exposure	8,496,038	2,785,580	1,857,168	2,730,645	1,646,014	2,163,329	684,845	2,077,102	22,440,721

The compositions of each geographical distribution above are set out in note 47(b).

(In RMB millions, unless otherwise stated)

(a) Credit risk (continued)

By industry distribution

The credit risk exposures of the Group mainly comprise loans and advances to customers and investments in securities. Details of the composition of the Group's investments in debt securities are set out in note 48(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 2015	31 December 2014
Manufacturing	1,724,420	1,642,460
Transportation, storage and postal services	1,495,667	1,439,285
Wholesale and retail	922,775	923,005
Production and supply of electricity, heating, gas and water	809,149	751,728
Leasing and commercial services	700,813	624,046
Real estate	554,235	530,103
Water, environment and public utility management	474,571	477,193
Mining	283,053	301,261
Construction	240,154	220,860
Lodging and catering	233,302	224,994
Science, education, culture and sanitation	133,452	123,207
Others	372,086	354,450
Subtotal of corporate loans and advances	7,943,677	7,612,592
Personal mortgage and business loans	2,566,481	2,387,331
Others	699,227	676,134
Subtotal of personal loans	3,265,708	3,063,465
Discounted bills	432,700	350,274
Total loans and advances to customers	11,642,085	11,026,331

(iii) Loans and advances to customers

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

	30 June 2015	31 December 2014
Neither past due nor impaired	11,350,885	10,814,697
Past due but not impaired	127,705	87,137
Impaired	163,495	124,497
	11,642,085	11,026,331
Less: Allowance for impairment losses	(267,138)	(257,581)
	11,374,947	10,768,750

(In RMB millions, unless otherwise stated)

(a) Credit risk (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 2015			31 December 2014		
	Pass	Special Mention	Total	Pass	Special Mention	Total
Unsecured loans	3,135,023	45,854	3,180,877	3,082,321	41,084	3,123,405
Guaranteed loans	1,436,260	80,916	1,517,176	1,394,854	64,417	1,459,271
Loans secured by mortgages	5,036,715	147,975	5,184,690	4,740,077	106,667	4,846,744
Pledged loans	1,438,177	29,965	1,468,142	1,359,527	25,750	1,385,277
	11,046,175	304,710	11,350,885	10,576,779	237,918	10,814,697

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 2015			31 December 2014		
	Corporate loans and advances	Personal loans	Total	Corporate loans and advances	Personal loans	Total
Past due for:						
Less than one month	50,600	17,365	67,965	33,068	14,004	47,072
One to two months	18,056	7,280	25,336	14,428	6,891	21,319
Two to three months	22,930	7,953	30,883	10,977	7,769	18,746
Over three months	3521	–	3,521	–	–	–
Total	95,107	32,598	127,705	58,473	28,664	87,137
Fair value of collateral held	100,512	62,420	162,932	57,332	54,452	111,784

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 2015 amounted to RMB43,506 million (31 December 2014: RMB28,925 million). The collateral mainly consists of land and buildings, equipment and others.

(In RMB millions, unless otherwise stated)

(a) Credit risk (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 2015	31 December 2014
Renegotiated loans and advances to customers	5,339	4,579
Impaired loans and advances to customers included in above	2,009	2,061

Collateral repossessed

During the reporting period, the Group took possession of collateral held as security with a carrying amount of RMB842 million (six months ended 30 June 2014: RMB568 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 2015

	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	87,486	1,334,974	159,370	13,717	–	1,595,547
Policy banks	15,090	1,243,884	387,183	1,831	29,227	1,677,215
Public sector entities	1,500	19,912	111,838	332	7,359	140,941
Banks and other financial institutions	188,828	20,452	184,541	4,467	4,535	402,823
Corporate entities	43,617	27,218	453,201	17,918	35,139	577,093
	336,521	2,646,440	1,296,133	38,265	76,260	4,393,619
Impaired (*)						
Banks and other financial institutions	–	68	–	–	–	68
Corporate entities	–	117	49	–	–	166
	–	185	49	–	–	234
Less: Allowance for impairment losses	–	(136)	–	–	–	(136)
	–	49	49	–	–	98
Total	336,521	2,646,489	1,296,182	38,265	76,260	4,393,717

(In RMB millions, unless otherwise stated)

(a) Credit risk (continued)

31 December 2014

	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	87,486	1,231,741	136,276	2,636	–	1,458,139
Policy banks	15,090	1,275,337	367,455	789	29,120	1,687,791
Public sector entities	1,500	21,125	93,488	192	3,021	119,326
Banks and other financial institutions	167,278	16,666	162,806	796	11,565	359,111
Corporate entities	47,564	21,468	404,755	19,557	57,854	551,198
	318,918	2,566,337	1,164,780	23,970	101,560	4,175,565
Impaired (*)						
Banks and other financial institutions	–	78	–	–	–	78
Corporate entities	–	117	75	–	–	192
	–	195	75	–	–	270
Less: Allowance for impairment losses	–	(142)	–	–	–	(142)
	–	53	75	–	–	128
Total	318,918	2,566,390	1,164,855	23,970	101,560	4,175,693

(*) Impaired debt securities above were all determined based on individual assessments and accrued country risk reserve. 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)

(b) Liquidity risk (continued)

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

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.

30 June 2015

	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	784,163	–	–	–	–	–	2,831,097	3,615,260
Due from banks and other financial institutions (*)	248,150	1,101,210	228,109	219,817	26,100	34	–	1,823,420
Financial assets held for trading	–	8,490	17,371	83,394	6,961	11,126	444	127,786
Financial assets designated at fair value through profit or loss	362	25,975	6,259	50,398	186,818	21,088	4,274	295,174
Derivative financial assets	–	7,903	28,237	17,822	13,145	2,550	–	69,657
Loans and advances to customers	52,560	766,777	901,598	2,804,766	2,852,480	3,854,813	141,953	11,374,947
Financial investments	–	104,504	180,637	558,623	2,412,994	1,189,859	13,247	4,459,864
Investments in associates and joint ventures	–	–	–	–	–	–	27,577	27,577
Property and equipment	–	–	–	–	–	–	207,554	207,554
Others	229,043	21,944	25,967	39,591	26,418	37,295	35,798	416,056
Total assets	1,314,278	2,036,803	1,388,178	3,774,411	5,524,916	5,116,765	3,261,944	22,417,295
Liabilities:								
Due to central banks	–	–	–	160	172	–	–	332
Financial liabilities designated at fair value through profit or loss	55,793	146,653	233,888	46,471	15,549	741	–	499,095
Derivative financial liabilities	–	7,100	27,100	17,701	12,493	2,396	–	66,790
Due to banks and other financial institutions (**)	1,928,874	496,179	163,250	231,528	37,064	36,813	–	2,893,708
Certificates of deposit	–	17,212	33,032	73,412	21,354	440	–	145,450
Due to customers	8,289,058	1,011,652	1,117,993	3,819,500	2,028,591	20,974	–	16,287,768
Debt securities issued	–	5,484	7,501	17,811	49,084	205,023	–	284,903
Others	183,731	151,038	62,513	132,287	50,442	45,601	–	625,612
Total liabilities	10,457,456	1,835,318	1,645,277	4,338,870	2,214,749	311,988	–	20,803,658
Net liquidity gap	(9,143,178)	201,485	(257,099)	(564,459)	3,310,167	4,804,777	3,261,944	1,613,637

(*) 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)

(b) Liquidity risk (continued)

31 December 2014

	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	538,177	–	–	–	–	–	2,985,445	3,523,622
Due from banks and other financial institutions (*)	362,407	645,635	113,831	99,055	30,310	–	–	1,251,238
Financial assets held for trading	–	155	3,693	27,449	2,007	686	383	34,373
Financial assets designated at fair value through profit or loss	795	19,025	39,189	122,230	113,550	13,506	4,160	312,455
Derivative financial assets	–	4,496	5,525	10,483	2,524	1,020	–	24,048
Loans and advances to customers	37,605	747,392	865,101	2,631,307	2,697,265	3,690,574	99,506	10,768,750
Financial investments	–	39,298	134,162	416,039	2,311,141	1,171,357	14,412	4,086,409
Investments in associates and joint ventures	–	–	–	–	–	–	28,919	28,919
Property and equipment	–	–	–	–	–	–	199,280	199,280
Others	174,503	24,360	18,882	58,129	27,051	37,089	40,845	380,859
Total assets	1,113,487	1,480,361	1,180,383	3,364,692	5,183,848	4,914,232	3,372,950	20,609,953
Liabilities:								
Due to central banks	–	–	295	150	186	–	–	631
Financial liabilities designated at fair value through profit or loss	53,267	206,035	265,024	58,708	6,351	–	–	589,385
Derivative financial liabilities	–	4,210	5,639	10,612	2,731	999	–	24,191
Due to banks and other financial institutions (**)	922,373	494,320	264,540	191,326	15,779	31,858	–	1,920,196
Certificates of deposit	–	33,936	53,404	66,727	21,738	443	–	176,248
Due to customers	7,908,683	999,881	1,291,090	3,361,635	1,958,020	37,292	–	15,556,601
Debt securities issued	–	4,606	11,189	13,091	46,806	203,898	–	279,590
Others	187,518	63,224	72,135	141,568	49,964	11,398	–	525,807
Total liabilities	9,071,841	1,806,212	1,963,316	3,843,817	2,101,575	285,888	–	19,072,649
Net liquidity gap	(7,958,354)	(325,851)	(782,933)	(479,125)	3,082,273	4,628,344	3,372,950	1,537,304

(*) 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)

(b) Liquidity risk (continued)

30 June 2015

	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	784,163	–	3,822	–	–	–	2,831,097	3,619,082
Due from banks and other financial institutions (*)	250,792	1,140,329	242,740	228,649	29,718	42	–	1,892,270
Financial assets held for trading	–	8,514	17,626	84,929	7,257	11,213	444	129,983
Financial assets designated at fair value through profit or loss	362	26,436	7,726	58,459	191,185	41,538	4,274	329,980
Loans and advances to customers (**)	53,452	830,123	1,054,855	3,328,986	4,537,427	5,582,095	211,803	15,598,741
Financial investments	–	125,482	211,766	678,518	2,792,077	1,427,871	13,247	5,248,961
Others	182,248	13,085	634	473	169	51	6,582	203,242
	1,271,017	2,143,969	1,539,169	4,380,014	7,557,833	7,062,810	3,067,447	27,022,259

(*) 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 2015

	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	–	–	–	162	187	–	–	349
Financial liabilities designated at fair value through profit or loss	55,793	146,784	234,743	46,774	18,034	797	–	502,925
Due to banks and other financial institutions (*)	1,929,187	506,494	165,312	236,553	43,786	41,455	–	2,922,787
Certificates of deposit	–	17,437	33,342	75,550	21,775	521	–	148,625
Due to customers	8,290,250	1,013,366	1,144,434	3,888,219	2,155,455	24,970	–	16,516,694
Debt securities issued	–	6,593	10,563	23,185	82,790	262,710	–	385,841
Others	127,671	28,355	441	6,603	18,488	3,697	7,056	192,311
	10,402,901	1,719,029	1,588,835	4,277,046	2,340,515	334,150	7,056	20,669,532
Derivative cash flows:								
Derivative financial instruments settled on net basis	–	(52)	(3)	(2)	(24)	111	–	30
Derivative financial instruments settled on gross basis								
— Cash inflow	–	1,189,262	836,736	1,217,259	249,803	38,147	–	3,531,207
— Cash outflow	–	(1,189,508)	(833,500)	(1,217,370)	(247,486)	(38,595)	–	(3,526,459)
	–	(246)	3,236	(111)	2,317	(448)	–	4,748

(*) Includes repurchase agreements.

(In RMB millions, unless otherwise stated)

(b) Liquidity risk (continued)

31 December 2014

	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	538,177	–	4,030	–	–	–	2,985,445	3,527,652
Due from banks and other financial institutions (*)	362,978	689,319	122,273	104,080	32,303	–	–	1,310,953
Financial assets held for trading	–	164	3,836	29,015	2,291	759	383	36,448
Financial assets designated at fair value through profit or loss	795	19,376	41,228	124,895	121,307	13,910	4,160	325,671
Loans and advances to customers (**)	38,313	819,226	1,039,168	3,217,940	4,643,923	5,658,407	151,851	15,568,828
Financial investments	–	48,610	160,080	539,907	2,696,242	1,398,445	14,412	4,857,696
Others	146,900	19,800	4,564	3,964	150	62	8,259	183,699
	1,087,163	1,596,495	1,375,179	4,019,801	7,496,216	7,071,583	3,164,510	25,810,947

(*) 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 2014

	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	–	–	296	153	203	–	–	652
Financial liabilities designated at fair value through profit or loss	53,267	206,447	265,981	59,683	6,992	–	–	592,370
Due to banks and other financial institutions (*)	922,652	495,736	266,186	196,947	18,295	33,683	–	1,933,499
Certificates of deposit	–	34,189	53,902	68,015	22,453	536	–	179,095
Due to customers	7,910,143	1,002,203	1,307,264	3,450,308	2,085,875	46,026	–	15,801,819
Debt securities issued	–	4,627	11,510	20,991	79,094	260,034	–	376,256
Others	67,980	28,138	27,609	37,415	17,277	6,991	5,815	191,225
	8,954,042	1,771,340	1,932,748	3,833,512	2,230,189	347,270	5,815	19,074,916
Derivative cash flows:								
Derivative financial instruments settled on net basis	–	6	5	11	(42)	43	–	23
Derivative financial instruments settled on gross basis								
— Cash inflow	–	687,144	660,772	882,747	94,650	4,456	–	2,329,769
— Cash outflow	–	(683,700)	(661,258)	(884,026)	(94,173)	(4,454)	–	(2,327,611)
	–	3,444	(486)	(1,279)	477	2	–	2,158

(*) Includes repurchase agreements.

(In RMB millions, unless otherwise stated)

(b) Liquidity risk (continued)

(iii) Analysis of credit commitments by contractual expiry date

Management does not expect all of the commitments will be drawn before the expiry of the commitments.

30 June 2015

	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
Credit commitments	698,291	164,620	276,564	511,928	445,299	213,656	2,310,358

31 December 2014

	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
Credit commitments	692,629	156,397	257,582	610,824	429,940	194,751	2,342,123

(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 foreign exchange 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 of the parent company and a sensitivity analysis based on the Group's currency risk exposure and interest rate risk exposure (both trading and non-trading portfolios).

(In RMB millions, unless otherwise stated)

(c) Market risk (continued)

(i) VaR

VaR analysis is a statistical technique which estimates the potential maximum losses that could occur on risk positions taken due to movements in interest rates, foreign exchange rates 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 2015			
	30 June 2015	Average	Highest	Lowest
Interest rate risk	71	45	71	31
Foreign exchange risk	49	57	96	34
Commodity risk	24	15	39	5
Total portfolio VaR	106	88	136	63

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

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.

(In RMB millions, unless otherwise stated)

(c) Market risk (continued)

(ii) 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 2015**	**31 December 2014**	**30 June 2015**	**31 December 2014**
+100 basis points	(17,585)	(1,635)	(32,770)	(30,483)
−100 basis points	17,585	1,635	34,726	32,354

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)

(c) Market risk (continued)

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

30 June 2015

	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	3,217,315	–	–	–	397,945	3,615,260
Due from banks and other financial institutions (*)	1,565,261	221,056	21,942	34	15,127	1,823,420
Financial assets held for trading	26,312	83,465	6,484	11,081	444	127,786
Financial assets designated at fair value through profit or loss	36,950	52,189	181,729	19,670	4,636	295,174
Derivative financial assets	–	–	–	–	69,657	69,657
Loans and advances to customers	3,979,193	6,927,975	196,888	156,788	114,103	11,374,947
Financial investments	431,005	644,803	2,207,918	1,162,992	13,146	4,459,864
Investments in associates and joint ventures	–	–	–	–	27,577	27,577
Property and equipment	–	–	–	–	207,554	207,554
Others	391	104	11	–	415,550	416,056
Total assets	9,256,427	7,929,592	2,614,972	1,350,565	1,265,739	22,417,295
Liabilities:						
Due to central banks	–	160	172	–	–	332
Financial liabilities designated at fair value through profit or loss	380,175	45,998	13,673	–	59,249	499,095
Derivative financial liabilities	–	–	–	–	66,790	66,790
Due to banks and other financial institutions (**)	2,605,980	245,806	28,698	6,651	6,573	2,893,708
Certificates of deposit	69,932	65,828	9,250	440	–	145,450
Due to customers	10,068,765	3,812,293	2,026,800	17,562	362,348	16,287,768
Debt securities issued	24,188	15,847	41,816	203,052	–	284,903
Others	–	–	–	–	625,612	625,612
Total liabilities	13,149,040	4,185,932	2,120,409	227,705	1,120,572	20,803,658
Interest rate mismatch	(3,892,613)	3,743,660	494,563	1,122,860	N/A	N/A

(*) Includes reverse repurchase agreements.

(**) Includes repurchase agreements.

(In RMB millions, unless otherwise stated)

(c) Market risk (continued)

31 December 2014

	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	3,097,706	–	–	–	425,916	3,523,622
Due from banks and other financial institutions (*)	1,117,192	101,192	27,269	–	5,585	1,251,238
Financial assets held for trading	4,327	27,444	1,553	666	383	34,373
Financial assets designated at fair value through profit or loss	59,088	122,379	112,527	13,506	4,955	312,455
Derivative financial assets	–	–	–	–	24,048	24,048
Loans and advances to customers	6,336,158	4,053,430	159,555	146,863	72,744	10,768,750
Financial investments	336,616	534,238	2,074,855	1,129,018	11,682	4,086,409
Investments in associates and joint ventures	–	–	–	–	28,919	28,919
Property and equipment	–	–	–	–	199,280	199,280
Others	2,518	9,153	–	–	369,188	380,859
Total assets	10,953,605	4,847,836	2,375,759	1,290,053	1,142,700	20,609,953
Liabilities:						
Due to central banks	295	150	186	–	–	631
Financial liabilities designated at fair value through profit or loss	471,059	58,708	6,351	–	53,267	589,385
Derivative financial liabilities	–	–	–	–	24,191	24,191
Due to banks and other financial institutions (**)	1,675,165	193,198	15,158	30,487	6,188	1,920,196
Certificates of deposit	103,831	64,932	7,042	443	–	176,248
Due to customers	9,727,351	3,360,963	1,953,002	34,420	480,865	15,556,601
Debt securities issued	23,343	21,977	32,344	201,926	–	279,590
Others	–	–	–	–	525,807	525,807
Total liabilities	12,001,044	3,699,928	2,014,083	267,276	1,090,318	19,072,649
Interest rate mismatch	(1,047,439)	1,147,908	361,676	1,022,777	N/A	N/A

(*) Includes reverse repurchase agreements.

(**) Includes repurchase agreements.

(In RMB millions, unless otherwise stated)

(c) Market risk (continued)

(iii) Currency risk

The Group conducts it businesses mainly in RMB, with certain transactions denominated in USD, HKD, and in 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 is 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 foreign exchange 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 tax and equity. A negative amount in the table reflects a potential net reduction in profit before tax 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 foreign exchange risk.

		Effect on profit before tax		Effect on equity	
Currency	**Change in currency rate**	**30 June 2015**	**31 December 2014**	**30 June 2015**	**31 December 2014**
USD	-1%	(4)	(42)	(587)	(184)
HKD	-1%	105	572	(676)	(585)

While the table above indicates the effect on profit before tax 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)

(c) Market risk (continued)

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

30 June 2015

	RMB	USD (equivalent to RMB)	HKD (equivalent to RMB)	Others (equivalent to RMB)	Total
Assets:					
Cash and balances with central banks	3,500,008	31,845	22,598	60,809	3,615,260
Due from banks and other financial institutions (*)	1,290,937	416,780	5,899	109,804	1,823,420
Financial assets held for trading	109,178	13,015	–	5,593	127,786
Financial assets designated at fair value though profit or loss	294,137	87	–	950	295,174
Derivative financial assets	10,016	48,839	2,348	8,454	69,657
Loans and advances to customers	10,317,066	771,677	163,859	122,345	11,374,947
Financial investments	4,261,969	119,604	23,062	55,229	4,459,864
Investments in associates and joint ventures	173	781	1,431	25,192	27,577
Property and equipment	147,241	58,329	630	1,354	207,554
Others	253,539	46,538	5,151	110,828	416,056
Total assets	20,184,264	1,507,495	224,978	500,558	22,417,295
Liabilities:					
Due to central banks	160	–	–	172	332
Financial liabilities designated at fair value through profit or loss	433,504	10,114	–	55,477	499,095
Derivative financial liabilities	6,125	50,724	2,374	7,567	66,790
Due to banks and other financial institutions (**)	2,267,823	496,725	12,029	117,131	2,893,708
Certificates of deposit	40,582	79,632	4,126	21,110	145,450
Due to customers	15,456,677	499,845	208,043	123,203	16,287,768
Debt securities issued	208,640	60,330	1,687	14,246	284,903
Others	498,792	64,032	6,420	56,368	625,612
Total liabilities	18,912,303	1,261,402	234,679	395,274	20,803,658
Net position	1,271,961	246,093	(9,701)	105,284	1,613,637
Credit commitments	1,776,303	422,540	64,055	47,460	2,310,358

(*) Includes reverse repurchase agreements.

(**) Includes repurchase agreements.

(In RMB millions, unless otherwise stated)

(c) Market risk (continued)

31 December 2014

	RMB	USD (equivalent to RMB)	HKD (equivalent to RMB)	Others (equivalent to RMB)	Total
Assets:					
Cash and balances with central banks	3,437,427	37,638	22,551	26,006	3,523,622
Due from banks and other financial institutions (*)	773,517	407,649	22,996	47,076	1,251,238
Financial assets held for trading	33,048	446	200	679	34,373
Financial assets designated at fair value though profit or loss	312,078	232	–	145	312,455
Derivative financial assets	6,730	12,517	3,157	1,644	24,048
Loans and advances to customers	9,743,072	780,538	148,227	96,913	10,768,750
Financial investments	3,936,518	98,502	13,181	38,208	4,086,409
Investments in associates and joint ventures	170	870	1,424	26,455	28,919
Property and equipment	152,346	44,757	612	1,565	199,280
Others	236,247	36,628	2,483	105,501	380,859
Total assets	18,631,153	1,419,777	214,831	344,192	20,609,953
Liabilities:					
Due to central banks	219	–	–	412	631
Financial liabilities designated at fair value through profit or loss	529,931	6,227	–	53,227	589,385
Derivative financial liabilities	3,948	14,609	3,477	2,157	24,191
Due to banks and other financial institutions (**)	1,270,960	532,625	10,405	106,206	1,920,196
Certificates of deposit	57,040	90,490	9,793	18,925	176,248
Due to customers	14,798,876	403,863	231,560	122,302	15,556,601
Debt securities issued	221,052	39,353	3,891	15,294	279,590
Others	474,466	32,883	5,993	12,465	525,807
Total liabilities	17,356,492	1,120,050	265,119	330,988	19,072,649
Net position	1,274,661	299,727	(50,288)	13,204	1,537,304
Credit commitments	1,773,168	427,876	87,527	53,552	2,342,123

(*) Includes reverse repurchase agreements.

(**) Includes repurchase agreements.

(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, CBRC officially approved the Bank to adopt advanced capital management approaches. With the scope of the approval, the foundation internal ratings-based (IBR) 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.

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-systematically 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)

(d) Capital management (continued)

The capital adequacy ratios calculated after implementation of the Advanced Approach of Capital Management are as follows:

	30 June 2015	31 December 2014
Core tier 1 capital	1,571,961	1,498,403
Paid-in capital	356,407	353,495
Valid portion of capital reserve	152,193	144,874
Surplus reserve	151,362	150,752
General reserve	222,520	221,622
Retained profits	706,649	650,308
Valid portion of minority interests	4,135	2,191
Others	(21,305)	(24,839)
Core tier 1 capital deductions	11,903	11,670
Goodwill	8,620	8,487
Other intangible assets other than land use rights	1,422	1,279
Cash flow hedge reserves that relate to the hedging of items that are not fair valued on the balance sheet	(3,839)	(3,796)
Investments in core tier 1 capital instruments issued by financial institutions that are under control but not subject to consolidation	5,700	5,700
Net core tier 1 capital	1,560,058	1,486,733
Additional tier 1 capital	34,611	34,500
Additional tier 1 capital instruments and related premium	34,428	34,428
Valid portion of minority interests	183	72
Net tier 1 capital	1,594,669	1,521,233
Tier 2 capital	240,870	306,704
Valid portion of tier 2 capital instruments and related premium	167,233	187,829
Surplus provision for loan impairment	72,574	118,633
Valid portion of minority interests	1,063	242
Tier 2 capital deductions	13,600	15,800
Significant minority investments in tier 2 capital instruments issued by financial institutions that are not subject to consolidation	13,600	15,800
Net capital base	1,821,939	1,812,137
Risk-weighted assets	12,860,745	12,475,939
Core tier 1 capital adequacy ratio	12.13%	11.92%
Tier 1 capital adequacy ratio	12.40%	12.19%
Capital adequacy ratio	14.17%	14.53%

49. 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.

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)

(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 2015

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value on a recurring basis:				
Financial assets held for trading				
Equity investments	444	–	–	444
Debt securities	14,298	23,967	–	38,265
Other debt instruments	–	89,077	–	89,077
	14,742	113,044	–	127,786
Financial assets designated at fair value through profit or loss				
Debt securities	589	75,671	–	76,260
Other debt instruments	–	42,480	–	42,480
Others	–	362	176,072	176,434
	589	118,513	176,072	295,174
Derivative financial assets				
Exchange rate contracts	–	27,195	1,659	28,854
Interest rate contracts	–	27,239	755	27,994
Commodity derivatives and others	85	12,702	22	12,809
	85	67,136	2,436	69,657
Available-for-sale financial assets				
Equity investments	6,291	5,366	654	12,311
Debt securities	87,280	1,204,152	4,750	1,296,182
Other debt instruments	145	128,620	–	128,765
	93,716	1,338,138	5,404	1,437,258
	109,132	1,636,831	183,912	1,929,875
Financial liabilities measured at fair value on a recurring basis:				
Financial liabilities designated at fair value through profit or loss				
Wealth management products	–	294,386	–	294,386
Structured deposits	–	138,986	–	138,986
Financial liabilities related to precious metals	–	53,658	–	53,658
Other debt securities issued	–	6,248	–	6,248
Others	–	5,817	–	5,817
	–	499,095	–	499,095
Derivative financial liabilities				
Exchange rate contracts	–	27,333	1,493	28,826
Interest rate contracts	–	27,310	720	28,030
Commodity derivatives and others	20	9,892	22	9,934
	20	64,535	2,235	66,790
	20	563,630	2,235	565,885

(In RMB millions, unless otherwise stated)

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

31 December 2014

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value on a recurring basis:				
Financial assets held for trading				
Equity investments	383	–	–	383
Debt securities	102	23,868	–	23,970
Other debt instruments	–	10,020	–	10,020
	485	33,888	–	34,373
Financial assets designated at fair value through profit or loss				
Debt securities	377	101,183	–	101,560
Other debt instruments	–	71,096	–	71,096
Others	–	795	139,004	139,799
	377	173,074	139,004	312,455
Derivative financial assets				
Exchange rate contracts	–	18,093	1,140	19,233
Interest rate contracts	–	1,640	770	2,410
Commodity derivatives and others	86	2,287	32	2,405
	86	22,020	1,942	24,048
Available-for-sale financial assets				
Equity investments	9,875	710	304	10,889
Debt securities	80,841	1,070,162	13,852	1,164,855
Other debt instruments	–	11,751	–	11,751
	90,716	1,082,623	14,156	1,187,495
	91,664	1,311,605	155,102	1,558,371
Financial liabilities measured at fair value on a recurring basis:				
Financial liabilities designated at fair value through profit or loss				
Wealth management products	–	312,336	–	312,336
Structured deposits	–	217,431	–	217,431
Financial liabilities related to precious metals	–	53,227	–	53,227
Debt securities issued	–	6,227	–	6,227
Others	–	164	–	164
	–	589,385	–	589,385
Derivative financial liabilities				
Exchange rate contracts	–	19,102	1,319	20,421
Interest rate contracts	–	1,661	726	2,387
Commodity derivatives and others	25	1,324	34	1,383
	25	22,087	2,079	24,191
	25	611,472	2,079	613,576

(In RMB millions, unless otherwise stated)

(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 2015	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 2015
Financial assets:								
Derivative financial assets								
Exchange rate contracts	1,140	848	–	–	–	(329)	–	1,659
Interest rate contracts	770	(17)	–	–	–	2	–	755
Commodity derivatives and others	32	(7)	–	–	–	(3)	–	22
	1,942	824	–	–	–	(330)	–	2,436
Financial assets designated at fair value through profit or loss	139,004	390	–	71,751	(34,038)	(1,035)	–	176,072
Available-for-sale financial assets								
Debt securities	13,852	(37)	19	133	(31)	(4,801)	(4,385)	4,750
Equity investment	304	–	350	–	–	–	–	654
	155,102	1,177	369	71,884	(34,069)	(6,166)	(4,385)	183,912
Financial liabilities:								
Derivative financial liabilities								
Exchange rate contracts	(1,319)	(548)	–	–	–	371	3	(1,493)
Interest rate contracts	(726)	(4)	–	–	–	10	–	(720)
Commodity derivatives and others	(34)	7	–	–	–	5	–	(22)
	(2,079)	(545)	–	–	–	386	3	(2,235)

	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 31 December 2014
Financial assets:								
Derivative financial assets								
Exchange rate contracts	508	949	–	–	–	(317)	–	1,140
Interest rate contracts	552	321	–	–	–	(52)	(51)	770
Commodity derivatives and others	52	(19)	–	–	–	(1)	–	32
	1,112	1,251	–	–	–	(370)	(51)	1,942
Financial assets designated at fair value through profit or loss	140,566	6,857	–	43,793	(52,212)	–	–	139,004
Available-for-sale financial assets								
Debt securities	3,141	(142)	136	13,256	(244)	(2,295)	–	13,852
Equity investment	–	–	–	304	–	–	–	304
	144,819	7,966	136	57,353	(52,456)	(2,665)	(51)	155,102
Financial liabilities:								
Derivative financial liabilities								
Exchange rate contracts	(650)	(1,096)	–	–	–	422	5	(1,319)
Interest rate contracts	(552)	(236)	–	–	–	59	3	(726)
Commodity derivatives and others	(52)	18	–	–	–	–	–	(34)
	(1,254)	(1,314)	–	–	–	481	8	(2,079)

(In RMB millions, unless otherwise stated)

(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 profit or loss for the period comprise:

	Six months ended 30 June 2015		
	Realised	Unrealised	Total
Total gains/(losses) for the period	3,356	(2,724)	632

	Six months ended 30 June 2014		
	Realised	Unrealised	Total
Total gains for the period	163	1,908	2,071

(c) Transfers between levels

(i) Transfers between level 1 and level 2

Due to changes in market conditions for certain securities, quoted prices in active markets were available for these securities. Therefore, these securities were transferred from level 2 to level 1 of the fair value hierarchy on the balance sheet date.

Due to changes in market conditions for certain securities, quoted prices in active markets were no longer available for these securities. However, there was sufficient information available to measure the fair values of these securities based on observable market inputs. Therefore, these securities were transferred from level 1 to level 2 of the fair value hierarchy on the balance sheet date.

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

On the balance sheet date, certain financial instruments were transferred out from level 3 to level 2 of the fair value hierarchy for financial assets and liabilities when significant inputs used in their fair value measurements, which was previously unobservable became observable.

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 2015, 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)

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

The following table summarises the carrying amounts, the fair value and the analysis by level of the fair value hierarchy of held-to-maturity investments, receivables, subordinated bonds and convertible bonds:

Group

	30 June 2015				
	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets					
Held-to-maturity investments	2,646,489	2,663,860	25,831	2,407,842	230,187
Receivables	375,282	376,052	–	97,442	278,610
Subtotal	3,021,771	3,039,912	25,831	2,505,284	508,797
Financial liabilities					
Subordinated bonds	200,973	210,340	–	210,340	–
Subtotal	200,973	210,340	–	210,340	–

Group

	31 December 2014				
	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets					
Held-to-maturity investments	2,566,390	2,568,458	26,454	2,309,962	232,042
Receivables	331,731	331,582	–	74,635	256,947
Subtotal	2,898,121	2,900,040	26,454	2,384,597	488,989
Financial liabilities					
Subordinated bonds	196,662	197,702	–	197,702	–
Convertible bonds	9,485	14,264	14,264	–	–
Subtotal	206,147	211,966	14,264	197,702	–

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.

(iii) Available-for-sale equity investments measured at cost were all non-listed shares. The fair value was approximately the same with its book value and classified in fair value hierarchy level 3.

All of the above-mentioned assumptions and methods provide a consistent basis for the calculation of the fair values of the Group'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)

(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 agreement
Reverse repurchase agreements	Due to customers
Loans and advances to customers	Other financial liabilities
Other financial assets	

50. OTHER EVENTS

(a) The non-public issuance of domestic preference shares

As at the end of the reporting period, the Bank gained the regulatory approval for the issuance of domestic preference shares. On 9 March 2015, the Bank received the Reply of CBRC on ICBC's Issuance of Domestic Preference Shares (Yin Jian Fu [2015] No. 189), where CBRC approved of the Bank's issuing no more than 450 million preference shares with funds raised no more than RMB45 billion. The preference shares shall be recognized as other tier 1 capital of the Bank according to relevant requirements. On 8 May 2015, CSRC Public Offering Review Committee approved the Bank's issuance of domestic preference shares. On 4 June 2015, the Bank received the Rely on Approving the Non-public Offering of Preference Shares by Industrial and Commercial Bank of China Limited (Zheng Jian Xu Ke [2015] No.1023), where CSRC approved of the Bank's issuing no more than 450 million preference shares through non-public offering. The Bank will handle issues regarding the issuance of domestic preference shares in accordance with relevant laws and regulations, the replies of CBRC and CSRC as well as the authorization of the Shareholders' General Meeting.

(b) 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 in a subsidiary bank of a Taiwan financial holdings company is relaxed to 20% by Taiwan's financial regulator. At that time, the Bank will subscribe for shares of Bank SinoPac. On 27 February 2014, the Bank, SinoPac Holdings and Bank SinoPac entered into a supplemental agreement on the extension of the transaction waiting period under the agreement on subscription (the "First Supplementary Agreement"). On 1 April 2015, the Bank, SinoPac Holdings and Bank SinoPac entered into another supplemental agreement to further extend the transaction waiting period to 1 October 2015. Other clauses of the agreement on the subscription and the First Supplemental Agreement remain unchanged. The final completion of the abovementioned transaction is subject to approval of relevant regulatory authorities.

51. 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.

52. COMPARATIVE AMOUNTS

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

53. APPROVAL OF THE UNAUDITED INTERIM FINANCIAL REPORT

The interim financial report was approved and authorised for issue by the board of directors on 27 August 2015.

(In RMB millions, unless otherwise stated)

(a) Illustration of differences between the financial statements prepared under IFRSs and those prepared under 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 2015 (for the six months ended 30 June 2014: 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 2015 (31 December 2014: no differences).

(b) Liquidity ratio

	As at 30 June 2015	Average for the period ended 30 June 2015	As at 31 December 2014	Average for the year ended 31 December 2014
RMB current assets to RMB current liabilities	35.65%	34.42%	33.19%	33.37%
Foreign currency current assets to foreign currency current liabilities	108.72%	99.91%	91.10%	86.14%

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 2015				
Spot assets	1,448,385	222,917	474,012	2,145,314
Spot liabilities	(1,248,984)	(234,679)	(395,274)	(1,878,937)
Forward purchases	1,230,512	69,245	627,436	1,927,193
Forward sales	(1,408,118)	(43,326)	(671,987)	(2,123,431)
Net option position	9,098	–	(150)	8,948
Net long/(short) position	30,893	14,157	34,037	79,087
Net structural position	46,692	2,061	26,546	75,299

	USD	HKD	Others	Total
As at 31 December 2014				
Spot assets	1,374,150	212,795	316,172	1,903,117
Spot liabilities	(1,101,771)	(264,653)	(330,988)	(1,697,412)
Forward purchases	856,727	126,684	375,242	1,358,653
Forward sales	(1,100,639)	(34,123)	(361,857)	(1,496,619)
Net option position	1,364	–	–	1,364
Net long/(short) position	29,831	40,703	(1,431)	69,103
Net structural position	27,348	1,570	28,020	56,938

(In RMB millions, unless otherwise stated)

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) International claims

International claims refers to the sum of cross-border claims in all currencies and local claims in foreign currencies, 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 international 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	Official sector	Non-bank private sector	Others	Total
As at 30 June 2015					
Asia Pacific	354,462	104,204	919,698	59,242	1,437,606
— of which attributed to Hong Kong	15,456	27,991	247,947	49,663	341,057
North and South America	61,347	31,358	58,978	8,355	160,038
	415,809	135,562	978,676	67,597	1,597,644

	Banks and other financial institutions	Official sector	Non-bank private sector	Others	Total
As at 31 December 2014					
Asia Pacific	232,301	65,146	843,277	57,334	1,198,058
— of which attributed to Hong Kong	22,078	18,565	214,322	42,310	297,275
North and South America	91,568	33,234	48,573	7,846	181,221
	323,869	98,380	891,850	65,180	1,379,279

(In RMB millions, unless otherwise stated)

(e) Loans and advances to customers

(i) Analysis by industry sector

30 June 2015

	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	1,724,420	751,957	83,864	51,236	20,489	27,527	48,016
Transportation, storage and postal services	1,495,667	423,051	6,945	4,773	1,963	24,529	26,492
Wholesale and retail	922,775	499,170	73,259	47,430	15,424	14,402	29,826
Production and supply of electricity, heating, gas and water	809,149	159,502	7,825	1,387	836	13,290	14,126
Real estate	554,235	449,250	9,319	4,671	2,399	9,042	11,441
Water, environment and public utility management	474,571	255,772	975	232	120	7,804	7,924
Leasing and commercial services	700,813	430,195	8,275	3,842	1,691	11,467	13,158
Mining	283,053	46,754	7,345	3,422	1,428	4,601	6,029
Construction	240,154	104,181	5,515	2,668	1,235	3,907	5,142
Lodging and catering	233,302	179,262	6,465	2,448	790	3,798	4,588
Science, education, culture and sanitation	133,452	44,218	947	388	297	2,189	2,486
Others	372,086	133,074	5,077	2,540	1,082	6,081	7,163
Subtotal of corporate loans and advances	7,943,677	3,476,386	215,811	125,037	47,754	128,637	176,391
Personal mortgage and business loans	2,566,481	2,186,388	45,153	–	–	65,085	65,085
Others	699,227	239,728	26,425	–	–	17,732	17,732
Subtotal of personal loans	3,265,708	2,426,116	71,578	–	–	82,817	82,817
Discounted bills	432,700	432,700	1,885	521	120	7,810	7,930
Total loans and advances to customers	11,642,085	6,335,202	289,274	125,558	47,874	219,264	267,138
Current market value of collateral held against the covered portion of overdue loans and advances *							266,511
Covered portion of overdue loans and advances *							139,695
Uncovered portion of overdue loans and advances *							149,579

* Please see section (e)(ii) for the definition of overdue loans and advances to customers.

31 December 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	1,642,460	712,403	57,155	36,184	16,802	27,695	44,497
Transportation, storage and postal services	1,439,285	425,696	6,666	4,788	2,117	24,733	26,850
Wholesale and retail	923,005	515,576	56,773	35,935	14,754	15,294	30,048
Production and supply of electricity, heating, gas and water	751,728	147,319	2,792	1,634	1,102	12,933	14,035
Real estate	530,103	406,577	6,213	4,198	2,157	9,067	11,224
Water, environment and public utility management	477,193	251,171	1,098	101	41	8,226	8,267
Leasing and commercial services	624,046	404,920	5,093	2,319	745	10,720	11,465
Mining	301,261	44,742	3,034	1,708	984	5,165	6,149
Lodging and catering	220,860	103,291	2,901	1,312	556	3,785	4,341
Construction	224,994	157,739	3,217	1,715	798	3,850	4,648
Science, education, culture and sanitation	123,207	38,137	668	480	335	2,116	2,451
Others	354,450	108,849	3,408	1,903	803	6,078	6,881
Subtotal of corporate loans and advances	7,612,592	3,316,420	149,018	92,277	41,194	129,662	170,856
Personal mortgage and business loans	2,387,331	2,295,752	39,954	–	–	62,669	62,669
Others	676,134	281,782	21,307	–	–	17,749	17,749
Subtotal of personal loans	3,063,465	2,577,534	61,261	–	–	80,418	80,418
Discounted bills	350,274	350,274	299	71	51	6,256	6,307
Total loans and advances to customers	11,026,331	6,244,228	210,578	92,348	41,245	216,336	257,581
Current market value of collateral held against the covered portion of overdue loans and advances *							189,729
Covered portion of overdue loans and advances *							95,409
Uncovered portion of overdue loans and advances *							115,169

* Please see section (e)(ii) for the definition of overdue loans and advances to customers.

(In RMB millions, unless otherwise stated)

(ii) Overdue loans and advances to customers

	30 June 2015	31 December 2014
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	44,383	33,930
Between 6 and 12 months	50,883	31,204
Over 12 months	59,575	50,034
	154,841	115,168
As a percentage of the total gross loans and advances to customers:		
Between 3 and 6 months	0.38%	0.31%
Between 6 and 12 months	0.44%	0.28%
Over 12 months	0.51%	0.45%
	1.33%	1.04%

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 2015

	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	13,559	539	153	539	153	12,188
Yangtze River Delta	62,698	23,152	8,733	25,607	8,788	44,845
Pearl River Delta	45,903	21,273	10,026	22,149	10,148	30,773
Western China	55,617	25,062	8,131	25,774	8,280	42,209
Central China	40,247	17,151	6,362	17,505	6,418	32,542
Bohai Rim	41,001	22,913	7,626	23,220	7,713	38,406
Northeastern China	13,633	5,243	3,161	5,255	3,168	13,117
Overseas and others	16,616	4,337	1,723	5,509	3,206	5,184
Total	289,274	119,670	45,915	125,558	47,874	219,264

(In RMB millions, unless otherwise stated)

31 December 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	9,795	23	21	23	21	11,729
Yangtze River Delta	47,637	14,229	4,868	15,113	4,926	44,967
Pearl River Delta	38,947	18,951	9,494	19,747	9,572	30,710
Western China	37,171	16,269	6,628	16,908	6,761	41,301
Central China	28,334	13,702	7,116	14,094	7,143	31,331
Bohai Rim	28,260	17,046	6,893	17,391	6,993	38,037
Northeastern China	9,511	5,251	3,533	5,465	3,598	13,060
Overseas and others	10,923	3,009	1,423	3,607	2,231	5,201
Total	210,578	88,480	39,976	92,348	41,245	216,336

(iv) Renegotiated loans and advances to customers

	30 June 2015		31 December 2014	
		% of total loans and advances		% of total loans and advances
Renegotiated loans and advances	5,339	0.05%	4,579	0.04%
Less: Renegotiated loans and advances overdue for more than three months	(1,562)	(0.01%)	(1,926)	(0.02%)
Renegotiated loans and advances overdue for less than three months	3,777	0.04%	2,653	0.02%

(f) Overdue placements with banks and other financial institutions

	30 June 2015	31 December 2014
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	0.00%	0.00%

(In RMB millions, unless otherwise stated)

(g) Exposures to Mainland China non-bank entities

	30 June 2015	31 December 2014
On-balance sheet exposure	14,032,865	13,133,159
Off-balance sheet exposure	2,269,426	2,319,179
	16,302,291	15,452,338
Individually assessed allowance for impairment losses	48,268	41,571

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.

(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 2015	31 December 2014	Reference
Core tier 1 capital				
1	Paid-in capital	356,407	353,495	X18
2	Retained earnings	1,080,531	1,022,682	
2a	Surplus reserve	151,362	150,752	X21
2b	General reserve	222,520	221,622	X22
2c	Retained profits	706,649	650,308	X23
3	Accumulated other comprehensive income (and other public reserves)	130,888	120,035	
3a	Capital reserve	152,193	144,874	X19
3b	Others	(21,305)	(24,839)	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	4,135	2,191	X25
6	Core tier 1 capital before regulatory adjustments	1,571,961	1,498,403	
Core tier 1 capital: Regulatory adjustments				
7	Prudential valuation adjustments	–	–	
8	Goodwill (net of deferred tax liabilities)	8,620	8,487	X16
9	Other intangible assets other than land use rights (net of deferred tax liabilities)	1,422	1,279	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	(3,839)	(3,796)	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	–	–	

(In RMB millions, unless otherwise stated)

Item		30 June 2015	31 December 2014	Reference
17	Reciprocal cross-holdings in core tier 1 capital between banks or between banks and other financial institutions	–	–	
18	Deductible amount of non-significant minority investment in core tier 1 capital instruments issued by financial institutions that are not subject to consolidation	–	–	
19	Deductible amount of significant minority investment in core tier 1 capital instruments issued by financial institutions that are not subject to consolidation	–	–	
20	Mortgage servicing rights	N/A	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	5,700	5,700	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	11,903	11,670	
29	Core tier 1 capital	1,560,058	1,486,733	
Additional tier 1 capital:				
30	Additional tier 1 capital instruments and related premium	34,428	34,428	
31	Including: Portion classified as equity	34,428	34,428	X28
32	Including: Portion classified as liabilities	–	–	
33	Invalid instruments to additional tier 1 capital after the transition period	–	–	
34	Valid portion of minority interests	183	72	X26
35	Including: Invalid portion to additional tier 1 capital after the transition period	–	–	
36	Additional tier 1 capital before regulatory adjustments	34,611	34,500	
Additional tier 1 capital: Regulatory adjustments				
37	Directly or indirectly holding additional tier 1 capital of the Bank	–	–	

(In RMB millions, unless otherwise stated)

Item		30 June 2015	31 December 2014	Reference
38	Reciprocal cross-holdings in additional tier 1 capital between banks or between banks and other financial institutions	–	–	
39	Deductible amount of non-significant minority investment in additional tier 1 capital instruments issued by financial institutions that are not subject to consolidation	–	–	
40	Significant minority investments in additional tier 1 capital instruments issued by financial institutions that are not subject to consolidation	–	–	
41a	Investment in additional tier 1 capital instruments issued by financial institutions that are under control but not subject to consolidation	–	–	
41b	Shortfall in additional tier 1 capital instruments issued by financial institutions that are under control but not subject to consolidation	–	–	
41c	Others that should be deducted from additional tier 1 capital	–	–	
42	Undeducted shortfall that should be deducted from tier 2 capital	–	–	
43	Total regulatory adjustments to additional tier 1 capital	–	–	
44	Additional tier 1 capital	34,611	34,500	
45	Tier 1 capital (core tier 1 capital + additional tier 1 capital)	1,594,669	1,521,233	
Tier 2 capital:				
46	Tier 2 capital instruments and related premium	167,233	187,829	X17
47	Invalid instruments to tier 2 capital after the transition period	144,158	164,752	
48	Valid portion of minority interests	1,063	242	X27
49	Including: Invalid portion to tier 2 capital after the transition period	–	–	
50	Valid portion of surplus provision for loan impairment	72,574	118,633	X02+X04
51	Tier 2 capital before regulatory adjustments	240,870	306,704	
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	13,600	15,800	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)

Item		30 June 2015	31 December 2014	Reference
57	Total regulatory adjustments to tier 2 capital	13,600	15,800	
58	Tier 2 capital	227,270	290,904	
59	Total capital (tier 1 capital + tier 2 capital)	1,821,939	1,812,137	
60	Total risk-weighted assets	12,860,745	12,475,939	
Requirements for capital adequacy ratio and reserve capital				
61	Core tier 1 capital adequacy ratio	12.13%	11.92%	
62	Tier 1 capital adequacy ratio	12.40%	12.19%	
63	Capital adequacy ratio	14.17%	14.53%	
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	7.13%	6.92%	
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	46,431	33,067	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	25,413	26,658	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)	21,815	24,569	
Valid caps of surplus provision for loan impairment to tier 2 capital				
76	Provision for loan impairment set aside under the weighted approach	16,905	15,541	X01
77	Valid cap of provision for loan impairment to tier 2 capital under the weighted approach	6,254	9,684	X02
78	Provision for loan impairment set aside under the internal ratings-based approach	250,234	242,040	X03
79	Valid cap of provision for loan impairment to tier 2 capital under the internal ratings-based approach	66,320	108,949	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	144,158	164,752	
85	Excluded from tier 2 capital for the current period due to cap	33,739	17,932	

(In RMB millions, unless otherwise stated)

(ii) Balance sheet at the Group's level

	30 June 2015 Consolidated balance sheet as in published financial statements*	30 June 2015 Under regulatory scope of consolidation*	31 December 2014 Consolidated balance sheet as in published financial statements*	31 December 2014 Under regulatory scope of consolidation*
Assets				
Cash and balances with central banks	3,615,260	3,615,260	3,523,622	3,523,622
Due from banks and other financial institutions	280,370	273,173	304,273	298,128
Precious metals	115,198	115,198	95,950	95,950
Placements with banks and other financial institutions	502,982	502,982	478,503	478,503
Financial assets at fair value through profit or loss	422,960	422,934	346,828	346,765
Derivative financial assets	69,657	69,657	24,048	24,048
Reverse repurchase agreements	1,040,068	1,040,068	468,462	468,452
Loans and advances to customers	11,374,947	11,374,213	10,768,750	10,767,798
Available-for-sale financial assets	1,438,093	1,421,006	1,188,288	1,176,369
Held-to-maturity investments	2,646,489	2,645,722	2,566,390	2,565,606
Receivables	375,282	353,322	331,731	319,108
Long term equity investments	27,577	33,277	28,919	34,619
Fixed assets	180,038	180,001	171,434	171,393
Construction in progress	24,675	24,651	24,804	24,784
Deferred income tax assets	22,037	22,037	24,758	24,758
Other assets	281,662	274,825	263,193	256,829
Total assets	22,417,295	22,368,326	20,609,953	20,576,732

* Prepared in accordance with PRC GAAP.

(In RMB millions, unless otherwise stated)

	30 June 2015 Consolidated balance sheet as in published financial statements*	30 June 2015 Under regulatory scope of consolidation*	31 December 2014 Consolidated balance sheet as in published financial statements*	31 December 2014 Under regulatory scope of consolidation*
Liabilities				
Due to central banks	332	332	631	631
Due to banks and other financial institutions	2,123,898	2,123,898	1,106,776	1,106,776
Placements from banks and other financial institutions	438,877	438,877	432,463	432,463
Financial liabilities at fair value through profit or loss	499,095	499,081	589,385	589,346
Derivative financial liabilities	66,790	66,790	24,191	24,191
Repurchase agreements	330,933	326,585	380,957	377,037
Certificates of deposit	145,450	145,450	176,248	176,248
Due to customers	16,287,768	16,289,592	15,556,601	15,559,727
Employee benefits payable	23,486	23,282	28,148	27,982
Taxes payable	50,178	50,127	72,278	72,207
Debt securities issued	284,903	284,903	279,590	279,590
Deferred income tax liabilities	474	222	451	189
Other liabilities	551,474	510,358	424,930	396,907
Total liabilities	20,803,658	20,759,497	19,072,649	19,043,294
Share holders equity				
Share capital	356,407	356,407	353,495	353,495
Other equity instrument	34,428	34,428	34,428	34,428
Including: Preference shares	34,428	34,428	34,428	34,428
Capital reserve	152,193	152,193	144,874	144,874
Other comprehensive income	(20,608)	(21,305)	(24,548)	(24,839)
Surplus reserve	151,362	151,362	150,752	150,752
General reserve	222,520	222,520	221,622	221,622
Retained profits	706,723	706,649	650,236	650,308
Equity attributable to equity holders of the parent company	1,603,025	1,602,254	1,530,859	1,530,640
Minority interests	10,612	6,575	6,445	2,798
Total equity	1,613,637	1,608,829	1,537,304	1,533,438

* Prepared in accordance with PRC GAAP.

(In RMB millions, unless otherwise stated)

(iii) Description of related items

Item	30 June 2015 Balance sheet under regulatory scope of consolidation	Reference
Loans and advances to customers	11,374,213	
Total loans and advances to customers	11,641,352	
Less: Provision for loan impairment set aside under the weighted approach	16,905	X01
Including: Valid cap of provision for loan impairment to tier 2 capital under the weighted approach	6,254	X02
Less: Provision for loan impairment set aside under the internal ratings-based approach	250,234	X03
Including: Valid cap of provision for loan impairment to tier 2 capital under the internal ratings-based approach	66,320	X04
Available-for-sale financial assets	1,421,006	
Bond investment measured at fair value	1,286,381	
Including: Non-significant minority investments in tier 2 capital instruments issued by financial institutions that are not subject to consolidation	5,895	X05
Other debt instrument investment measured at fair value	128,560	
Equity investment	6,065	
Including: Undeducted portion of non-significant minority investments in capital instruments issued by financial institutions that are not subject to consolidation	467	X06
Including: Undeducted portion of significant minority investments in capital instruments issued by financial institutions that are not subject to consolidation	148	X07
Held-to-maturity investments	2,645,722	
Including: Non-significant minority investments in tier 2 capital instruments issued by financial institutions that are not subject to consolidation	2,427	X08
Receivables	353,322	
Including: Non-significant minority investments in tier 2 capital instruments issued by financial institutions that are not subject to consolidation	37,549	X09
Including: Significant minority investments in tier 2 capital instruments issued by financial institutions that are not subject to consolidation	13,600	X10
Long term equity investments	33,277	
Including: Investment in core tier 1 capital instruments issued by financial institutions that are under control but not subject to consolidation	5,700	X11
Including: Undeducted portion of non-significant minority investments in capital instruments issued by financial institutions that are not subject to consolidation	93	X12
Including: Undeducted portion of significant minority investments in capital instruments issued by financial institutions that are not subject to consolidation	25,265	X13

(In RMB millions, unless otherwise stated)

Item	30 June 2015 Balance sheet under regulatory scope of consolidation	Reference
Other assets	274,825	
Interest receivable	115,399	
Intangible assets	21,639	X14
Including: land use rights	20,217	X15
Other receivables	84,329	
Goodwill	8,620	X16
Long-term deferred and prepaid expenses	4,591	
Repossessed assets	4,386	
Others	35,861	
Debt securities issued	284,903	
Including: Valid portion of tier 2 capital instruments and their premium	167,233	X17
Share capital	356,407	X18
Other equity instrument	34,428	
Including: Preference shares	34,428	X28
Capital reserve	152,193	X19
Other comprehensive income	(21,305)	X24
Reserve for changes in fair value of available-for-sale financial assets	11,447	
Reserve for cash flow hedging	(3,896)	
Including: Cash flow hedge reserves that relate to the hedging of items that are not fair valued on the balance sheet	(3,839)	X20
Changes in share of other owners' equity of associates and joint ventures	89	
Foreign currency translation reserve	(28,945)	
Surplus reserve	151,362	X21
General reserve	222,520	X22
Retained profits	706,649	X23
Minority interests	6,575	
Including: Valid portion to core tier 1 capital	4,135	X25
Including: Valid portion to additional tier 1 capital	183	X26
Including: Valid portion to tier 2 capital	1,063	X27

(iv) Main features of eligible capital instruments

As at 30 June 2015, 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)	Additional tier 1 capital instrument	Additional tier 1 capital instrument	Additional tier 1 capital instrument
Issuer	ICBC	ICBC	ICBC	ICBC	ICBC
Unique identifier	601398	1398	4603	4604	84602
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 creation and issue of the Offshore Preference Shares and the rights and obligations (including non-contractual rights and obligations) attached to them are governed by, and shall be construed in accordance with, PRC law	The creation and issue of the Offshore Preference Shares and the rights and obligations (including non-contractual rights and obligations) attached to them are governed by, and shall be construed in accordance with, PRC law	The creation and issue of the Offshore Preference Shares and the rights and obligations (including non-contractual rights and obligations) attached to them are governed by, and shall be construed in accordance with, PRC law
Regulatory treatment					
Including: transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Core tier 1 capital	Core tier 1 capital	Additional tier 1 capital	Additional tier 1 capital	Additional tier 1 capital
Including: post-transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Core tier 1 capital	Core tier 1 capital	Additional tier 1 capital	Additional tier 1 capital	Additional tier 1 capital
Including: Eligible to the parent company/group level	Parent company/ Group	Parent company/ Group	Parent company/ Group	Parent company/ Group	Parent company/ Group
Instrument type	Ordinary share	Ordinary share	Additional tier 1 capital instrument	Additional tier 1 capital instrument	Additional tier 1 capital instrument
Amount recognised in regulatory capital (in millions, as at the latest reporting date)	RMB 336,209	RMB 169,200	RMB equivalent 17,928	RMB equivalent 4,542	RMB 11,958
Par value of instrument (in millions)	RMB 266,700	RMB 86,795	USD 2,940	EUR 600	RMB 12,000
Accounting treatment	Share capital, Capital reserve	Share capital, Capital reserve	Other equity	Other equity	Other equity
Original date of issuance	19 October 2006	19 October 2006	10 December 2014	10 December 2014	10 December 2014
Perpetual or dated	Perpetual	Perpetual	Perpetual	Perpetual	Perpetual
Including: Original maturity date	No maturity date	No maturity date	No maturity date	No maturity date	No maturity date
Issuer call (subject to prior Supervisory approval)	No	No	Yes	Yes	Yes
Including: Optional call date, Contingent call dates and redemption amount	N/A	N/A	The First Redemption Date is 10 December 2019, in full or partial amount	The First Redemption Date is 10 December 2021, in full or partial amount	The First Redemption Date is 10 December 2019, in full or partial amount
Including: Subsequent call dates, if applicable	N/A	N/A	10 December in each year after the First Redemption Date	10 December in each year after the First Redemption Date	10 December in each year after the First Redemption Date
Coupons/dividends					
Including: Fixed or floating dividend/coupon	Floating	Floating	Fixed to floating	Fixed to floating	Fixed to floating
Including: Coupon rate and any related index	N/A	N/A	6% (dividend rate) before 10 December 2019	6% (dividend rate) before 10 December 2021	6% (dividend rate) before 10 December 2019
Including: Existence of a dividend stopper	N/A	N/A	Yes	Yes	Yes
Including: Fully discretionary, partially discretionary or mandatory cancellation of coupons/ dividends	Fully discretionary	Fully discretionary	Partially discretionary	Partially discretionary	Partially discretionary
Including: Redemption incentive mechanism	No	No	No	No	No
Including: Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative

Main features of regulatory capital instrument	Ordinary share (A share)	Ordinary share (H share)	Additional tier 1 capital instrument	Additional tier 1 capital instrument	Additional tier 1 capital instrument
Convertible or non-convertible	No	No	Yes	Yes	Yes
Including: If convertible, conversion trigger(s)	N/A	N/A	Additional Tier 1 Capital Trigger Event or Tier 2 Capital Trigger Event	Additional Tier 1 Capital Trigger Event or Tier 2 Capital Trigger Event	Additional Tier 1 Capital Trigger Event or Tier 2 Capital Trigger Event
Including: If convertible, fully or partially	N/A	N/A	Fully or partially convertible when an Additional Tier 1 Capital Trigger Event occurs, fully convertible when a Tier 2 Capital Trigger Event occurs	Fully or partially convertible when an Additional Tier 1 Capital Trigger Event occurs, fully convertible when a Tier 2 Capital Trigger Event occurs	Fully or partially convertible when an Additional Tier 1 Capital Trigger Event occurs, fully convertible when a Tier 2 Capital Trigger Event occurs
Including: If convertible, conversion rate	N/A	N/A	The initial conversion price is equal to the average trading price of the H shares of the Bank for the 20 trading days preceding 25 July 2014, the date of publication of the Board resolution in respect of the issuance plan	The initial conversion price is equal to the average trading price of the H shares of the Bank for the 20 trading days preceding 25 July 2014, the date of publication of the Board resolution in respect of the issuance plan	The initial conversion price is equal to the average trading price of the H shares of the Bank for the 20 trading days preceding 25 July 2014, the date of publication of the Board resolution in respect of the issuance plan
Including: If convertible, mandatory or optional conversion	N/A	N/A	Mandatory	Mandatory	Mandatory
Including: If convertible , specify instrument type convertible into	N/A	N/A	Core tier 1 capital	Core tier 1 capital	Core tier 1 capital
Including: If convertible, specify issuer of Instrument it converts into	N/A	N/A	ICBC	ICBC	ICBC
Write-down feature	No	No	No	No	No
Including: If write-down, write-down trigger(s)	N/A	N/A	N/A	N/A	N/A
Including: If write-down, full or partial	N/A	N/A	N/A	N/A	N/A
Including: If write-down, permanent or temporary	N/A	N/A	N/A	N/A	N/A
Including: If temporary write-down, description of write-up mechanism	N/A	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 all liabilities of the Bank and instruments issued or guaranteed by the Bank ranking senior to the Offshore Preference Shares, in the same liquidation order with the holders of Parity Obligations	After all liabilities of the Bank and instruments issued or guaranteed by the Bank ranking senior to the Offshore Preference Shares, in the same liquidation order with the holders of Parity Obligations	After all liabilities of the Bank and instruments issued or guaranteed by the Bank ranking senior to the Offshore Preference Shares, in the same liquidation order with the holders of Parity Obligations
Non-compliant transitioned features	No	No	No	No	No
Including: If yes, specify non-compliant features	N/A	N/A	N/A	N/A	N/A

Main features of regulatory capital instrument	Tier 2 capital instrument	Tier 2 capital instrument
Issuer	ICBC (Asia)	ICBC
Unique identifier	ISIN: XS0976879279 BBGID:BBG005CMF4N6	1428009
Governing law(s) of the instrument	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	Securities Law of the People's Republic of China/China
Regulatory treatment		
Including: Transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Tier 2 capital	Tier 2 capital
Including: Post-transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Tier 2 capital	Tier 2 capital
Including: Eligible to the parent company/ group level	Group	Parent company/Group
Instrument type	Tier 2 capital instrument	Tier 2 capital instrument
Amount recognised in regulatory capital (in millions, as at the latest reporting date)	RMB equivalent 3,101	RMB 19,974
Par value of instrument (in millions)	USD 500	RMB 20,000
Accounting treatment	Debt securities issued	Debt securities issued
Original date of issuance	10 October 2013	4 August 2014
Perpetual or dated	Dated	Dated
Including: Original maturity date	10 October 2023	5 August 2024
Issuer call (subject to prior supervisory approval)	Yes	Yes
Including: Optional call date, contingent call dates and redemption amount	10 October 2018, in full amount	5 August 2019, in full amount
Including: Subsequent call dates, if applicable	N/A	N/A
Coupons/dividends		
Including: Fixed or floating dividend/coupon	Fixed	Fixed
Including: Coupon rate and any related index	4.50%	5.80%
Including: Existence of a dividend stopper	No	No
Including: Fully discretionary, partially discretionary or mandatory cancellation of coupons/dividends	Mandatory	Fully discretionary
Including: Redemption incentive mechanism	No	No
Including: Non-cumulative or cumulative	Cumulative	Cumulative

Main features of regulatory capital instrument	Tier 2 capital instrument	Tier 2 capital instrument
Convertible or non-convertible	No	No
Including: If convertible, conversion trigger (s)	N/A	N/A
Including: If convertible, fully or partially	N/A	N/A
Including: If convertible, conversion rate	N/A	N/A
Including: If convertible, mandatory or optional conversion	N/A	N/A
Including: If convertible, specify instrument type convertible into	N/A	N/A
Including: If convertible, specify issuer of instrument it converts into	N/A	N/A
Write-down feature	Yes	Yes
Including: If write-down, write-down trigger(s)	Non-viability of ICBC(Asia) or the Bank	Non-viability of the Bank
Including: If write-down, full or partial	Full write-down	Full write-down
Including: If write-down, permanent or temporary	Permanent write-down	Permanent write-down
Including: If temporary write-down, description of write-up mechanism	N/A	N/A
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	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
Including: If yes, specify non-compliant features	N/A	N/A

(In RMB millions, unless otherwise stated)

(i) Disclosure of Leverage Ratio

S/N	Item	30 June 2015
1	Total consolidated assets as per published financial statements	22,417,295
2	Consolidated adjustments for accounting purposes but outside the scope of regulatory consolidation	(48,969)
3	Adjustments for fiduciary assets	–
4	Adjustments for derivative financial instruments	50,654
5	Adjustment for securities financing transactions	27,020
6	Adjustment for off-balance sheet items	1,581,391
7	Other adjustments	(11,903)
8	Balance of adjusted on- and off-balance sheet assets	24,015,488

S/N	Item	30 June 2015
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	21,526,495
2	Less: Asset amounts deducted in determining Basel III Tier 1 capital	(11,903)
3	Balance of adjusted on-balance sheet assets (excluding derivatives and SFTs)	21,514,592
4	Replacement cost associated with all derivatives transactions (ie net of eligible cash variation margin)	33,142
5	Add-on amounts for PFE associated with all derivatives transactions	39,993
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	–
7	Less: Deductions of receivables assets for cash variation margin provided in derivatives transactions	–
8	Less: Exempted CCP leg of client-cleared trade exposures	(7,999)
9	Effective notional amount of written credit derivatives	61,589
10	Less: Adjusted effective notional deductions for written credit derivatives	(6,414)
11	Total derivative exposures	120,311
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	772,174
13	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	–
14	CCR exposure for SFT assets	27,020
15	Agent transaction exposures	–
16	Total securities financing transaction exposures	799,194
17	Off-balance sheet exposure at gross notional amount	2,958,151
18	Less: Adjustments for conversion to credit equivalent amounts	(1,376,760)
19	Balance of adjusted off-balance sheet assets	1,581,391
20	Net tier 1 capital	1,594,669
21	Balance of adjusted on- and off-balance sheet assets	24,015,488
22	Leverage ratio	6.64%

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 Street, Daoli District, Harbin City, Heilongjiang Province, China
Postcode: 150010
Tel: 0451-84668023/84668577
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: 024-23491609
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: 0971-6169722/6146733
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: 021-5029200
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: Xinsheng Plaza, No. 5 Financial Street, Xicheng District, Beijing, China
Postcode: 100140
Tel: 010-66583333
Fax: 010-66583158

ICBC Financial Leasing Co., Ltd.
Address: E5AB, Finance Street, No. 20 Plaza East Road, Economic Development Zone, Tianjin
Postcode: 300457
Tel: 022-66283766/010-66105888
Fax: 022-66224510/010-66105999

ICBC-AXA Assurance Co., Ltd.
Address: 19/F Mirae Asset Tower, No. 166 Lujiazui Ring Road, Pudong New Area, Shanghai
Postcode: 200120
Tel: 021-5879-2288
Fax: 021-5879-2299

Chongqing Bishan ICBC Rural Bank Co., Ltd.
Address: No. 1 Aokang Avenue, Bishan County, Chongqing
Postcode: 402760
Tel: 023-85297704
Fax: 023-85297709

Zhejiang Pinghu ICBC Rural Bank Co., Ltd.
Address: No. 258 Chengnan West Road, Pinghu, Zhejiang Province
Postcode: 314200
Tel: 0573-85139616
Fax: 0573-85139626

Overseas Institutions

Industrial and Commercial Bank of China Limited, 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

Industrial and Commercial Bank of China Limited, Singapore Branch
Address: 6 Raffles Quay #12-01,
Singapore 048580
Email: icbcsg@sg.icbc.com.cn
Tel: +65-65381066
Fax: +65-65381370
SWIFT: ICBKSGSG

Industrial and Commercial Bank of China Limited, 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

Industrial and Commercial Bank of China Limited, 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

Industrial and Commercial Bank of China Limited, 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

Industrial and Commercial Bank of China Limited, Hanoi Branch
Address: 3rd Floor Daeha Business
Center, No.360,
Kim Ma Str., Ba Dinh Dist.,
Hanoi, Vietnam
Email: admin@vn.icbc.com.cn
Tel: +84-462698888
Fax: +84-462699800
SWIFT: ICBKVNVN

Industrial and Commercial Bank of China Limited, Vientiane Branch
Address: Asean Road, Home
No.358, Unit12,
Sibounheuang Village,
Chanthabouly District,
Vientiane Capital,
Lao PDR
Email: icbcvte@la.icbc.com.cn
Tel: +856-21258888
Fax: +856-21258897
SWIFT: ICBKLALA

Industrial and Commercial Bank of China Limited, 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

Industrial and Commercial Bank of China Limited, Doha (QFC) 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

Industrial and Commercial Bank of China Limited, 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: +971-2-4998600
Fax: +971-2-4998622
SWIFT: ICBKAEAA

Industrial and Commercial Bank of China Limited, Dubai (DIFC) Branch
Address: Floor 5&6,
Gate Village Building 1,
Dubai International
Financial Center,
Dubai,
United Arab Emirates
Email: dboffice@dxb.icbc.com.cn
Tel: +971-47031111
Fax: +971-47031199
SWIFT: ICBKAEAD

Industrial and Commercial Bank of China Limited 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: +92-2135208998
Fax: +92-2135208930
SWIFT: ICBKPKKAXXX

Industrial and Commercial Bank of China Limited, 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

Industrial and Commercial Bank of China Limited, Yangon Branch
Address: NOVOTEL YANGON MAX, 459 Pyay Road, Kamayut Township, Yangon, Myanmar
Tel: +95-12306306
Fax: +95-12306305
SWIFT: ICBKMMMY

Industrial and Commercial Bank of China Limited, Riyadh Branch
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