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中國建設銀行股份有限公司

CHINA CONSTRUCTION BANK CORPORATION

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

Stock Code: 939 (Ordinary H-Share)

4606 (Offshore Preference Share)

INTERIM RESULTS ANNOUNCEMENT

For the Six Months Ended 30 June 2016

The board of directors of China Construction Bank Corporation (the "Bank") is pleased to announce the unaudited consolidated interim results of the Bank and its subsidiaries (the "Group") for the six months ended 30 June 2016, prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules of Hong Kong Stock Exchange") and International Accounting Standard 34 "Interim Financial Reporting". The interim results have been reviewed by the audit committee and external auditors of the Bank.

SUMMARY OF INTERIM RESULTS 2016

The financial information set forth in this half-year report is prepared on a consolidated basis in accordance with IFRS, and expressed in RMB unless otherwise stated.

(Expressed in millions of RMB unless otherwise stated)	**Six months ended 30 June 2016**	**Six months ended 30 June 2015**	**Six months ended 30 June 2014**
For the period			
Net interest income	210,990	224,619	211,292
Net fee and commission income	67,190	63,645	60,180
Operating income	295,679	297,817	276,727
Profit before tax	169,878	169,207	169,516
Net profit	133,903	132,244	130,970
Net profit attributable to equity shareholders of the Bank	133,410	131,895	130,662
Per share (in RMB)			
Basic and diluted earnings per share	0.53	0.53	0.52
Profitability indicators (%)			
Annualised return on average assets[1]	1.41	1.51	1.65
Annualised return on average equity	17.80	20.18	22.97
Net interest spread	2.15	2.48	2.62
Net interest margin	2.32	2.67	2.80
Net fee and commission income to operating income	22.72	21.37	21.75
Cost-to-income ratio[2]	22.24	23.23	24.18

1. Calculated by dividing net profit by the average of total assets at the beginning and end of the period and then annualised.
2. Operating expenses (after deductions of business taxes and surcharges) divided by operating income.

(Expressed in millions of RMB unless otherwise stated)	**As at 30 June 2016**	**As at 31 December 2015**	**As at 31 December 2014**
At the end of the period			
Gross loans and advances to customers	11,137,877	10,485,140	9,474,510
Allowances for impairment losses on loans	(275,887)	(250,617)	(251,613)
Total assets	19,760,148	18,349,489	16,744,093
Deposits from customers	14,675,541	13,668,533	12,899,153
Total liabilities	18,254,188	16,904,406	15,492,245
Total equity attributable to equity shareholders of the Bank	1,494,865	1,434,020	1,241,510
Share capital	250,011	250,011	250,011
Total capital after deductions[1]	1,697,254	1,650,173	1,516,310
Risk-weighted assets[1]	11,245,917	10,722,082	10,203,754
Per share (in RMB)			
Net assets per share	5.94	5.78	5.01
Capital adequacy indicators (%)			
Common Equity Tier 1 ratio[1]	13.06	13.13	12.11
Tier 1 ratio[1]	13.24	13.32	12.11
Total capital ratio[1]	15.09	15.39	14.86
Total equity to total assets	7.62	7.88	7.48
Asset quality indicators (%)			
Non-performing loan ratio	1.63	1.58	1.19
Allowances to non-performing loans	151.63	150.99	222.33
Allowances to total loans	2.48	2.39	2.66

1. Calculated in accordance with the relevant requirements of the *Capital Rules for Commercial Banks (Provisional)*.

Consolidated statement of comprehensive income

(Expressed in millions of RMB, unless otherwise stated)

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)	Change (%)
Interest income	**346,411**	384,194	(9.83)
Interest expense	**(135,421)**	(159,575)	(15.14)
Net interest income	**210,990**	224,619	(6.07)
Fee and commission income	**70,907**	66,520	6.60
Fee and commission expense	**(3,717)**	(2,875)	29.29
Net fee and commission income	**67,190**	63,645	5.57
Net trading gain	**1,696**	1,750	(3.09)
Dividend income	**1,405**	471	198.30
Net gain arising from investment securities	**7,337**	3,432	113.78
Other operating income net:			
– Other operating income	**46,186**	18,767	146.10
– Other operating expense	**(39,125)**	(14,867)	163.17
Other operating income, net	**7,061**	3,900	81.05
Operating income	**295,679**	297,817	(0.72)
Operating expenses	**(79,116)**	(87,429)	(9.51)
	216,563	210,388	2.94
Impairment losses on:			
– Loans and advances to customers	**(46,798)**	(40,441)	15.72
– Others	**188**	(808)	(123.27)
Impairment losses	**(46,610)**	(41,249)	13.00
Share of (loss)/profit of associates and joint ventures	**(75)**	68	(210.29)
Profit before tax	**169,878**	169,207	0.40
Income tax expense	**(35,975)**	(36,963)	(2.67)
Net profit	**133,903**	132,244	1.25

Consolidated statement of comprehensive income (continued)

(Expressed in millions of RMB, unless otherwise stated)

	Six months ended 30 June		Change
	2016	2015	(%)
	(Unaudited)	(Unaudited)	
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Re-measurements of post-employment benefit obligations	**49**	444	(88.96)
Other	**7**	2	250.00
Subtotal	**56**	446	(87.44)
Items that may be reclassified subsequently to profit or loss			
(Losses)/Gains of available-for-sale financial assets arising during the period	**(4,690)**	5,863	(180.00)
Income tax impact relating to available-for-sale financial assets	**1,254**	(1,407)	(189.13)
Reclassification adjustments included in profit or loss	**(3,812)**	(1,128)	237.94
Net losses on cash flow hedges	**-**	(2)	(100.00)
Exchange difference on translating foreign operations	**2,976**	(902)	(429.93)
Subtotal	**(4,272)**	2,424	(276.24)
Other comprehensive income for the period, net of tax	**(4,216)**	2,870	(246.90)
Total comprehensive income for the period	**129,687**	135,114	(4.02)
Net profit attributable to:			
Equity shareholders of the Bank	**133,410**	131,895	1.15
Non-controlling interests	**493**	349	41.26
	133,903	132,244	1.25
Total comprehensive income attributable to:			
Equity shareholders of the Bank	**129,645**	134,504	(3.61)
Non-controlling interests	**42**	610	(93.11)
	129,687	135,114	(4.02)
Basic and diluted earnings per share (in RMB Yuan)	**0.53**	0.53	-

Consolidated statement of financial position

(Expressed in millions of RMB, unless otherwise stated)

	30 June 2016 (Unaudited)	31 December 2015 (Audited)	Change (%)
Assets:			
Cash and deposits with central banks	**2,584,262**	2,401,544	7.61
Deposits with banks and non-bank financial institutions	**634,094**	352,966	79.65
Precious metals	**210,272**	86,549	142.95
Placements with banks and non-bank financial institutions	**280,915**	310,779	(9.61)
Financial assets at fair value through profit or loss	**365,430**	271,173	34.76
Positive fair value of derivatives	**41,323**	31,499	31.19
Financial assets held under resale agreements	**81,218**	310,727	(73.86)
Interest receivable	**104,543**	96,612	8.21
Loans and advances to customers	**10,861,990**	10,234,523	6.13
Available-for-sale financial assets	**1,259,746**	1,066,752	18.09
Held-to-maturity investments	**2,562,778**	2,563,980	(0.05)
Investment classified as receivables	**483,786**	369,501	30.93
Interests in associates and joint ventures	**5,746**	4,986	15.24
Fixed assets	**161,362**	159,531	1.15
Land use rights	**14,980**	15,231	(1.65)
Intangible assets	**1,989**	2,103	(5.42)
Goodwill	**2,312**	2,140	8.04
Deferred tax assets	**34,312**	25,379	35.20
Other assets	**69,090**	43,514	58.78
Total assets	**19,760,148**	18,349,489	7.69

Consolidated statement of financial position (continued)

(Expressed in millions of RMB, unless otherwise stated)

	30 June 2016 (Unaudited)	31 December 2015 (Audited)	Change (%)
Liabilities:			
Borrowings from central banks	**210,013**	42,048	399.46
Deposits from banks and non-bank financial institutions	**1,622,024**	1,439,395	12.69
Placements from banks and non-bank financial institutions	**340,571**	321,712	5.86
Financial liabilities at fair value through profit or loss	**339,357**	302,649	12.13
Negative fair value of derivatives	**53,173**	27,942	90.30
Financial assets sold under repurchase agreements	**100,505**	268,012	(62.50)
Deposits from customers	**14,675,541**	13,668,533	7.37
Accrued staff costs	**29,033**	33,190	(12.52)
Taxes payable	**36,667**	49,411	(25.79)
Interest payable	**205,035**	205,684	(0.32)
Provisions	**8,290**	7,108	16.63
Debt securities issued	**399,676**	415,544	(3.82)
Deferred tax liabilities	**343**	624	(45.03)
Other liabilities	**233,960**	122,554	90.90
Total liabilities	**18,254,188**	16,904,406	7.98
Equity:			
Share capital	**250,011**	250,011	-
Other equity instruments -Preference Shares	**19,659**	19,659	-
Capital reserve	**135,008**	135,249	(0.18)
Investment revaluation reserve	**16,261**	23,058	(29.48)
Surplus reserve	**153,032**	153,032	-
General reserve	**210,874**	186,422	13.12
Retained earnings	**712,609**	672,154	6.02
Exchange reserve	**(2,589)**	(5,565)	(53.48)
Total equity attributable to equity shareholders of the Bank	**1,494,865**	1,434,020	4.24
Non-controlling interests	**11,095**	11,063	0.29
Total equity	**1,505,960**	1,445,083	4.21
Total liabilities and equity	**19,760,148**	18,349,489	7.69

Consolidated statement of changes in equity

(Expressed in millions of RMB, unless otherwise stated)

	(Unaudited)									
	Attributable to equity shareholders of the Bank									
	Share capital	**Other equity instruments -preference shares**	**Capital reserve**	**Investment revaluation reserve**	**Surplus reserve**	**General reserve**	**Retained earnings**	**Exchange reserve**	**Non-controlling interests**	**Total equity**
As at 31 December 2015	**250,011**	**19,659**	**135,249**	**23,058**	**153,032**	**186,422**	**672,154**	**(5,565)**	**11,063**	**1,445,083**
Movements during the period	**-**	**-**	**(241)**	**(6,797)**	**-**	**24,452**	**40,455**	**2,976**	**32**	**60,877**
(1) Total comprehensive income for the period	**-**	**-**	**56**	**(6,797)**	**-**	**-**	**133,410**	**2,976**	**42**	**129,687**
(2) Changes in share capital										
i Acquisition of subsidiaries	**-**	**-**	**(269)**	**-**	**-**	**-**	**-**	**-**	**25**	**(244)**
ii Additional investments by non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**13**	**13**
iii Change in shareholdings in Subsidiaries	**-**	**-**	**(28)**	**-**	**-**	**-**	**-**	**-**	**(19)**	**(47)**
(3) Profit distribution										
i Appropriation to general reserve	**-**	**-**	**-**	**-**	**-**	**24,452**	**(24,452)**	**-**	**-**	**-**
ii Appropriation to equity shareholders	**-**	**-**	**-**	**-**	**-**	**-**	**(68,503)**	**-**	**(29)**	**(68,532)**
As at 30 June 2016	**250,011**	**19,659**	**135,008**	**16,261**	**153,032**	**210,874**	**712,609**	**(2,589)**	**11,095**	**1,505,960**

Consolidated statement of changes in equity (continued)

(Expressed in millions of RMB, unless otherwise stated)

	(Unaudited)								
	Attributable to equity shareholders of the Bank								
	Share capital	Capital reserve	Investment revaluation reserve	Surplus reserve	General reserve	Retained earnings	Exchange reserve	Non-controlling interests	Total equity
As at 31 December 2014	250,011	135,391	4,066	130,515	169,496	558,705	(6,674)	10,338	1,251,848
Movements during the period	-	444	3,038	-	16,430	40,212	(873)	836	60,087
(1) Total comprehensive income for the period	-	444	3,038	-	-	131,895	(873)	610	135,114
(2) Changes in share capital									
i. Non-controlling interests of new subsidiaries	-	-	-	-	-	-	-	4	4
ii. Change in shareholdings in subsidiaries	-	-	-	-	-	-	-	234	234
(3) **Profit distribution**									
i. Appropriation to general reserve	-	-	-	-	16,430	(16,430)	-	-	-
ii. Appropriation to equity shareholders	-	-	-	-	-	(75,253)	-	(12)	(75,265)
As at 30 June 2015	250,011	135,835	7,104	130,515	185,926	598,917	(7,547)	11,174	1,311,935

Consolidated statement of changes in equity (continued)

(Expressed in millions of RMB, unless otherwise stated)

	(Audited)									
	Attributable to equity shareholders of the Bank									
	Share capital	Other equity instruments -preference shares	Capital reserve	Investment revaluation reserve	Surplus reserve	General reserve	Retained earnings	Exchange reserve	Non-controlling interests	Total equity
As at 31 December 2014	250,011	-	135,391	4,066	130,515	169,496	558,705	(6,674)	10,338	1,251,848
Movements during the year	-	19,659	(142)	18,992	22,517	16,926	113,449	1,109	725	193,235
(1) Total comprehensive income for the year	-	-	65	18,992	-	-	228,145	1,109	1,412	249,723
(2) Changes in share capital										
i Capital injection by other equity holders	-	19,659	-	-	-	-	-	-	-	19,659
ii Establishment of subsidiaries	-	-	-	-	-	-	-	-	9	9
iii Change in shareholdings in subsidiaries	-	-	(207)	-	-	-	-	-	(687)	(894)
(3) Profit distribution										
i Appropriation to surplus reserve	-	-	-	-	22,517	-	(22,517)	-	-	-
ii Appropriation to general reserve	-	-	-	-	-	16,926	(16,926)	-	-	-
iii Appropriation to equity shareholders	-	-	-	-	-	-	(75,253)	-	(9)	(75,262)
As at 31 December 2015	250,011	19,659	135,249	23,058	153,032	186,422	672,154	(5,565)	11,063	1,445,083

Consolidated statement of cash flows

(Expressed in millions of RMB, unless otherwise stated)

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Profit before tax	**169,878**	169,207
Adjustments for:		
- Impairment losses	**46,610**	41,249
- Depreciation and amortisation	**7,803**	9,649
- Interest income from impaired financial assets	**(1,917)**	(1,355)
- Revaluation loss/(gain) on financial instruments at fair value through profit or loss	**516**	(2,055)
- Share of loss/(profit) of associates and joint ventures	**75**	(68)
- Dividend income	**(1,405)**	(471)
- Unrealised foreign exchange gain	**(4,261)**	(2,781)
- Interest expense on bonds issued	**5,660**	4,664
- Net gain on disposal of investment securities	**(7,337)**	(3,432)
- Net (gain)/loss on disposal of fixed assets and other long-term assets	**(64)**	2
	215,558	214,609

Consolidated statement of cash flows (continued)

(Expressed in millions of RMB, unless otherwise stated)

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
Cash flows from operating activities (continued)		
Changes in operating assets:		
Net increase in deposits with central banks and with banks and non-bank financial institutions	**(276,260)**	(285,879)
Net increase in placements with banks and non-bank financial institutions	**(10,396)**	(25,230)
Net increase in loans and advances to customers	**(648,979)**	(707,240)
Net decrease/(increase) in financial assets held under resale agreements	**229,510**	(222,107)
Net (increase)/decrease in financial assets at fair value through profit or loss	**(91,993)**	149,128
Increase in other operating assets	**(144,850)**	(69,660)
	(942,968)	(1,160,988)
Changes in operating liabilities:		
Net increase/(decrease) in borrowings from central banks	**167,495**	(51,102)
Net increase in placements from banks and non-bank financial institutions	**12,766**	111,470
Net increase in deposits from customers and from banks and non-bank financial institutions	**1,166,928**	1,528,787
Net decrease in financial assets sold under repurchase agreements	**(167,563)**	(173,030)
Net decrease in certificates of deposit issued	**(16,487)**	(25,478)
Income tax paid	**(52,801)**	(58,090)
Net increase/(decrease) in financial liabilities at fair value through profit or loss	**36,386**	(90,800)
Increase in other operating liabilities	**52,418**	24,249
	1,199,142	1,266,006
Net cash from operating activities	**471,732**	319,627

Consolidated statement of cash flows (continued)

(Expressed in millions of RMB, unless otherwise stated)

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
Cash flows from investing activities		
Proceeds from sale and redemption of investments	**516,005**	489,960
Dividends received	**1,412**	482
Proceeds from disposal of fixed assets and other long-term assets	**128**	728
Purchase of investment securities	**(833,804)**	(701,289)
Purchase of fixed assets and other long-term assets	**(9,153)**	(6,942)
Acquisition of subsidiaries, associates and joint ventures	**(1,010)**	(681)
Net cash used in investing activities	**(326,422)**	(217,742)
Cash flows from financing activities		
Issue of bonds	**7,009**	21,086
Capital contribution by non-controlling interests	**38**	238
Consideration paid for acquisition of non-controlling interests	**(19)**	-
Dividends paid	**(2,620)**	(2,838)
Repayment of borrowings	**(8,894)**	(882)
Interest paid on bonds issued	**(1,191)**	(2,751)
Net cash (used)/from financing activities	**(5,677)**	14,853
Effect of exchange rate changes on cash and cash equivalents	**4,141**	(89)
Net increase in cash and cash equivalents	**143,774**	116,649
Cash and cash equivalents as at 1 January	**387,921**	353,718
Cash and cash equivalents as at 30 June	**531,695**	470,367
Cash flows from operating activities include:		
Interest received	**336,641**	374,000
Interest paid, excluding interest expense on bonds issued	**(133,572)**	(143,912)

Notes:

1 The preparation of the announcement is based on the same accounting policies adopted in the preparation of the results announcement compared to the year ended 31 December 2015.

2 Unless otherwise stated, the financial figures are expressed in millions of RMB.

3 For the purpose of this results announcement, Mainland China refers to the PRC excluding the Hong Kong Special Administrative Region of the PRC ("Hong Kong"), the Macau Special Administrative Region of the PRC and Taiwan.

4 Net gain arising from investment securities

	Six months ended 30 June	
	2016	2015
Net gain on sale of available-for-sale financial assets	**960**	2,174
Net revaluation gain reclassified from other comprehensive income on disposal	**5,024**	1,185
Net gain on sale of held-to-maturity investments	**467**	189
Net gain on sale of receivables	**748**	-
Others	**138**	(116)
Total	**7,337**	3,432

5 Operating expenses

	Six months ended 30 June	
	2016	2015
Staff costs		
– Salaries, bonuses, allowances and subsidies	**26,393**	27,213
– Other social insurance and welfare	**3,453**	3,516
– Housing funds	**3,097**	3,040
– Union running costs and employee education costs	**837**	977
– Defined contribution plans accrued	**6,174**	6,060
– Early retirement expenses	**17**	51
– Compensation to employees for termination of employment relationship	**1**	4
	39,972	40,861
Premises and equipment expenses		
– Depreciation charges	**6,742**	8,409
– Rent and property management expenses	**4,411**	4,164
– Maintenance	**889**	923
– Utilities	**890**	988
– Others	**776**	243
	13,708	14,727
Business taxes and surcharges	**13,359**	18,234
Amortisation expenses	**1,061**	1,240
Audit fees	**69**	71
Other general and administrative expenses	**10,947**	12,296
Total	**79,116**	87,429

6 Income tax expense

(1) Income tax expense

	Six months ended 30 June	
	2016	2015
Current tax	**42,851**	39,211
- Mainland China	**42,221**	38,370
- Hong Kong	**360**	582
- Other countries and regions	**270**	259
Adjustments for prior years	**(187)**	(1,216)
Deferred tax	**(6,689)**	(1,032)
Total	**35,975**	36,963

The provisions of income taxes for Mainland China and Hong Kong are calculated at 25% and 16.5% of the estimated taxable income from Mainland China and Hong Kong operations for the period respectively. Taxation for other overseas operations is charged at the appropriate current rates of taxation ruling in the relevant tax jurisdictions.

(2) Reconciliation between income tax expense and accounting profit

		Six months ended 30 June	
	Note	**2016**	2015
Profit before tax		**169,878**	169,207
Income tax calculated at statutory tax rate at 25%		**42,470**	42,302
Non-deductible expenses	(i)	**3,305**	1,968
Non-taxable income	(ii)	**(9,613)**	(6,091)
Adjustments on income tax for prior years which affect profit or loss		**(187)**	(1,216)
Income tax expense		**35,975**	36,963

(i) Non-deductible expenses primarily include losses resulting from write-off of loans, staff costs and entertainment expenses in excess of those deductible under the relevant PRC tax regulations.

(ii) Non-taxable income primarily includes interest income from PRC government bonds and PRC local government bonds.

7 Earnings per share

Basic earnings per share for the six months ended 30 June 2016 and 2015 have been computed by dividing the net profit attributable to equity shareholders of the Bank by the weighted average number of ordinary shares outstanding during the period.

The Bank issued non-cumulative preference shares during the year ended 31 December 2015. For the purpose of calculating basic earnings per share, dividends on non-cumulative preference shares declared in respect of the period should be deducted from the amounts attributable to equity shareholders of the Bank. The Bank has not declared any dividend on preference shares for the six months ended 30 June 2016.

The conversion feature of preference shares is considered to fall within contingently issuable ordinary shares. The triggering events of conversion did not occur as at 30 June 2016 and the conversion feature of preference shares has no effect on the basic and diluted earnings per share calculation.

	Six months ended 30 June	
	2016	2015
Net profit attributable to shareholders of the Bank	**133,410**	131,895
Weighted average number of shares (in millions of shares)	**250,011**	250,011
Basic and diluted earnings per share attributable to shareholders of the Bank (in RMB Yuan)	**0.53**	0.53

8 Derivatives and hedge accounting

(1) Analysed by type of contract

	30 June 2016			31 December 2015		
	Notional amounts	**Assets**	**Liabilities**	Notional amounts	Assets	Liabilities
Interest rate contracts	**436,015**	**1,611**	**1,384**	506,536	1,372	1,291
Exchange rate contracts	**3,466,539**	**32,250**	**30,888**	2,427,232	25,675	25,715
Other contracts (Note)	**285,333**	**7,462**	**20,901**	119,735	4,452	936
Total	**4,187,887**	**41,323**	**53,173**	3,053,503	31,499	27,942

(2) Analysed by credit risk-weighted assets

	30 June 2016	31 December 2015
Counterparty credit default risk-weighted assets		
- Interest rate contracts	**946**	1,579
- Exchange rate contracts	**19,735**	23,298
- Other contracts (Note)	**5,158**	3,559
Subtotal	**25,839**	28,436
Credit value adjustment	**15,864**	13,008
Total	**41,703**	41,444

The notional amounts of derivatives only represent the unsettled transaction volumes as at the end of the reporting period, instead of the amounts of risk assets. Since 1 January 2013 the Group has adopted Administrative Measures for the Capital of Commercial Banks (for Trial Implementation) and other related policies. According to the new rules set out by the CBRC, the credit risk-weighted assets included credit valuation adjustments, with the considerations of the status of counterparties, maturity characteristics and back-to-back client-driven transactions.

Note: Other contracts mainly consist of precious metals contracts.

8 Derivatives and hedge accounting (continued)

(3) Hedge accounting

The following designated hedging instruments are included in the derivative financial instruments as disclosed above.

	30 June 2016			31 December 2015		
	Notional amounts	Assets	Liabilities	Notional amounts	Assets	Liabilities
Fair value hedges						
Interest rate swaps	**4,936**	**187**	**(163)**	9,091	62	(30)
Total	**4,936**	**187**	**(163)**	9,091	62	(30)

(a) Fair value hedge

The Group uses interest rate swaps to hedge against changes in fair value of available-for-sale financial assets, certificates of deposit issued, placements with banks and non-bank financial institutions and loans and advances to customers arising from changes in interest rates.

Net (losses)/gains on fair value hedges are as follows:

	Six months ended 30 June	
	2016	2015
Net (losses)/gains on		
– hedging instruments	**(8)**	(25)
– hedged items	**8**	25

The gain and loss arising from ineffective portion of fair value hedge was immaterial for the six month ended 30 June 2015 and 2016.

(b) Cash flow hedge

As at 30 June 2016, there is no cash flow hedge for the Group. For the six months ended 30 June 2016, there is no gain or loss from cash flow hedge for the Group (The Group for the six months ended 30 June 2015: net loss 2 million).

9 Deposits from customers

	30 June 2016	31 December 2015
Demand deposits		
- Corporate customers	**4,704,178**	4,261,474
- Personal customers	**2,752,217**	2,611,873
Subtotal	**7,456,395**	6,873,347
Time deposits (including call deposits)		
- Corporate customers	**3,130,489**	2,918,679
- Personal customers	**4,088,657**	3,876,507
Subtotal	**7,219,146**	6,795,186
Total	**14,675,541**	13,668,533

Deposits from customers include:

		30 June 2016	31 December 2015
(1)	Pledged deposits		
	- Deposits for acceptance	**129,741**	118,897
	- Deposits for letter of credit	**54,680**	49,143
	- Deposits for guarantee	**22,630**	24,811
	- Others	**317,548**	256,033
	Total	**524,599**	448,884
(2)	Outward remittance and remittance payables	**14,563**	11,969

10 Profit Distribution

The Bank declared a cash dividend of RMB 68,503 million for the year ended 31 December 2015 according to the profit distribution plan approved by the Annual General Meeting held on 17 June 2016.

11 Commitments and contingent liabilities

(1) Credit commitments

Credit commitments take the form of undrawn loan facilities which are approved and contracted, unutilised credit card limits, financial guarantees, letters of credit etc. The Group assesses and makes allowance for any probable losses accordingly.

The contractual amounts of loans and credit card commitments represent the cash outflows should the contracts be fully drawn upon. The amounts of guarantees and letters of credit represent the maximum potential loss that would be recognised if counterparties failed completely to perform as contracted. Acceptances comprise undertakings by the Group to pay bills of exchange drawn on customers.

As credit commitments may expire without being drawn upon, the total of the contractual amounts set out in the following table do not represent the expected future cash outflows.

	30 June 2016	31 December 2015
Loan commitments		
- with an original maturity under one year	**224,025**	149,566
- with an original maturity of one year or over	**395,567**	312,872
Credit card commitments	**634,934**	577,047
	1,254,526	1,039,485
Bank acceptances	**324,821**	324,963
Financing guarantees	**117,899**	141,604
Non-financing guarantees	**716,042**	649,326
Sight letters of credit	**24,514**	20,383
Usance letters of credit	**126,378**	175,860
Others	**88,575**	50,663
Total	**2,652,755**	2,402,284

11 Commitments and contingent liabilities(continued)

(2) Credit risk-weighted amount

The credit risk-weighted amount refers to the amount as computed in accordance with the rules set out by the CBRC and depends on the status of the counterparty and the maturity characteristics.

	30 June 2016	31 December 2015
Credit risk-weighted amount of contingent liabilities and commitments	**1,058,462**	993,117

(3) Operating lease commitments

The Group leases certain property and equipment under operating leases, which typically run for an initial period of one to five years and may include an option to renew the lease when all terms are renegotiated. As at the end of the reporting period, the future minimum lease payments under non-cancellable operating leases for property and equipment were as follows:

	30 June 2016	31 December 2015
Within one year	**6,620**	5,650
After one year but within two years	**4,423**	4,387
After two years but within three years	**3,161**	3,177
After three years but within five years	**3,554**	3,469
After five years	**2,330**	2,737
Total	**20,088**	19,420

11 Commitments and contingent liabilities(continued)

(4) Capital commitments

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

	30 June 2016	31 December 2015
Contracted for	**2,405**	4,049
Authorised but not contracted for	**1,116**	2,033
Total	**3,521**	6,082

(5) Underwriting obligations

As at 30 June 2016, there was no unexpired underwriting commitment of the Group (31 December 2015: nil).

(6) Government bonds redemption obligations

As an underwriting agent of PRC government bonds, the Group has the responsibility to buy back those bonds sold by it should the holders decide to early redeem the bonds held. The redemption price for the bonds at any time before their maturity date is based on the coupon value plus any interest unpaid and accrued up to the redemption date. Accrued interest payables to the bond holders are calculated in accordance with relevant rules of the MOF and the PBOC. The redemption price may be different from the fair value of similar instruments traded at the redemption date.

The redemption obligations, which represent the nominal value of government bonds underwritten and sold by the Group, but not yet matured as at 30 June 2016, were RMB 73,209 million (as at 31 December 2015: RMB 73,647 million)

(7) Outstanding litigation and disputes

As at 30 June 2016, the Group was the defendant in certain pending litigation and disputes with gross claims of RMB 6,298 million (as at 31 December 2015: RMB 6,501 million). Provisions have been made for the estimated losses arising from such litigations based upon the opinions of the Group’s internal and external legal counsels. The Group considers that the provisions made are reasonable and adequate.

(8) Provision against commitments and contingent liabilities

The Group assessed and made provisions for any probable outflow of economic benefits in relation to the above is committed and contingent liabilities in accordance with their accounting policies.

12 Operating segments

The Group has presented the operating segments in a manner consistent with the way in which information is reported internally to the Group's chief operating decision makers for the purposes of resource allocation and performance assessment. Measurement of segment assets and liabilities and segment income and results is based on the Group’s accounting policies.

Transactions between segments are conducted under normal commercial terms and conditions. Internal charges and transfer prices are determined with reference to market rates and have been reflected in the performance of each segment. Net interest income and expense arising from internal charges and transfer pricing adjustments are referred to as “internal net interest income/expense”. Interest income and expense earned from third parties are referred to as “external net interest income/expense”.

Segment revenues, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment income and results are determined before intra-group transactions are eliminated as part of the consolidation process. Segment capital expenditure is the total cost incurred during the period to acquire fixed assets, intangible assets and other long-term assets.

(1) Geographical segments

The Group operates principally in Mainland China with branches covering all provinces, autonomous regions and municipalities directly under the central government, and several subsidiaries located in Mainland China. The Group also has bank branch operations in Hong Kong, Macau, Taiwan, Singapore, Frankfurt, Johannesburg, Tokyo, Seoul, New York, Sydney, Ho Chi Minh City, Luxembourg, Dubai, Toronto, London and certain subsidiaries operations in Hong Kong, London, Moscow, Luxembourg, British Virgin Islands, New Zealand and Sao Paulo.

In presenting information on the basis of geographical segments, operating income is allocated based on the location of the branches and subsidiaries that generate the income. Segment assets, liabilities and capital expenditure are allocated based on their geographical location.

12 Operating segments(continued)

(1) Geographical segments (continued)

Geographical segments of the Group, as defined for management reporting purposes, are defined as follows:

- "Yangtze River Delta" refers to the following areas where the tier-1 branches and the subsidiaries of the Bank operate: Shanghai Municipality, Jiangsu Province, Zhejiang Province, City of Ningbo and City of Suzhou;

- "Pearl River Delta" refers to the following areas where the tier-1 branches of the Bank operate: Guangdong Province, City of Shenzhen, Fujian Province and City of Xiamen;

- "Bohai Rim" refers to the following areas where the tier-1 branches and the subsidiaries of the Bank operate: Beijing Municipality, Shandong Province, Tianjin Municipality, Hebei Province and City of Qingdao;

- the "Central" region refers to the following areas where the tier-1 branches and the subsidiaries of the Bank operate: Shanxi Province, Guangxi Autonomous Region, Hubei Province, Henan Province, Hunan Province, Jiangxi Province, Hainan Province and Anhui Province;

- the "Western" region refers to the following areas where the tier-1 branches and the subsidiaries of the Bank operate: Sichuan Province, Chongqing Municipality, Guizhou Province, Yunnan Province, Tibet Autonomous Region, Inner Mongolia Autonomous Region, Shaanxi Province, Gansu Province, Qinghai Province, Ningxia Autonomous Region and Xinjiang Autonomous Region; and

- the "Northeastern" region refers to the following areas where the tier-1 branches and the subsidiaries of the Bank operate: Liaoning Province, Jilin Province, Heilongjiang Province and City of Dalian.

12 Operating segments (continued)

(1) Geographical segments (continued)

	Six months ended 30 June 2016								
	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central	Western	Northeastern	Head Office	Overseas	Total
External net interest income	20,515	18,244	18,343	22,645	25,019	5,998	96,397	3,829	210,990
Internal net interest income/(expense)	13,794	10,678	17,373	14,805	11,998	6,203	(74,536)	(315)	-
Net interest income	34,309	28,922	35,716	37,450	37,017	12,201	21,861	3,514	210,990
Net fee and commission income	12,115	10,595	12,096	10,595	7,741	3,377	9,705	966	67,190
Net trading gain/(loss)	456	319	(123)	108	91	11	524	310	1,696
Dividend income	1,134	4	1	168	-	-	1	97	1,405
Net gain arising from investment securities	559	-	-	518	85	-	5,728	447	7,337
Other operating income, net	510	431	748	308	1,552	77	1,084	2,351	7,061
Operating income	49,083	40,271	48,438	49,147	46,486	15,666	38,903	7,685	295,679
Operating expenses	(12,834)	(10,326)	(13,272)	(14,792)	(13,128)	(5,491)	(6,336)	(2,937)	(79,116)
Impairment losses	(10,667)	(9,129)	(5,900)	(8,525)	(8,557)	(2,912)	(116)	(804)	(46,610)
Share of (loss)/profit of associates and joint ventures	-	-	-	(98)	-	-	-	23	(75)
Profit before tax	25,582	20,816	29,266	25,732	24,801	7,263	32,451	3,967	169,878
Capital expenditure	266	205	4,094	301	238	79	139	4,788	10,110
Depreciation and amortisation	1,209	808	1,292	1,495	1,225	633	804	337	7,803
	30 June 2016								
Segment assets	3,191,937	1,975,214	2,701,148	2,739,085	2,651,341	854,630	7,801,602	1,245,877	23,160,834
Interests in associates and joint ventures	-	-	8	2,783	-	-	-	2,955	5,746
	3,191,937	1,975,214	2,701,156	2,741,868	2,651,341	854,630	7,801,602	1,248,832	23,166,580
Deferred tax assets									34,312
Elimination									(3,440,744)
Total assets									19,760,148
Segment liabilities	3,165,548	1,960,892	2,670,624	2,717,236	2,635,441	850,126	6,527,150	1,167,572	21,694,589
Deferred tax liabilities									343
Elimination									(3,440,744)
Total liabilities									18,254,188
Off-balance sheet credit commitments	549,805	413,655	698,067	406,388	317,559	140,151	2,552	124,578	2,652,755

12 Operating segments (continued)

(1) Geographical segments (continued)

	Six months ended 30 June 2015								
	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central	Western	Northeastern	Head Office	Overseas	Total
External net interest income	28,450	17,531	20,203	26,247	29,426	8,259	91,594	2,909	224,619
Internal net interest income/(expense)	7,865	11,770	14,673	11,306	8,459	5,121	(60,690)	1,496	-
Net interest income	36,315	29,301	34,876	37,553	37,885	13,380	30,904	4,405	224,619
Net fee and commission income	10,953	9,564	10,449	10,290	7,627	3,250	10,558	954	63,645
Net trading gain/(loss)	80	69	(60)	40	49	19	593	960	1,750
Dividend income	-	4	13	158	5	-	8	283	471
Net gain arising from investment securities	1,042	-	20	233	-	298	1,264	575	3,432
Other operating income, net	251	104	475	144	1,264	118	1,261	283	3,900
Operating income	48,641	39,042	45,773	48,418	46,830	17,065	44,588	7,460	297,817
Operating expenses	(14,857)	(11,586)	(14,477)	(16,749)	(15,295)	(6,467)	(5,271)	(2,727)	(87,429)
Impairment losses	(13,727)	(8,991)	(3,255)	(5,271)	(3,918)	(2,645)	(1,690)	(1,752)	(41,249)
Share of profit of associates and joint ventures	-	-	-	17	-	-	-	51	68
Profit before tax	20,057	18,465	28,041	26,415	27,617	7,953	37,627	3,032	169,207
Capital expenditure	375	404	1,590	1,396	658	362	228	1,481	6,494
Depreciation and amortisation	1,526	989	1,458	1,799	1,523	816	1,337	201	9,649
	31 December 2015								
Segment assets	2,565,723	1,756,844	1,988,554	2,855,335	2,798,176	1,056,288	5,835,333	1,149,541	20,005,794
Interests in associates and joint ventures	-	-	-	2,196	-	-	-	2,790	4,986
	2,565,723	1,756,844	1,988,554	2,857,531	2,798,176	1,056,288	5,835,333	1,152,331	20,010,780
Deferred tax assets									25,379
Elimination									(1,686,670)
Total assets									18,349,489
Segment liabilities	2,571,710	1,766,077	1,972,961	2,846,741	2,795,577	1,058,505	4,506,665	1,072,216	18,590,452
Deferred tax liabilities									624
Elimination									(1,686,670)
Total liabilities									16,904,406
Off-balance sheet credit commitments	497,837	385,693	611,674	356,079	305,375	116,537	3,500	125,589	2,402,284

12 Operating segments(continued)

(2) Business segments

Business segments, as defined for management reporting purposes, are as follows:

Corporate banking

This segment represents the provision of a range of financial products and services to corporations, government agencies and financial institutions. The products and services include corporate loans, trade financing, deposit taking and wealth management services, agency services, financial consulting and advisory services, cash management services, remittance and settlement services, custody services and guarantee services, etc.

Personal banking

This segment represents the provision of a range of financial products and services to individual customers. The products and services comprise personal loans, deposit taking and wealth management services, card business, remittance services and agency services, etc.

Treasury business

This segment covers the Group's treasury operations. The treasury enters into inter-bank money market transactions, repurchase and resale transactions, and invests in debt securities. It also trades in derivatives and foreign currency for its own account. The treasury carries out customer-driven derivatives, foreign currency and precious metal trading. Its function also includes the management of the Group's overall liquidity position, including the issuance of debt securities.

Others

These represent equity investments and the revenues, results, assets and liabilities of overseas branches and subsidiaries.

12 Operating segments (continued)

(2) Business segments (continued)

	Six months ended 30 June 2016				
	Corporate banking	Personal banking	Treasury business	Others	Total
External net interest income	**92,191**	**26,518**	**84,303**	**7,978**	**210,990**
Internal net interest income/(expenses)	**17,707**	**52,708**	**(68,269)**	**(2,146)**	**-**
Net interest income	**109,898**	**79,226**	**16,034**	**5,832**	**210,990**
Net fee and commission income	**21,814**	**33,195**	**12,598**	**(417)**	**67,190**
Net trading (loss)/gain	**(3,157)**	**213**	**4,366**	**274**	**1,696**
Dividend income	**-**	**-**	**-**	**1,405**	**1,405**
Net gain arising from investment securities	**-**	**-**	**5,698**	**1,639**	**7,337**
Other operating (expense)/income, net	**(6)**	**104**	**7,432**	**(469)**	**7,061**
Operating income	**128,549**	**112,738**	**46,128**	**8,264**	**295,679**
Operating expenses	**(28,987)**	**(39,860)**	**(4,610)**	**(5,659)**	**(79,116)**
Impairment losses	**(32,348)**	**(12,933)**	**(59)**	**(1,270)**	**(46,610)**
Share of loss of associates and joint ventures	**-**	**-**	**-**	**(75)**	**(75)**
Profit before tax	**67,214**	**59,945**	**41,459**	**1,260**	**169,878**
Capital expenditure	**551**	**903**	**93**	**8,563**	**10,110**
Depreciation and amortisation	**2,534**	**4,154**	**428**	**687**	**7,803**
	30 June 2016				
Segment assets	**7,087,540**	**4,053,923**	**7,718,995**	**1,099,941**	**19,960,399**
Interests in associates and joint ventures	**-**	**-**	**-**	**5,746**	**5,746**
	7,087,540	**4,053,923**	**7,718,995**	**1,105,687**	**19,966,145**
Deferred tax assets					**34,312**
Elimination					**(240,309)**
Total assets					**19,760,148**
Segment liabilities	**9,489,901**	**6,947,822**	**515,946**	**1,540,485**	**18,494,154**
Deferred tax liabilities					**343**
Elimination					**(240,309)**
Total liabilities					**18,254,188**
Off-balance sheet credit commitments	**1,933,310**	**594,591**	**-**	**124,854**	**2,652,755**

12 Operating segments (continued)

(2) Business segments (continued)

	Six months ended 30 June 2015				
	Corporate banking	Personal banking	Treasury business	Others	Total
External net interest income	125,408	6,950	85,258	7,003	224,619
Internal net interest income/(expense)	(6,975)	70,732	(60,839)	(2,918)	-
Net interest income	118,433	77,682	24,419	4,085	224,619
Net fee and commission income	23,965	27,066	10,883	1,731	63,645
Net trading (loss)/gain	(2,559)	(470)	3,778	1,001	1,750
Dividend income	-	-	-	471	471
Net gain arising from investment securities	-	-	223	3,209	3,432
Other operating income/(expense), net	158	(21)	2,132	1,631	3,900
Operating income	139,997	104,257	41,435	12,128	297,817
Operating expenses	(35,486)	(42,814)	(4,047)	(5,082)	(87,429)
Impairment losses	(32,034)	(6,345)	(496)	(2,374)	(41,249)
Share of profit of associates and joint ventures	-	-	-	68	68
Profit before tax	72,477	55,098	36,892	4,740	169,207
Capital expenditure	1,381	2,570	179	2,364	6,494
Depreciation and amortisation	3,088	5,745	400	416	9,649
	31 December 2015				
Segment assets	7,036,556	3,626,845	6,748,218	1,031,726	18,443,345
Interests in associates and joint ventures	-	-	-	4,986	4,986
	7,036,556	3,626,845	6,748,218	1,036,712	18,448,331
Deferred tax assets					25,379
Elimination					(124,221)
Total assets					18,349,489
Segment liabilities	7,841,404	7,203,232	547,997	1,435,370	17,028,003
Deferred tax liabilities					624
Elimination					(124,221)
Total liabilities					16,904,406
Off-balance sheet credit commitments	1,737,208	539,283	-	125,793	2,402,284

Unreviewed supplementary financial information

(a) Liquidity coverage ratio

	Second quarter of 2016	First quarter of 2016
Liquidity coverage ratio	**122.39%**	133.09%

The formula of liquidity coverage ratio is dividing high quality liquid assets by net cash outflows in the next 30 days. The Group calculate the LCR as the arithmetic mean of its LCR as at each month-end in the quarter on the basis of the regulatory requirements, definitions and accounting standards as applicable to the current period.

(b) Currency concentrations

	30 June 2016			
	USD (RMB equivalent)	**HKD (RMB equivalent)**	**Others (RMB equivalent)**	**Total**
Spot assets	**1,025,655**	**240,736**	**233,679**	**1,500,070**
Spot liabilities	**(947,163)**	**(258,274)**	**(205,208)**	**(1,410,645)**
Forward purchases	**2,014,155**	**73,709**	**228,712**	**2,316,576**
Forward sales	**(2,096,100)**	**(18,613)**	**(248,310)**	**(2,363,023)**
Net options position	**(106)**	**-**	**-**	**(106)**
Net long position	**(3,559)**	**37,558**	**8,873**	**42,872**
Net structural position	**24,191**	**2,048**	**(2,656)**	**23,583**

	31 December 2015			
	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	Total
Spot assets	963,701	242,240	182,060	1,388,001
Spot liabilities	(770,728)	(270,351)	(158,982)	(1,200,061)
Forward purchases	1,481,023	108,489	190,402	1,779,914
Forward sales	(1,659,618)	(52,594)	(201,843)	(1,914,055)
Net options position	478	-	-	478
Net long position	14,856	27,784	11,637	54,277
Net structural position	16,744	1,948	(2,821)	15,871

The net option position is calculated using the delta equivalent approach required by the Hong Kong Monetary Authority (the "HKMA"). 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:

- investments in property and equipment, net of accumulated depreciation;
- capital and statutory reserves of overseas branches; and
- investments in overseas subsidiaries and related companies.

(c) International claims

The Group is principally engaged in business operations within Mainland China. The international claims of the Group is the sum of cross-border claims in all currencies and local claims in foreign currencies.

International claims include loans and advances to customers, deposits with central banks, deposits and placements with banks and non-bank financial institutions, holdings of trade bills and certificates of deposit and investment securities.

International claims have been disclosed by country or geographical area. 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 Group reduces its exposure to a particular country/region by an effective transfer of credit risk to a different country/region with the use of credit risk mitigates which include guarantees, collateral and credit derivatives.

	30 June 2016				
	Banks	**Public sector entities**	**Non-bank private institutions**	**Others**	**Total**
Asia Pacific	**213,908**	**91,282**	**836,378**	**46,457**	**1,188,025**
- of which attributed to Hong Kong	**42,958**	**16,022**	**271,974**	**1,706**	**332,660**
Europe	**23,083**	**18,881**	**34,493**	**-**	**76,457**
North and South America	**39,377**	**54,335**	**65,602**	**-**	**159,314**
Total	**276,368**	**164,498**	**936,473**	**46,457**	**1,423,796**

(d) Overdue loans and advances to customers by geographical sector

	30 June 2015	31 December 2014
Yangtze River Delta	**39,417**	25,515
Western	**27,987**	15,385
Pearl River Delta	**26,994**	20,348
Bohai Rim	**20,026**	12,591
Central	**19,064**	12,388
Northeastern	**11,285**	10,547
Head office	**5,086**	4,669
Overseas	**1,286**	1,246
Total	**151,145**	102,689

The above analysis represents the gross amount of loans and advances overdue for more than three months.

Loans and advances with a specific repayment date are classified as overdue when the principal or interest is overdue.

Loans and advances repayable on demand are classified as overdue when a demand for repayment has been served on the borrower but repayment has not been made in accordance with the instructions. If the loans and advances repayable on demand are outside the approved limit that was advised to the borrower, they are also considered as overdue.

Management Discussion and Analysis

FINANCIAL REVIEW

In the first half of 2016, the global economic continued to grow slowly. The US economy grew steadily, with the pace of interest rate hikes slowing down. The Euro zone economy recovered moderately; however, British exit from the EU (Brexit) referendum posed impact on the financial market and brought increasing uncertainties. The risk of deflation for Japan was on the rise. Due to the rebounding of bulk commodity prices and other factors, the emerging market economies remained stable in the short run.

In the first half of 2016, the Chinese economy remained stable, while achieving good performance and sound progress. The gross domestic product (GDP) in the first half of the year increased by 6.7%, in which final consumption contributed to 73.4% of the GDP growth, and the tertiary industry accounted for 59.3%. The consumer prices rose moderately, with the consumer price index (CPI) increased by 2.1% compared to the same period last year. The efforts of "de-capacity, de-stocking, de-leverage, cost-reduction and weakness-remedy" achieved initial success. The money supply and financing demands remained stable, while the stock markets, bond markets and bulk commodity prices continued to fluctuate.

The Group paid close attention to the trends of domestic and foreign economic development as well as changes in regulatory policies, persisted in its transformation and sound operation, strengthened risk prevention and control, and timely adjusted operating strategies. As a result, various businesses grew steadily, with roughly stable asset quality and good core financial indicators.

Statement of Comprehensive Income Analysis

In the first half of 2016, the Group recorded net profit of RMB133,903 million and net profit attributable to equity shareholders of the Bank was RMB133,410 million, up by 1.25% and 1.15% respectively over the same period last year, maintaining steady profitability. Key factors affecting the Group's profitability included the following: First, net interest income decreased by RMB13,629 million, or 6.07%, as compared to the same period in 2015, mainly due to five times consecutive interest rate cuts of the Central Bank in 2015, repricing of the existing portfolio and the influence of price and tax separation caused by "business tax-to-value added tax" (BT-to-VAT) reform; Second, the Group actively expanded its customer base and strengthened product innovation, with its net fee and commission income increased by RMB3,545 million, or 5.57%, over the same period last year; Third, other non-interest income increased by RMB7,946 million, or 83.18%, which was mainly due to the sale of certain available-for-sale financial assets and the fast growth of foreign exchange gains as a result of increased volumes of foreign exchange transactions; Fourth, the Group continued to improve its cost management and optimised its expenses structure. Cost-to-income ratio fell by 0.99 percentage points to 22.24% as compared with the same period last year. In addition, the Group made prudent and sufficient provisions for impairment losses on loans and advances to customers. The impairment losses was RMB46,610 million, up by 13.00% compared to the same period in 2015.

The following table sets forth the composition of the Group's statement of comprehensive income and the changes during the respective periods.

(In millions of RMB, except percentages)	Six months ended 30 June 2016	Six months ended 30 June 2015	Change (%)
Net interest income	210,990	224,619	(6.07)
Net non-interest income	84,689	73,198	15.70
- Net fee and commission income	67,190	63,645	5.57
Operating income	295,679	297,817	(0.72)
Operating expenses	(79,116)	(87,429)	(9.51)
Impairment losses	(46,610)	(41,249)	13.00
Share of (loss)/profit of associates and joint ventures	(75)	68	(210.29)
Profit before tax	169,878	169,207	0.40
Income tax expense	(35,975)	(36,963)	(2.67)
Net profit	133,903	132,244	1.25
Other comprehensive income for the period, net of tax	(4,216)	2,870	(246.90)
Total comprehensive income for the period	129,687	135,114	(4.02)

Net interest income

In the first half of 2016, the Group's net interest income amounted to RMB210,990 million, a decrease of RMB13,629 million, or 6.07%, over the same period last year. The net interest income accounted for 71.36% of the operating income.

The following table sets forth the Group's average balances of assets and liabilities, related interest income or expenses, and average yields or costs during the respective periods.

(In millions of RMB, except percentages)	Six months ended 30 June 2016			Six months ended 30 June 2015		
	Average balance	Interest income/ expense	Annualised average yield/cost (%)	Average balance	Interest income/ expense	Annualised average yield/cost (%)
Assets						
Gross loans and advances to customers	10,822,281	239,817	4.46	9,824,337	274,378	5.63
Investments in debt securities	4,041,210	74,943	3.73	3,494,375	70,084	4.04
Deposits with central banks	2,552,945	19,261	1.52	2,606,364	19,862	1.54
Deposits and placements with banks and non-bank financial institutions	710,147	9,903	2.80	729,259	14,609	4.04
Financial assets held under resale agreements	190,933	2,487	2.62	321,288	5,261	3.30
Total interest-earning assets	18,317,516	346,411	3.80	16,975,623	384,194	4.56
Total allowances for impairment losses	(257,486)			(266,759)		
Non-interest-earning assets	1,229,089			805,242		
Total assets	19,289,119	346,411		17,514,106	384,194	
Liabilities						
Deposits from customers	14,144,091	106,835	1.52	13,227,666	128,555	1.96
Deposits and placements from banks and non-bank financial institutions	1,745,309	18,047	2.08	1,705,444	19,757	2.34
Financial assets sold under repurchase agreements	105,103	1,335	2.55	22,098	448	4.09
Debt securities issued	377,421	7,600	4.05	441,922	8,961	4.09
Other interest-bearing liabilities	118,102	1,604	2.73	108,848	1,854	3.43
Total interest-bearing liabilities	16,490,026	135,421	1.65	15,505,978	159,575	2.08
Non-interest-bearing liabilities	1,067,961			801,808		
Total liabilities	17,557,987	135,421		16,307,786	159,575	
Net interest income		**210,990**			**224,619**	
Net interest spread			**2.15**			**2.48**
Net interest margin			**2.32**			**2.67**

In the first half of 2016, influenced by the continued effect of interest rate cuts, interest rate liberalisation and the impact of "BT-to-VAT" reform on the Group's net interest income, the

Group's cost on interest-bearing liabilities decreased at a lower rate than the yield on interest-earning assets, as a result, the net interest spread and net interest margin decreased by 33 basis points and 35 basis points to 2.15% and 2.32% respectively as compared to the same period in 2015. The Group will proactively deal with the challenges posed by interest rate liberalisation, continue to promote its operation and management transformation, and strengthen its market-driven pricing management with a focus on achieving sound development with balanced volume and prices, in order to improve its overall profitability.

The following table sets forth the effects of the movement of the average balances and average interest rates of the Group's assets and liabilities on the changes in interest income and expenses in the first half of 2016 as compared with the same period in 2015.

(In millions of RMB)	**Volume factor[1]**	**Interest rate factor[1]**	**Change in interest income/expense**
Assets			
Gross loans and advances to customers	26,081	(60,642)	(34,561)
Investments in debt securities	10,469	(5,610)	4,859
Deposits with central banks	(368)	(233)	(601)
Deposits and placements with banks and non-bank financial institutions	(370)	(4,336)	(4,706)
Financial assets held under resale agreements	(1,840)	(934)	(2,774)
Change in interest income	33,972	(71,755)	(37,783)
Liabilities			
Deposits from customers	8,491	(30,211)	(21,720)
Deposits and placements from banks and non-bank financial institutions	467	(2,177)	(1,710)
Financial assets sold under repurchase agreements	1,113	(226)	887
Debt securities issued	(1,276)	(85)	(1,361)
Other interest-bearing liabilities	149	(399)	(250)
Change in interest expense	8,944	(33,098)	(24,154)
Change in net interest income	25,028	(38,657)	(13,629)

1. Changes caused by both average balances and average interest rates were allocated to volume factor and interest rate factor respectively based on the respective proportions of absolute values of the volume factor and the interest rate factor.

Net interest income decreased by RMB13,629 million over the same period last year. In this amount, an increase of RMB25,028 million was due to the movement of average balances of assets and liabilities, and a decrease of RMB38,657 million was due to the movements of average yields or costs.

Interest income

In the first half of 2016, the Group's interest income decreased by RMB37,783 million or 9.83% over the same period last year to RMB346,411 million. In this amount, the proportions of interest income from loans and advances to customers, investments in debt securities, deposits with the central bank, deposits and placements with banks and non-bank financial institutions, and financial assets held under resale agreements were 69.23%, 21.63%, 5.56%, 2.86% and 0.72% respectively.

Interest income from loans and advances to customers

The following table sets forth the average balance, interest income and average yield of each component of the Group's loans and advances to customers during the respective periods.

(In millions of RMB, except percentages)	Six months ended 30 June 2016			Six months ended 30 June 2015		
	Average balance	**Interest income**	**Average yield (%)**	**Average balance**	**Interest income**	**Average yield (%)**
Corporate loans and advances	5,847,255	138,091	4.75	5,892,531	173,221	5.93
Short-term loans	2,207,775	50,523	4.60	2,012,683	55,696	5.58
Medium to long-term loans	3,639,480	87,568	4.84	3,879,848	117,525	6.11
Personal loans and advances	3,651,802	81,228	4.45	3,004,287	83,715	5.57
Discounted bills	456,687	7,488	3.30	187,797	3,934	4.22
Overseas operations and subsidiaries	866,537	13,010	3.02	739,722	13,508	3.68
Gross loans and advances to customers	10,822,281	239,817	4.46	9,824,337	274,378	5.63

Interest income from loans and advances to customers decreased by RMB34,561 million, or 12.60% over the same period of 2015, to RMB239,817 million, mainly because of the repricing of existing loans and the price and tax separation following the "BT-to-VAT" reform. The yield of loans and advances to customers decreased by 117 basis points to 4.46% from the same period last year. The Group made greater efforts in granting retail loans, leading to the increase of 10.16% in the average balance of loans and advances to customers over the same period last year, partly offset the impact of the decrease in the yield.

Interest income from investments in debt securities

Interest income from investments in debt securities grew by RMB4,859 million, or 6.93%, to RMB74,943 million over the same period last year. This was mainly because the average balance of investments in debt securities increased by 15.65% year-on-year, due to the continuing improvement of portfolio structure and increased efforts in bond investments.

Interest income from deposits with the central bank

Interest income from deposits with the central bank was RMB19,261 million, a decrease of RMB601 million, or 3.03% from the same period last year. This was mainly because the average balance of deposits with the central bank decreased by 2 .05% year-on-year, as the PBOC reduced the statutory deposit reserve rate and adopted average balance to assess deposit reserves.

Interest income from deposits and placements with banks and non-bank financial institutions

Interest income from deposits and placements with banks and non-bank financial institutions decreased by RMB4,706 million, or 32.21% year-on-year, to RMB9,903 million. This was mainly because the average yield of deposits and placements with banks and non-bank financial institutions decreased by 124 basis points from the same period last year, due to the decline of market interest rates.

Interest income from financial assets held under resale agreements

Interest income from financial assets held under resale agreements decreased by RMB2,774 million, or 52.73% year-on-year, to RMB2,487 million. This was primarily because the average balance of financial assets held under resale agreements deceased by 40.57% over the same period of 2015, and average yield decreased by 68 basis points year-on-year due to the decline of market interest rates.

Interest expense

In the first half of 2016, the Group's interest expense amounted to RMB135,421 million, a year-on-year decrease of RMB24,154 million, or 15.14%.

Interest expense on deposits from customers

The following table sets forth the average balance, interest expense and average cost of each component of the Group's deposits from customers during the respective periods.

(In millions of RMB, except percentages)	Six months ended 30 June 2016			Six months ended 30 June 2015		
	Average balance	**Interest expense**	**Average cost (%)**	**Average balance**	**Interest expense**	**Average cost (%)**
Corporate deposits	7,190,592	49,484	1.38	6,695,242	59,326	1.79
Demand deposits	4,385,470	14,588	0.67	3,835,815	14,418	0.76
Time deposits	2,805,122	34,896	2.49	2,859,427	44,908	3.14
Personal deposits	6,640,165	54,325	1.65	6,126,074	64,867	2.14
Demand deposits	2,678,428	4,068	0.31	2,283,485	4,008	0.35
Time deposits	3,961,737	50,257	2.54	3,842,589	60,859	3.17
Overseas operations and subsidiaries	313,334	3,026	1.94	406,350	4,362	2.16
Total deposits from customers	14,144,091	106,835	1.52	13,227,666	128,555	1.96

Interest expense on deposits from customers amounted to RMB106,835 million, representing a decrease of RMB21,720 million, or 16.90%, over the same period last year. This was mainly because the average cost of deposits from customers decreased by 44 basis points to 1.52% year-on-year, due to the repricing of the existing business.

Interest expense on deposits and placements from banks and non-bank financial institutions

Interest expense on deposits and placements from banks and non-bank financial institutions amounted to RMB18,047 million, a decrease of RMB1,710 million, or 8.66%, over the same period last year. This was largely because the average cost of deposits and placements from banks and non-bank financial institutions decreased by 26 basis points over the same period last year.

Interest expense on financial assets sold under repurchase agreements

Interest expense on financial assets sold under repurchase agreements increased by RMB887 million or 197.99% year-on-year to RMB1,335 million. This was primarily because the average balance of financial assets sold under repurchase agreements increased by 375.62%. The average cost rate decreased by 154 basis points over the same period in 2015, which offset the above-mentioned impact to some extent.

Net non-interest income

The following table sets forth the composition and change of the Group's net non-interest income during the respective periods.

(In millions of RMB, except percentages)	Six months ended 30 June 2016	Six months ended 30 June 2015	Change (%)
Fee and commission income	70,907	66,520	6.60
Fee and commission expense	(3,717)	(2,875)	29.29
Net fee and commission income	67,190	63,645	5.57
Other net non-interest income	17,499	9,553	83.18
Total net non-interest income	84,689	73,198	15.70

In the first half of 2016, the Group's net non-interest income was RMB84,689 million, an increase of RMB11,491 million, or 15.70% over the same period last year.

Net fee and commission income

The following table sets forth the composition and change of the Group's net fee and commission income during the respective periods.

(In millions of RMB, except percentages)	Six months ended 30 June 2016	Six months ended 30 June 2015	Change (%)
Fee and commission income	70,907	66,520	6.60
Bank card fees	17,785	16,735	6.27
Agency service fees	12,738	11,266	13.07
Wealth management service fees	11,324	6,877	64.66
Consultancy and advisory fees	7,318	9,809	(25.40)
Settlement and clearing fees	7,130	7,728	(7.74)
Commission on trust and fiduciary activities	6,244	5,333	17.08
Electronic banking service fees	4,594	3,382	35.84
Guarantee fees	1,574	1,287	22.30
Credit commitment fees	1,264	1,665	(24.08)
Others	936	2,438	(61.61)
Fee and commission expense	(3,717)	(2,875)	29.29
Net fee and commission income	67,190	63,645	5.57

In the first half of 2016, the Group's net fee and commission income increased by RMB3,545 million, or 5.57%, over the same period last year, to RMB67,190 million.

Bank card fees grew by 6.27% to RMB17,785 million, mainly due to the rapid increase in the number of credit cards issued as well as the spending amount through credit cards.

Agency service fees increased by 13.07% to RMB12,738 million. It was mainly because of the solid growth of agency insurance service.

Wealth management service fees increased by 64.66% to RMB11,324 million, mainly due to the fast growth in business scale through product innovations.

Consultancy and advisory fees decreased by 25.40% to RMB7,318 million, mainly due to the increased fee exemptions and reductions for the real economy in line with state policies.

Settlement and clearing fees decreased by 7.74% to RMB7,130 million, mainly due to the decline of settlement income as a result of regulatory policies, external economic environment and concessions to customers.

Commission income from trust and fiduciary activities increased by 17.08% to RMB6,244 million, mainly due to the fast increase in the size of the securities investment funds.

Electronic banking service fees grew by 35.84% to RMB4,594 million, mainly due to the remarkable increase in transaction volume of electronic payments with the continuous improvement of customer experience.

In the second half of the year, the Group will continue to seize business development opportunities, strengthen product innovation, enhance its comprehensive service capability, continue to optimise product structure and income structure, and strive to maintain the stable growth of its fee and commission income.

Other net non-interest income

The following table sets forth the composition and change of the Group's other net non-interest income during the respective periods.

(In millions of RMB, except percentages)	**Six months ended 30 June 2016**	**Six months ended 30 June 2015**	**Change (%)**
Net trading gain	1,696	1,750	(3.09)
Dividend income	1,405	471	198.30
Net gain arising from investment securities	7,337	3,432	113.78
Other net operating income	7,061	3,900	81.05
Total other net non-interest income	17,499	9,553	83.18

Other net non-interest income of the Group was RMB17,499 million, an increase of RMB7,946 million, or 83.18%, over the same period last year. In this amount, dividend income was RMB1,405 million, an increase of RMB934 million over the same period last year, mainly because of the increase in dividend income from CCB Life; net gain on investment securities was RMB7,337 million, an increase of RMB3,905 million year-on-year, mainly due to the sale of certain available-for-sale financial assets; and other net operating income was RMB7,061 million, an increase of RMB3,161 million over the same period last year, mainly due to the increase of foreign exchange transactions and the exchange gains from appreciation of US dollars.

Operating expenses

The following table sets forth the composition of the Group's operating expenses during respective periods.

(In millions of RMB, except percentages)	**Six months ended 30 June 2016**	**Six months ended 30 June 2015**
Staff costs	39,972	40,861
Premises and equipment expenses	13,708	14,727
Business taxes and surcharges	13,359	18,234
Others	12,077	13,607
Total operating expenses	79,116	87,429
Cost-to-income ratio	22.24%	23.23%

In the first half of 2016, the Group enhanced cost management and optimised expenses structure. Cost-to-income ratio fell by 0.99 percentage points to 22.24% year-on-year. The Group's operating expenses were RMB79,116 million, a year-on-year decrease of RMB8,313 million, or 9.51%. In this amount, staff costs were RMB39,972 million, a year-on-year decrease of RMB889 million, or 2.18%. Premises and equipment expenses were RMB13,708 million, a decrease of RMB1,019 million, or 6.92% over the same period last year. Business tax and surcharges were RMB13,359 million, a decrease of RMB4,875 million, or 26.74% year-on-year, mainly due to the "BT-to-VAT" reform. Other operating expenses were RMB12,077 million, a year-on-year decrease of RMB1,530 million, or 11.24%. This was mainly because the Group further improved its refined management on expenses and strengthened control over key expenditure items, contributing to the decrease of both administrative and operating expenses.

Impairment losses

The following table sets forth the composition of the Group's impairment losses during respective periods.

(In millions of RMB)	**Six months ended 30 June 2016**	**Six months ended 30 June 2015**
Loans and advances to customers	46,798	40,441
Investments	(1,027)	(141)
Available-for-sale financial assets	(59)	(320)
Held-to-maturity investments	(512)	172
Investment classified as receivables	(456)	7
Others	839	949
Total impairment losses	46,610	41,249

In the first half of 2016, the Group's impairment losses were RMB46,610 million, an increase of RMB5,361 million, or 13.00% over the same period last year. In this amount, impairment losses on loans and advances to customers were RMB46,798 million, an increase of RMB6,357 million year-on-year. Impairment losses on investments were reversed at an amount of RMB1,027 million, an increase of RMB886 million over the same period last year.

Income tax expense

In the first half of 2016, the Group's income tax expense amounted to RMB35,975 million, a decrease of RMB988 million over the same period last year. The effective income tax rate was 21.18%, lower than the statutory rate of 25%. This was mainly because interest income from the PRC government bonds held by the Group was tax-exempted.

Statement of Financial Position Analysis

Assets

The following table sets forth the composition of the Group's total assets as at the dates indicated.

(In millions of RMB, except percentages)	As at 30 June 2016		As at 31 December 2015	
	Amount	% of total	Amount	% of total
Gross loans and advances to customers	11,137,877		10,485,140	
Allowances for impairment losses on loans	(275,887)		(250,617)	
Net loans and advances to customers	10,861,990	54.97	10,234,523	55.78
Investments[1]	4,671,740	23.64	4,271,406	23.28
Cash and deposits with central banks	2,584,262	13.08	2,401,544	13.09
Deposits and placements with banks and non-bank financial institutions	915,009	4.63	663,745	3.62
Financial assets held under resale agreements	81,218	0.41	310,727	1.69
Interest receivable	104,543	0.53	96,612	0.52
Other assets[2]	541,386	2.74	370,932	2.02
Total assets	19,760,148	100.00	18,349,489	100.00

1. These comprise financial assets at fair value through profit or loss, available-for-sale financial assets, held-to-maturity investments and investment classified as receivables.

2. These comprise precious metals, derivative financial assets, interests in associates and joint ventures, fixed assets, land use rights, intangible assets, goodwill, deferred tax assets and other assets.

As at 30 June 2016, the Group's total assets were RMB19,760,148 million, an increase of RMB1,410,659 million or 7.69% over the end of last year, mainly due to increases in loans and advances to customers, investments, and deposits and placements with banks and non-bank financial institutions. The proportion of net loans and advances to customers in total assets decreased by 0.81 percentage points to 54.97%. The proportion of investments in total assets increased by 0.36 percentage points to 23.64%, mainly due to the increase in debt securities investments. Following the Group's adjustments of interbank fund use in light of the liquidity situation, the proportion of deposit and placements with banks and non-bank financial institutions in total assets increased by 1.01 percentage points to 4.63%. The proportions of cash and deposits with central banks and financial assets held under resale agreements dropped by 0.01 and 1.28 percentage points respectively.

Loans and advances to customers

The following table sets forth the composition of the Group's loans and advances to customers as at the dates indicated.

(In millions of RMB, except percentages)	As at 30 June 2016		As at 31 December 2015	
	Amount	% of total	Amount	% of total
Corporate loans and advances	5,840,309	52.44	5,777,513	55.11
Short-term loans	1,849,895	16.61	1,811,557	17.28
Medium to long-term loans	3,990,414	35.83	3,965,956	37.83
Personal loans and advances	3,885,451	34.89	3,466,810	33.06
Residential mortgages	3,181,677	28.56	2,773,895	26.45
Credit card loans	396,062	3.56	390,274	3.72
Personal consumer loans	61,882	0.56	55,427	0.53
Personal business loans	54,307	0.49	63,153	0.60
Other loans[1]	191,523	1.72	184,061	1.76
Discounted bills	517,300	4.64	433,153	4.13
Overseas operations and subsidiaries	894,817	8.03	807,664	7.70
Gross loans and advances to customers	11,137,877	100.00	10,485,140	100.00

1. These comprise individual commercial property mortgage loans, home equity loans and education loans.

As at 30 June 2016, the Group's gross loans and advances to customers rose by RMB652,737 million, or 6.23% over the end of last year, to RMB11,137,877 million.

Domestic corporate loans and advances of the Bank reached RMB5,840,309 million, an increase of RMB62,796 million, or 1.09% over the end of last year, mainly extended to infrastructures, small and micro enterprises and other sectors. In this amount, short-term loans increased by RMB38,338 million, or 2.12%, and medium to long-term loans increased by RMB24,458 million, or 0.62%.

Domestic personal loans and advances of the Bank increased by RMB418,641 million, or 12.08%, to RMB3,885,451 million over the end of 2015. In this amount, residential mortgages increased by RMB407,782 million or 14.70%; credit card loans increased by RMB5,788 million, or 1.48%; personal consumer loans increased by RMB6,455 million, or 11.65%, mainly to support the normal financing needs for consumer purpose, and personal business loans decreased as a result of tighter loan risk control and adjustment of loan product structure.

Discounted bills increased by RMB84,147 million, or 19.43%, to RMB517,300 million over the end of last year.

For overseas operations and subsidiaries, loans and advances to customers rose by RMB87,153 million or 10.79% to RMB894,817 million over the end of last year, mainly attributable to the increased efforts in expanding overseas local customers and the loan increase of domestic subsidiaries.

Distribution of loans by type of collateral

The following table sets forth the distribution of loans and advances by type of collateral as at the dates indicated.

(In millions of RMB, except percentages)	As at 30 June 2016		As at 31 December 2015	
	Amount	**% of total**	**Amount**	**% of total**
Unsecured loans	3,263,110	29.30	3,034,953	28.95
Guaranteed loans	1,922,847	17.26	1,833,933	17.49
Loans secured by tangible assets other than monetary assets	4,907,746	44.06	4,591,009	43.78
Loans secured by monetary assets	1,044,174	9.38	1,025,245	9.78
Gross loans and advances to customers	11,137,877	100.00	10,485,140	100.00

Allowances for impairment losses on loans and advances to customers

(In millions of RMB)	Six months ended 30 June 2016			
	Allowances for loans and advances collectively assessed for impairment	**Allowances for impaired loans and advances**		**Total**
		collectively assessed for impairment	**individually assessed for impairment**	
As at 1 January	157,632	10,789	82,196	250,617
Charge for the period	15,606	4,993	32,726	53,325
Release during the period	-	(18)	(6,509)	(6,527)
Unwinding of discount	-	-	(1,904)	(1,904)
Transfers out	(135)	40	(7,191)	(7,286)
Write-offs	-	(2,486)	(10,941)	(13,427)
Recoveries	-	346	743	1,089
As at 30 June	173,103	13,664	89,120	275,887

The Group adhered to its prudent principle by fully considering the impact of changes in external environment including the macro economy and government adjustment policies on credit asset quality, and made full allowances for impairment losses on loans and advances to customers. As at 30 June 2016, the allowances for impairment losses on loans and advances to customers were RMB275,887 million, an increase of RMB25,270 million over the end of last year. The ratio of allowances to NPLs was 151.63%, an increase of 0.64 percentage points over the end of the last year. The ratio of allowances to total loans stood at 2.48%, 0.09 percentage points higher than that of the end of the last year.

Investments

The following table sets forth the composition of the Group's investments by the nature of financial assets as at the dates indicated.

(In millions of RMB, except percentages)	As at 30 June 2016		As at 31 December 2015	
	Amount	**% of total**	**Amount**	**% of total**
Debt securities investments	4,279,215	91.60	3,986,820	93.34
Equity instruments	30,249	0.65	18,534	0.43
Funds	64,480	1.38	17,188	0.40
Other debt instruments	297,796	6.37	248,864	5.83
Total investments	4,671,740	100.00	4,271,406	100.00

In the first half of 2016, in accordance with its annual investment and trading strategies and risk policy requirements, the Group proactively dealt with regulatory and market changes to achieve the balance between risks and returns. As at 30 June 2016, the Group's investments totalled RMB4,671,740 million, an increase of RMB400,334 million, or 9.37% over the end of last year. In this amount, debt securities investments accounted for 91.60% of total investments, a decrease of 1.74 percentage points over the end of 2015. Other debt instruments accounted for 6.37% of total investments, an increase of 0.54 percentage points over the end of last year.

The following table sets forth the composition of the Group's investments by holding intention as at the dates indicated.

(In millions of RMB, except percentages)	As at 30 June 2016		As at 31 December 2015	
	Amount	**% of total**	**Amount**	**% of total**
Financial assets at fair value through profit or loss	365,430	7.82	271,173	6.35
Available-for-sale financial assets	1,259,746	26.96	1,066,752	24.97
Held-to-maturity investments	2,562,778	54.86	2,563,980	60.03
Investment classified as receivables	483,786	10.36	369,501	8.65
Total investments	4,671,740	100.00	4,271,406	100.00

Debt securities investments

The following table sets forth the composition of the Group's debt instruments by currency as at the dates indicated.

(In millions of RMB, except percentages)	As at 30 June 2016		As at 31 December 2015	
	Amount	**% of total**	**Amount**	**% of total**
RMB	4,103,764	95.90	3,880,262	97.33
USD	58,035	1.36	58,790	1.47
HKD	65,151	1.52	19,781	0.50
Other foreign currencies	52,265	1.22	27,987	0.70
Total debt securities investments	4,279,215	100.00	3,986,820	100.00

As at 30 June 2016, total debt securities investments increased by RMB292,395 million, or 7.33%, to RMB4,279,215 million over the end of 2015. In this amount, RMB debt securities increased by RMB223,502 million, or 5.76%, and the foreign currency debt securities increased by RMB68,893 million, or 64.65% over the end of last year.

The following table sets forth the composition of the Group's debt instruments by issuer as at the dates indicated.

(In millions of RMB, except percentages)	As at 30 June 2016		As at 31 December 2015	
	Amount	**% of total**	**Amount**	**% of total**
Government	2,351,677	54.95	1,851,649	46.44
Central banks	142,498	3.33	162,225	4.07
Policy banks	406,828	9.50	484,102	12.14
Banks and non-bank financial institutions	904,171	21.13	1,055,838	26.48
Public sector entities	21	0.01	20	0.01
Other enterprises	474,020	11.08	432,986	10.86
Total debt securities investments	4,279,215	100.00	3,986,820	100.00

Interest receivable

As at 30 June 2016, the Group's interest receivable was RMB104,543 million, an increase of RMB7,931 million or 8.21% over the end of last year, mainly due to the growth of loans, debt securities investments, and deposits with banks and non-bank financial institutions.

Liabilities

The following table sets forth the composition of the Group's total liabilities as at the dates indicated.

(In millions of RMB, except percentages)	As at 30 June 2016		As at 31 December 2015	
	Amount	% of total	Amount	% of total
Deposits from customers	14,675,541	80.40	13,668,533	80.86
Deposits and placements from banks and non-bank financial institutions	1,962,595	10.75	1,761,107	10.42
Financial assets sold under repurchase agreements	100,505	0.55	268,012	1.58
Debt securities issued	399,676	2.19	415,544	2.46
Others[1]	1,115,871	6.11	791,210	4.68
Total liabilities	18,254,188	100.00	16,904,406	100.00

1. These comprise borrowings from central banks, financial liabilities at fair value through profit or loss, derivative financial liabilities, accrued staff costs, taxes payable, interest payable, provisions, deferred tax liabilities and other liabilities.

As at 30 June 2016, the Group's total liabilities were RMB18,254,188 million, an increase of RMB1,349,782 million or 7.98% over the end of last year. In this amount, deposits from customers accounted for 80.40% of the total liabilities, a decrease of 0.46 percentage points over the end of last year. The proportion of deposits and placements from banks and non-bank financial institutions increased by 0.33 percentage points to 10.75%. The proportion of financial assets sold under repurchase agreements decreased by 1.03 percentage points to 0.55% as a result of relatively ample market liquidity.

Deposits from customers

The following table sets forth the Group's deposits from customers by product type as at the dates indicated.

(In millions of RMB, except percentages)	As at 30 June 2016		As at 31 December 2015	
	Amount	% of total	Amount	% of total
Corporate deposits	7,535,432	51.35	6,891,295	50.42
Demand deposits	4,656,031	31.73	4,213,395	30.83
Time deposits	2,879,401	19.62	2,677,900	19.59
Personal deposits	6,707,162	45.70	6,367,364	46.58
Demand deposits	2,719,294	18.53	2,584,774	18.91
Time deposits	3,987,868	27.17	3,782,590	27.67
Overseas operations and subsidiaries	432,947	2.95	409,874	3.00
Total deposits from customers	14,675,541	100.00	13,668,533	100.00

As at 30 June 2016, the Group's total deposits from customers reached RMB14,675,541 million, an increase of RMB1,007,008 million, or 7.37% over the end of last year. In this amount, domestic demand deposits of the Bank increased by RMB577,156 million, or 8.49% from the end of 2015, accounting for 50.26% of total deposits from customers, an increase of 0.52 percentage points.

Shareholders' equity

The following table sets forth the composition of the Group's total equity as at the dates indicated.

(In millions of RMB)	**As at 30 June 2016**	**As at 31 December 2015**
Share capital	250,011	250,011
Other equity instruments – preference shares	19,659	19,659
Capital reserve	135,008	135,249
Investment revaluation reserve	16,261	23,058
Surplus reserve	153,032	153,032
General reserve	210,874	186,422
Retained earnings	712,609	672,154
Exchange reserve	(2,589)	(5,565)
Total equity attributable to equity shareholders of the Bank	1,494,865	1,434,020
Non-controlling interests	11,095	11,063
Total equity	1,505,960	1,445,083

As at 30 June 2016, the Group's total shareholders' equity amounted to RMB1,505,960 million, an increase of RMB60,877 million over the end of 2015. The ratio of total equity to total assets for the Group was 7.62%.

Off-balance sheet items

The Group's off-balance sheet items include derivatives, commitments and contingent liabilities. Derivatives include interest rate contracts, exchange rate contracts, precious metal contracts, and other contracts. Please refer to Note "Derivatives and hedge accounting" in the "Financial Statements" of this half-year report for details on the nominal amounts and fair value of derivatives. Commitments and contingent liabilities include credit commitments, operating lease commitments, capital commitments, underwriting obligations, redemption obligations, and outstanding litigation and disputes. Among these, credit commitments were the most significant component, with a balance of RMB2,652,755 million as at 30 June 2016, an increase of RMB250,471 million over the end of 2015. Please refer to Note "Commitments and Contingent Liabilities" in the "Financial Statements" in this half-year report for details on commitments and contingent liabilities.

Loan Quality Analysis

Distribution of loans by the five-category classification

The following table sets forth, as at the dates indicated, the distribution of the Group's loans by the five-category loan classification under which NPLs include substandard, doubtful and loss loans.

	As at 30 June 2016		As at 31 December 2015	
(In millions of RMB, except percentages)	**Amount**	**% of total**	**Amount**	**% of total**
Normal	10,615,050	95.31	10,016,243	95.53
Special mention	340,878	3.06	302,917	2.89
Substandard	85,842	0.77	92,452	0.88
Doubtful	81,813	0.73	60,160	0.57
Loss	14,294	0.13	13,368	0.13
Gross loans and advances to customers	11,137,877	100.00	10,485,140	100.00
Non-performing loans	181,949		165,980	
Non-performing loan ratio		1.63		1.58

In the first half of 2016, the Group made more efforts in improving risk prevention and control system with stronger mechanism of early-warning and early-prevention so as to achieve better performance in risk mitigation, improved the efficiency in disposal of NPLs, and maintained overall stable credit asset quality. As at 30 June 2016, the Group's NPLs amounted to RMB181,949 million, an increase of RMB15,969 million over the end of 2015; the NPL ratio stood at 1.63%, up by 0.05 percentage points over the end of 2015. The special mention loans accounted for 3.06%, up by 0.17 percentage points over the end of 2015.

Distribution of loans and NPLs by product type

The following table sets forth the Group's loans and NPLs by product type as at the dates indicated.

(In millions of RMB, except percentages)	As at 30 June 2016			As at 31 December 2015		
	Loans	NPLs	NPL ratio (%)	Loans	NPLs	NPL ratio (%)
Corporate loans and advances	5,840,309	155,914	2.67	5,777,513	144,187	2.50
Short-term loans	1,849,895	102,663	5.55	1,811,557	101,269	5.59
Medium- to long-term loans	3,990,414	53,251	1.33	3,965,956	42,918	1.08
Personal loans and advances	3,885,451	22,155	0.57	3,466,810	18,153	0.52
Residential mortgages	3,181,677	10,744	0.34	2,773,895	8,602	0.31
Credit card loans	396,062	5,087	1.28	390,274	4,204	1.08
Personal consumer loans	61,882	1,147	1.85	55,427	1,009	1.82
Personal business loans	54,307	2,063	3.80	63,153	1,977	3.13
Other loans[1]	191,523	3,114	1.63	184,061	2,361	1.28
Discounted bills	517,300	-	-	433,153	-	-
Overseas operations and subsidiaries	894,817	3,880	0.43	807,664	3,640	0.45
Gross loans and advances to customers	11,137,877	181,949	1.63	10,485,140	165,980	1.58

1. These comprise individual commercial property mortgage loans, home equity loans and education loans.

As at 30 June 2016, the NPL ratio for domestic corporate loans and advances was 2.67%, an increase of 0.17 percentage points over the end of 2015, the NPL ratio for personal loans and advances was 0.57%, an increase of 0.05 percentage points over the end of 2015; the NPL ratio for overseas operations and subsidiaries decreased by 0.02 percentage points to 0.43% over the end of last year.

Distribution of loans and NPLs by industry

The following table sets forth the Group's loans and NPLs by industry as at the dates indicated.

(In millions of RMB, except percentages)	As at 30 June 2016				As at 31 December 2015			
	Loans	% of total	NPLs	NPL ratio (%)	Loans	% of total	NPLs	NPL ratio (%)
Corporate loans and advances	5,840,309	52.44	155,914	2.67	5,777,513	55.11	144,187	2.50
Manufacturing	1,237,326	11.13	76,963	6.22	1,217,122	11.61	71,641	5.89
Transportation, storage and postal services	1,188,879	10.67	4,300	0.36	1,146,028	10.93	3,204	0.28
Production and supply of electric power, heat, gas and water	653,909	5.87	1,432	0.22	642,026	6.12	2,092	0.33
Real estate	406,194	3.65	7,105	1.75	449,334	4.29	5,510	1.23
Leasing and commercial services	682,687	6.13	5,482	0.80	629,274	6.00	4,090	0.65
- Commercial services	608,181	5.46	5,453	0.90	579,115	5.52	4,021	0.69
Wholesale and retail trade	397,998	3.57	36,958	9.29	386,916	3.69	37,353	9.65
Water, environment and public utility management	304,530	2.73	152	0.05	313,258	2.99	95	0.03
Construction	256,715	2.30	6,375	2.48	258,699	2.47	6,915	2.67
Mining	223,980	2.01	12,210	5.45	226,027	2.16	9,032	4.00
- Exploitation of petroleum and natural gas	8,210	0.07	90	1.10	5,122	0.05	90	1.76
Education	75,028	0.67	204	0.27	77,248	0.74	173	0.22
Information transmission, software and information technology services	28,027	0.25	363	1.30	30,216	0.29	734	2.43
- Telecommunications, broadcast and television, and satellite transmission services	18,870	0.17	29	0.15	22,236	0.21	-	-
Others	385,036	3.46	4,370	1.13	401,365	3.82	3,348	0.83
Personal loans and advances	3,885,451	34.89	22,155	0.57	3,466,810	33.06	18,153	0.52
Discounted bills	517,300	4.64	-	-	433,153	4.13	-	-
Overseas operations and subsidiaries	894,817	8.03	3,880	0.43	807,664	7.70	3,640	0.45
Gross loans and advances to customers	11,137,877	100.00	181,949	1.63	10,485,140	100.00	165,980	1.58

In the first half of 2016, in light of changes in the external policy environment, the Group timely optimised its credit policy and reviewed its lending rules, refined its credit management, maintained strict industry limits, and carried forward credit structural adjustments steadily. The loan quality in infrastructure sectors remained stable, and the wholesale and retail trade recorded decreases in both NPLs and NPL ratio over the end of 2015. The manufacturing and mining sectors witnessed more increases in NPLs.

Differences between the Financial Statements Prepared under PRC GAAP and Those Prepared under IFRS

There is no difference in the net profit for the six months ended 30 June 2016 or total equity as at 30 June 2016 between the Group's consolidated financial statements prepared under PRC GAAP and those prepared under IFRS.

BUSINESS REVIEW

The Group's major business segments are corporate banking, personal banking, treasury business, and others including overseas operations and subsidiaries.

The following table sets forth, for the periods indicated, the profit before tax of each major business segment:

(In millions of RMB, except percentages)	Six months ended 30 June 2016		Six months ended 30 June 2015	
	Amount	% of total	Amount	% of total
Corporate banking	67,214	39.57	72,477	42.84
Personal banking	59,945	35.29	55,098	32.56
Treasury business	41,459	24.40	36,892	21.80
Others	1,260	0.74	4,740	2.80
Profit before tax	169,878	100.00	169,207	100.00

Corporate Banking

Corporate deposits

The Bank strengthened the retention of existing customers and maintained a steady growth of corporate deposits. At the end of June, domestic corporate deposits of the Bank amounted to RMB7,535,432 million, an increase of RMB644,137 million, or 9.35% over the end of last year.

Corporate loans

The Bank's corporate loans were granted at a stable and balanced pace to mainly support the development of the real economy. At the end of June, domestic corporate loans and advances of the Bank amounted to RMB5,840,309 million, an increase of RMB62,796 million, or 1.09% over the end of last year. Loans to infrastructure sectors totalled RMB2,782,579 million, an increase of RMB74,794 million over the end of last year. Agriculture-related loans were RMB1,754,425 million, and in this amount, loans to new countryside construction were RMB75,714 million. The accumulated amount of loans granted to internet merchants since 2007 was RMB217,260 million, extending to over 18,800 customers. The Bank further expanded cooperation with the high quality internet commerce platforms, and the number of platforms in cooperation reached 116.

The Bank strictly implemented list management. The outstanding balance of credit to the five over-capacity industries, namely iron and steel, cement, electrolytic aluminium, plate glass and shipbuilding, decreased by RMB854 million over the end of last year to RMB129,405 million. The Bank strictly controlled the total amount of loans to government financing vehicles, and continued to optimise the cash flow coverage structure. Those classified under the regulatory category decreased by RMB36,463 million over the end of last year, while the loans fully covered by project cash flows accounted for 96.22%. Property development loans were mainly extended to the high quality real estate customers and general commercial housing projects with high credit ratings, high profitability and effective closed management and controls. The outstanding balance of real estate development loans was RMB368,478 million, a decrease of RMB45,719 million over the end of 2015.

Small enterprise business

In the first half of 2016, in its commitment to support the real economy, the Bank increased credit resource inputs to small and micro enterprises, and fulfilled the regulatory requirements of "Three No Less Than", i.e. "the growth rate no less than the average growth rate of total loans, the number of borrowers no less than that of the same period last year, and the success rate of loan application no less than the same period last year". Focusing on the needs of the small and micro enterprises, the Bank continued to serve its customers with innovations, including big data and "Internet Plus", and created the full online financial service model of "Quick Loan for Small and Micro Businesses". The Bank increased its support to "innovations and entrepreneurs" with innovative financial technologies to boost their development. The Bank fully promoted the key products and service models, including "Credit Cooperation Loan", Big Data Products and Scorecards Credit Model, and achieved sound growth with more small and micro enterprise customers in the first half of 2016, which eased the financing difficulties facing the borrowers. At the end of June, according to the categorisation policy of small and medium-sized enterprises in 2011 as well as the CBRC's latest regulatory requirements, loans to small and micro enterprises were RMB1,334,564 million, an increase of RMB56,685 million from the end of 2015; the number of borrowers reached 275,306, an increase of 23,362; and the success rate of loan application of small and micro enterprises rose to 93%.

Cost advisory service

Cost advisory service is the Bank's unique fee-based product with a strong brand. With a history of 62 years, the cost advisory service emerged and developed along with the Bank's long-term involvement in fixed assets investments and agency role in public finance. The Bank's 36 tier-one branches had grade-A qualifications for engineering cost advisory service issued by the Ministry of Housing and Urban-Rural Development, and 223 tier-two branches have set up specialised units for cost advisory service. In the first half of 2016, the Bank continued to improve its market position and brand image by reinforcing fundamental management, pushing forward business transformation, improving specialised institutions and innovating businesses and products. Income from cost advisory service amounted to RMB3,676 million.

Institutional business

The Bank organised "Year of Institutional Business Marketing" campaign, which achieved good results. The coverage of pension business at public institutions continued to expand, while the issuance of financial social security cards continued to grow. The Bank launched new brands "Jianronghuixue" and "Jianrongzhiyi" in education and medical industries. Universities and hospitals cooperated with the Bank through "Yinxiaotong" and "Yinyitong" channels increased by 292. In the first half of 2016, the Bank won the bidding of time deposits of local treasuries as cash manager for a cumulative amount of RMB160.9 billion. It ranked first among peer banks in terms of the number of customers of the central finance authorised payment and non-tax revenue collection agency service. The issuance of civil service bank cards in central fiscal budget units continued to be first in the market.

International business

International business maintained sound growth momentum. In the first half of 2016, international settlement volume of the Bank amounted to US$638,527 million, a year-on-year increase of 5.04%. Cross-border RMB settlement volume totalled RMB1,093,486 million, covering 153 countries and regions. CCB's influence as RMB clearing bank in London continued to grow, and its RMB clearing banks in Switzerland and Chile were officially launched in January and June respectively.

Asset custodial business

The Bank proactively responded to the fluctuations in capital market and adopted various measures to promote marketing, achieving stable custodial operations and rapid development of custodial business. At the end of June, the Bank's assets under custody increased by 17.02% over the end of 2015 to RMB8.39 trillion. In this amount, insurance assets under custody totalled RMB2.27 trillion, up by 48.37%.

Treasury management and settlement business

Treasury management and settlement business maintained steady development. The market influence of "Yudao" was further promoted. The Bank deployed its global treasury management business by integrating the two-way cross-border RMB cash pooling, and introducing overseas collection and payment service, overseas multi-currency cash pools and other products. The Bank also successfully launched electronic business license corporate settlement cards, and issued innovative virtual corporate settlement cards to customers in batches. At the end of June, the Bank had 6,206.2 thousand corporate RMB settlement accounts, an increase of 500.9 thousand over the end of last year. The Bank had 548.2 thousand active cash management customers.

Personal Banking

Personal deposits

The Bank enhanced the capacity to attract deposits through high quality and highly effective products and services, maintaining a steady growth of personal deposits. At the end of June, domestic personal deposits of the Bank rose to RMB6,707,162 million, with an increase of RMB339,798 million, or 5.34% over the end of last year. In this amount, demand deposits increased by 5.20% and time deposits increased by 5.43%.

Personal loans

The Bank enhanced product innovation and optimised its business processes to proactively meet the customers' credit needs. At the end of June 2016, domestic personal loans of the Bank rose to RMB3,885,451 million, with an increase of RMB418,641 million or 12.08% over the end of last year. In this amount, residential mortgages of RMB3,181,677 million were granted, an increase of RMB407,782 million or 14.70% over the end of last year, to support customers' reasonable housing needs. Both the loan balance and the increase ranked first among peers. The Bank's transformation and development of personal consumer and operational loans achieved initial success, with a balance of personal consumer loans of RMB61,882 million, personal business loans of RMB54,307 million, and personal agriculture-related loans of RMB7,946 million.

Bank cards business

Credit card business

The size of the Bank's credit card business continued to grow with higher profitability. The Bank vigorously expanded the young customer base, accelerated the marketing of competitive products, including shopping card, auto card and global payment credit card, and focused on the development of car purchase, bill payments, overseas studies, education, instalment payments, revolving overdraft and cash withdrawals. It also innovatively launched consumer products including e-Pay Long Card, Tencent e-Pay Long Card, and Family Love Card, credit products such as "Fenqitong", and mobile payment services based on Internet including Apple Pay, HCE Cloud Pay, and Samsung Pay. At the end of June, the number of credit cards issued totalled 87.89 million, an increase of 7.16 million over the end of last year. The spending amount through credit cards reached RMB1.15 trillion, a year-on-year increase of 14.38%, and the loan balance was RMB396,064 million. The asset quality remained sound.

Debit card business

At the end of June, the number of debit cards issued totalled 793 million, an increase of 54 million over the end of last year. The spending amount through debit cards reached RMB4.81 trillion, a year-on-year increase of 65.19%. The number of financial IC debit cards issued totalled 365 million, an increase of 55 million over the end of last year. The number of express settlement cards issued totalled 38.91 million, an increase of 7.64 million over the end of last year, targeted at individual business proprietors in trade and commerce for their payment and settlement demands.

Private banking

Driven by the needs of the customers and their families and enterprises, the Bank continued to improve marketing and customer relationship management of private banking business. It provided a set of products and services exclusive to private banking customers, developed family trusts and other competitive products. The Bank increased the offering of wealth management products (WMPs) at different risk and yield levels for its private banking customers, vigorously pushed forward the issuance of net-value-based products, and innovatively released 8 consumer trust products and 13 structured option products. The Bank also established an all-channel private banking service mechanism, and optimised its model of specialised marketing team service. At the end of June, the number of private banking customers with financial assets above RMB10 million grew by 10.77%, and their total financial assets increased by 13.77%.

Entrusted housing finance business

The Bank proactively improved its IT system to support the entrusted housing finance service, and strengthened process reengineering and product innovation for provident housing fund loans to provide comprehensive and high-quality housing finance service. At the end of June, the housing fund deposit was RMB631,153 million, while personal housing loan of housing provident fund was RMB1,704,115 million. The Bank steadily carried forward loan business for indemnificatory housing to meet the housing needs of low and middle-income residents, accumulatively provided housing provident fund project loans of more than RMB50 billion for 219 pilot projects, and accumulatively granted indemnificatory housing loans of over RMB100 billion to nearly 650,000 low and middle-income households.

Treasury Business

Financial market business

In the first half of 2016, the Bank focused on increasing trading activity and market influence of its financial market business, and strengthened customer development and business innovation. As a result, the profitability and risk management and control capabilities grew steadily.

Money market business

The Bank actively responded to market movements, and took initiatives to broaden the channels of financing and use of fund to safeguard the Bank's liquidity. With regard to the use of RMB funds, the Bank actively strengthened the research on market liquidity, closely monitored the changes in fund positions, and made reasonable arrangement in short and middle-term financing structures to ensure its liquidity reserve. With regard to the use of foreign currency funds, the Bank adhered to prudence principle, made reasonable deployment of fund inflow structure, and actively took advantage of market movements and relatively high interest rates to carry out outflow operation to increase yields of fund.

Investments in debt securities

Through reasonably balancing the risks and returns, the Bank continuously enhanced refinement of portfolio management, optimised product variety, and maintained stable return on investment portfolios. It strengthened the analysis of market trends, reasonably grasped chances in market fluctuations and actively adjusted the structure of debt securities portfolio. It explored new investment instruments and broadened the channels for fund utilisation. The Bank enhanced its role as a market maker in RMB-denominated bonds quotation, which not only strengthened its market influence, but also significantly increased its market making activity.

Customer-driven foreign exchange and interest rate trading business

The Bank proactively responded to changes in the market and regulatory policies, and ensured that its business operations were conducted prudently and in compliance with the requirements. With more efforts in product innovation and customer marketing, its trading activeness and market influence were also improved. It innovatively launched cash settled forward foreign exchange and a series of combined products, and increased the number of tradable foreign currencies to 29 to effectively meet customer demands. In the first half of 2016, the transaction volume of customer-driven foreign exchange and interest rate trading business reached US$223,991 million, while the Bank continued to maintain its leading position in China interbank foreign exchange market in terms of comprehensive ranking.

Precious metals

As affected by the weak recovery of the US economy and volatility in global financial markets, the prices of precious metals experienced rises with fluctuations in the first half of 2016. The Bank actively seized the market opportunity, carried out multiple marketing activities, launched innovative new products including customised comprehensive financial services, LBMA Gold Price Auction, LBMA Silver Price Auction and Shanghai Gold Benchmark Price Trading, and became the first domestic bank to release bulk commodity index. In the first half of 2016, the total trading volume of precious metals of the Bank reached 34 thousand tonnes, a year-on-year increase of 21.43%, and the number of personal precious metal trading customers was approximately 22.86 million, an increase of 1.71 million over the end of last year.

Assets management business

In line with the major state strategies, including “One Belt and One Road”, the coordinated development of Beijing, Tianjin and Hebei region, and Yangtze River Economic Belt, the Bank applied various direct financing instruments to support the development of the real economy, including debt investments, equity investments, industry funds and debt securities underwriting. The Bank actively promoted net-value WMPs mainly through fixed income assets, carried out innovations in quantitative investments and derivative products. With the help of third-party professional institutions, the Bank improved its capability of investment in standard assets. In the first half of 2016, the Bank independently issued 3,135 batches of WMPs with a total amount of RMB3,665,884 million to effectively meet the investment needs of customers. The balance of WMPs was RMB1,948,059 million. In this amount, the balance of non-principal-guaranteed WMPs was RMB1,645,229 million and the balance of principal-guaranteed WMPs was RMB302,830 million.

Investment banking business

The Bank promoted Financial Total Solutions (FITS™), a brand of its investment banking business, to provide customers with comprehensive financing products and advisory services. Under the guidance of supply-side structural reform, the Bank played an active role in debt underwriting markets to meet the needs of real economy for increasing direct financing and reducing financial costs, continued to push forward the launch of innovative products including Panda bonds and Green bonds, and successfully issued securities backed by housing provident fund loans and final housing payments. In the first half of 2016, the accumulative underwriting amount of debt financing instruments for non-financial enterprises was RMB286,372 million. Income from financial advisory services of the Bank reached RMB2,178 million while income from new-type financial advisory services totalled RMB2,005 million.

Overseas Commercial Banking Business

In the first half of 2016, the Group achieved new progress in the laying-out of its overseas presence. The Zurich Branch and Chile Branch were officially opened on 14 J anuary and 20 June respectively. At the end of June, the Group had 28 tier-one overseas branches, covering 26 countries and regions including Hong Kong, Singapore, Germany, South Africa, Japan, South Korea, US, UK, Vietnam, Australia, Russia, Dubai, Taiwan, Luxembourg, Macau, New Zealand, Canada, France, Netherlands, Spain, Italy, Switzerland, Brazil, Cayman Islands, Ireland, and Chile. The total number of overseas institutions of the Group exceeded 140. At the end of June, the Group’s total assets of overseas commercial banks were RMB1,340,284 million, up by 12.85% over the end of last year. The net profit of overseas commercial banks was RMB2,910 million, a year-on-year increase of 31.65%.

Integrated Operation Subsidiaries

The Group progressively improved its comprehensive financial services with subsidiaries in non-banking financial sector, including CCB Principal Asset Management, CCB Financial Leasing, CCB Trust, CCB Life, CCB Futures, CCB International and CCB Pension, and set up a number of banking entities providing specific and differentiated services in specific sectors and regions, including Sino-German Bausparkasse and 27 rural banks. The Group enhanced cross-selling and business collaboration between parent bank and subsidiaries, and actively promoted synergistic collaboration in terms of channels, customers and products with better business synergy mechanism. The overall business development of integrated operation subsidiaries was in good condition with steady business expansion. At the end of June, the total assets of integrated operation subsidiaries were RMB342,385 million, up by 28.44% over the end of last year, and the net profit reached RMB2,777 million, a year-on-year increase of 27.72%.

Analyses by Geographical Segment

The following table sets forth, for the periods indicated, the distribution of the Group's profit before tax by geographical segment:

(In millions of RMB, except percentages)	Six months ended 30 June 2016		Six months ended 30 June 2015	
	Amount	% of total	Amount	% of total
Yangtze River Delta	25,582	15.06	20,057	11.86
Pearl River Delta	20,816	12.25	18,465	10.91
Bohai Rim	29,266	17.23	28,041	16.57
Central	25,732	15.15	26,415	15.61
Western	24,801	14.60	27,617	16.32
North-eastern	7,263	4.27	7,953	4.70
Head Office	32,451	19.10	37,627	22.24
Overseas	3,967	2.34	3,032	1.79
Profit before tax	169,878	100.00	169,207	100.00

The following table sets forth, as at the dates indicated, the distribution of the Group's assets by geographical segment:

(In millions of RMB, except percentages)	As at 30 June 2016		As at 31 December 2015	
	Amount	% of total	Amount	% of total
Yangtze River Delta	3,191,937	13.78	2,565,723	12.82
Pearl River Delta	1,975,214	8.53	1,756,844	8.78
Bohai Rim	2,701,156	11.66	1,988,554	9.94
Central	2,741,868	11.84	2,855,335	14.27
Western	2,651,341	11.44	2,798,176	13.99
North-eastern	854,630	3.68	1,056,288	5.28
Head Office	7,801,602	33.68	5,835,333	29.17
Overseas	1,248,832	5.39	1,149,541	5.75
Total assets[1]	23,166,580	100.00	20,005,794	100.00

1. Total assets excluded eliminations and deferred tax assets.

The following table sets forth, as at the dates indicated, the distribution of the Group's loans and NPLs by geographical segment:

(In millions of RMB, except percentages)	As at 30 June 2016				As at 31 December 2015			
	Loans and advances	**% of total**	**NPLs**	**NPL ratio (%)**	**Loans and advances**	**% of total**	**NPLs**	**NPL ratio (%)**
Yangtze River Delta	2,056,561	18.46	46,585	2.27	1,968,394	18.77	49,223	2.50
Pearl River Delta	1,613,378	14.49	33,694	2.09	1,432,094	13.66	30,285	2.11
Bohai Rim	1,878,963	16.87	25,681	1.37	1,812,640	17.29	22,941	1.27
Central	1,896,881	17.03	22,650	1.19	1,768,362	16.86	19,617	1.11
Western	1,894,479	17.01	32,474	1.71	1,803,236	17.20	24,668	1.37
North-eastern	632,868	5.68	12,881	2.04	612,441	5.84	11,998	1.96
Head Office	407,735	3.66	5,087	1.25	402,733	3.84	4,671	1.16
Overseas	757,012	6.80	2,897	0.38	685,240	6.54	2,577	0.38
Gross loans and advances to customers	11,137,877	100.00	181,949	1.63	10,485,140	100.00	165,980	1.58

The following table sets forth, as at the dates indicated, the distribution of the Group's deposits by geographical segment:

(In millions of RMB, except percentages)	As at 30 June 2016		As at 31 December 2015	
	Amount	**% of total**	**Amount**	**% of total**
Yangtze River Delta	2,681,456	18.27	2,493,253	18.24
Pearl River Delta	2,186,308	14.90	1,950,388	14.27
Bohai Rim	2,666,983	18.17	2,471,917	18.08
Central	2,875,802	19.60	2,669,673	19.53
Western	2,820,836	19.22	2,657,132	19.44
North-eastern	1,021,623	6.96	997,192	7.30
Head Office	13,974	0.10	36,645	0.27
Overseas	408,559	2.78	392,333	2.87
Total deposits from customers	14,675,541	100.00	13,668,533	100.00

Distribution Channels and Transformation of Outlets

Physical Channels

The Bank has an extensive distribution network. Through branches and sub-branches across the country, specialised service entities, self-service facilities and electronic banking service platform, the Bank provides its customers with convenient and high quality banking services.

At the end of June, the Bank had a total of 14,938 domestic business institutions, including the Head Office, 37 tier-one branches, 336 tier-two branches, 12,325 sub-branches, 2,238 entities under the sub-branches and a specialised credit card centre run by the Head Office. The number of business institutions increased by 21 over the end of last year. The operating outlets were mainly distributed in large cities, central cities, more developed counties and rich towns. In the first half of 2016, the Bank accumulatively carried out 637 outlet renovation projects, 94 of which were for newly established outlets, further improving physical environment and customer experience at the outlet.

At the end of June, the Bank's total number of specialised private banking entities reached 306, the number of small business operating centres in the form of "Credit Factory" reached 288, and the number of personal loan centres exceeded 1,500. The overall layout was improved with growing brand influence.

The Bank continued to improve the network of self-service channels by increasing the deployment of off-site self-service equipment and channelling more resources in county areas, and effectively extended its service coverage with the expanding network of self-service channels and further improved service efficiency. Meanwhile, it accelerated the function innovation and new technology application of self-service equipment. With more functions of the self-service equipment, customer experience and satisfaction rose significantly. At the end of June, there were 95,128 cash-service ATMs in operation, an increase of 3,628, or 3.97% over the end of last year. There were 25,902 self-service banks in operation, an increase of 1,208, or 4.89% over the end of last year. The number of account transactions through cash-service ATMs was 4.84 times of that through counter services, continuing to ease the pressure of counter business.

Transformation of Outlets

At the end of June, the number of integrated outlets reached 14,500, 98% of which provided corporate banking services. The integrated tellers reached 100,000, or 93.5% of all bank tellers. The number of integrated marketing teams reached 22,000 accumulatively, covering all integrated outlets. Customers may enjoy the convenient and comfortable "one-stop" services at these transformed outlets. With the continuous expansion of service to corporate, institutional, and small and micro enterprise customers, the comprehensive service capabilities of the outlets rose notably.

The Bank made new progress in deepening the segregation between front-office and back-office functions, enhancing the intensive service capability. Pursuant to the segregation, 37 types of businesses and products at the Bank's outlets and specialised units received centralised processing at head office level, with the average daily volume of 1.02 million transactions. The quality of centralised processing was stable, and the efficiency of handling businesses rose by 60% with improved customer experience.

Electronic Channels

To respond to the needs of market and customers quickly, the Bank made full use of Internet thinking and technology, and underwent a transformation from traditional banking services to the model of comprehensive electronic banking services.

Mobile finance

New functions were added to the Bank's mobile banking, including online customer services, foreign exchange settlement and sale, inter-bank cash pooling and scheduled precious metal investments. The Bank also innovatively applied fingerprint identification technology to improve security level for mobile banking. With a total of 75 financial functions of mobile banking, customers have easy access to a host of services, including investment and wealth management, general bill payments, business travels, and credit card applications. At the end of June, the number of mobile banking users was 202.57 million, up by 10.79% over the end of last year; the transaction volume was RMB13.04 trillion, a year-on-year increase of 125.63%; and the number of transactions was 9,742 million, a year-on-year increase of 244.56%. The number of CCB SMS financial service users reached 310.51 million, an increase of 6.65% over the end of last year. The number of WeChat banking users who followed the Bank's WeChat official account and bound their bank cards was 29.32 million, an increase of 33.31% over the end of last year.

Online banking

The Bank launched a new version of personal online banking, with a focus on the individualised needs of customers. Through customisation and big data application, it experienced the transition from transactional online banking to a comprehensive online banking that covers not only transaction, but also marketing and service. At the end of June, the number of personal online banking users increased by 6.31% to 221.95 million over the end of last year; the volume of transactions was RMB19.60 trillion; the number of transactions was 7,648 million, a year-on-year increase of 10.74%. The number of corporate online banking users reached 4.42 million, an increase of 10.17% over the end of last year; the transaction volume was RMB94.60 trillion, a year-on-year increase of 14.92%; the number of transactions was 1,153 million.

E.ccb.com

E.ccb.com continued to increase the functions of e-commerce malls for corporate and individual customers, and refine its management. It was awarded the "Top 10 Innovations in Internet Finance" from the Banker magazine. In line with the state strategy of targeted poverty alleviation through financial services, the website set up "e.ccb.com – Gansu" to provide a platform for off-line orders, on-line transactions and promotions. By the end of June, "e.ccb.com" had developed 59.6 thousand merchants and 16.38 million registered members. The transaction volume totalled RMB74,581 million in the first half of 2016.

Telephone banking

At the end of June, the number of telephone banking users was 222 million, including 150 million contracted users. The structure of customer service was refined, with smart customer service accounting for 62% of all customer services through telephone banking.

Information Technology and Product Innovation

Information Technology

In the first half of 2016, the Bank focused on ensuring safe production and the building of the "New Generation Core Banking System" in information technology (IT) area, to support business development. The availability for critical systems was above 99.99%, and the Bank ranked top among its Chinese peers in the number and volume of the transactions, and technical indicators including system processing capacity, successful transaction ratio, average response time and batch processing efficiency, which effectively support business development. The Bank also took the lead in the operations management of information system in terms of its mechanism, sophistication, automation, intensification and independence. The Bank was among the first to put self-developed financial cloud management platform into operation, which remained a frontrunner among peers. In the first half of 2016, 5,385 business function points were released to help inject new energy and motivation into the Bank's operation management and business development through optimising and rebuilding process, business innovation and customer experience enhancement. The Bank launched brand new online banking and website to help provide the best internet customer experience. The adoption efforts and application of Smart Teller Machine (STM) received remarkable results, which accelerated the Bank's transformation to smart bank.

Product innovation

The Bank continued to enhance its capability of product innovation, with various innovation projects in orderly development. The Bank optimised the start-up loans by introducing products such as "Zhuzhidai" and "Jianyidai". It also increased support to major projects related to the implementation of national strategies, such as the coordinated development of Beijing, Tianjin and Hebei region, by launching and piloting the loan product for dispersal of non-capital city functions; it supported the development of "agriculture, farmers and rural areas" by providing innovative loan products including mortgage loan of rural land contractual management right, land mortgage loan, and agriculture-benefitting loan. For remote areas, the Bank provided innovative e-banking solutions and medical insurance banking products. Moreover, the Bank also launched smart transportation and intelligent office to accelerate the building of its financial ecosystem. It introduced WeChat-based "E Shenche" and "E Jiesuan" to adapt to the fast-growing Internet financial needs, and strengthened the Group's internal cooperation by collaborating with CCB Pension to provide an all-round solution for pension insurance fund business. In the first half of 2016, the Bank completed 318 product innovation projects and 64 innovative duplication projects.

Human Resources and Institutional Management

The following table sets forth, as at the date indicated, the geographical distribution of the Bank's branches and staff:

	As at 30 June 2016			
	Number of staff	% of total	Number of institutions	% of total
Yangtze River Delta	55,228	15.24	2,446	16.34
Pearl River Delta	45,504	12.55	1,918	12.81
Bohai Rim	59,743	16.48	2,426	16.21
Central	81,169	22.39	3,610	24.12
Western	68,470	18.89	3,050	20.37
Northeastern	36,564	10.09	1,485	9.92
Head Office	14,963	4.13	3	0.02
Overseas	821	0.23	31	0.21
Total	362,462	100.00	14,969	100.00

At the end of June 2016, the Bank had 362,462 employees (in addition, the Bank had 5,317 workers dispatched by labour leasing companies). The employees with academic qualifications of bachelor's degree or above were 229,132, or 63.22%, and the number of local employees in overseas entities was 620. In addition, the Bank assumed the expenses of 58,233 retired employees.

At the end of June 2016, the Bank had a total of 14,969 institutions, including 14,938 domestic institutions and 31 overseas institutions.

Profiles of institutions and staff in subsidiaries

The Bank had 42 subsidiaries with a total of 281 branches, including 171 domestic branches and 110 overseas branches. The subsidiaries had 11,753 employees (in addition, the subsidiaries had 311 workers dispatched by labour leasing companies), in which 7,846 were domestic employees and 3,907 were overseas employees. In addition, the subsidiaries assumed the expenses of 37 retired employees.

CAPITAL MANAGEMENT

The Group has implemented a comprehensive capital management, including the policy making in capital management, capital blueprint and planning, capital measurement, the assessment of internal capital adequacy, capital allocation, capital incentive, constraint and transmission, capital raising, monitoring and reporting, and the application of advanced capital measurement method in its daily operations. The overall principle of the Bank's capital management is to: First, keep an adequate capital level on an on-going basis, and keep a safety margin and buffer space while meeting regulatory requirements to ensure the sufficient coverage of capital over various risks; Second, implement reasonable and effective capital allocation, strengthen capital constraint and incentive mechanism, effectively support the implementation of the bank's strategic planning while fully exerting the constraint and guidance effect of capital on the business, and improve capital efficiency and returns level continuously. Third, consolidate capital strength, keep the capital quality at a properly high level, supplement capital first through internal accumulation, and then use various capital instruments reasonably to optimise capital structure. Fourth, continuously deepen the application of advanced capital measurement method in credit policy, credit approval and pricing management.

In the first half of 2016, the Group continued to strengthen the fundamental capability of capital management, improved capital transmission and constraint mechanism, and proactively carried forward operational transformation towards more intensive use of capital. The Group conducted in-depth analyses on the capital occupation and risk-weighted asset items to push forward structural optimisation; and made on-going efforts to enhance the refined management of capital, so as to reduce less effective capital occupation and further improve capital efficiency, enabling capital to play a more important role in guiding and restraining business development.

Analysis of Capital Adequacy Ratio

As approved by the CBRC, the Group began to calculate capital adequacy ratios with the advanced approach from the second quarter of 2014. In this approach, the Group has elected to use foundation internal rating based ("IRB") approach for corporate risk exposure which is compliant with regulatory requirements, IRB approach for retail risk exposure, internal models approach for market risk, and standardised approach for operational risk exposure. In accordance with the regulatory requirements, the Group calculates and discloses capital adequacy ratios in accordance with both the *Capital Rules for Commercial Banks (Provisional)* and the *Measures for the Management of Capital Adequacy Ratios of Commercial Banks* and complies with the relevant capital floors. The scope for calculating capital adequacy ratios includes both the Bank's domestic and overseas branches and sub-branches, and financial subsidiaries (insurance companies excluded).

As at 30 June 2016, the Group's total capital ratio, tier 1 ratio and common equity tier 1 ratio calculated in accordance with the *Capital Rules for Commercial Banks (Provisional)* while observing relevant rules in the transition period were 15.09%, 13.24% and 13.06%, respectively, which were in compliance with the regulatory requirements. The total capital ratio, tier 1 ratio and common equity tier 1 ratio decreased by 0.30, 0.08 and 0.07 percentage points, respectively compared with that as at 31 December 2015. In the first half of 2016, the Group proactively optimised the structure of on and off-balance sheet businesses and accelerated the development of businesses with less capital occupation and higher return. The decline in the Group's total capital ratio was mainly due to the slower growth rate of total capital after deductions than that of risk-weighted assets, as a result of the distribution of 2015 dividends and the decrease of unqualified subordinated debt securities that could be included in capital.

The following table sets forth, as at the dates indicated, the information related to the capital adequacy ratios of the Group and the Bank.

(In millions of RMB, except percentages)	As at 30 June 2016		As at 31 December 2015	
	The Group	**The Bank**	**The Group**	**The Bank**
Calculated in accordance with the *Capital Rules for Commercial Banks (Provisional)*				
Common Equity Tier 1 capital after deduction	1,468,897	1,385,763	1,408,127	1,328,994
Tier 1 capital after deduction	1,488,636	1,405,423	1,427,847	1,348,654
Total capital after deduction	1,697,254	1,610,043	1,650,173	1,567,187
Common Equity Tier 1 ratio	13.06%	12.92%	13.13%	12.94%
Tier 1 ratio	13.24%	13.10%	13.32%	13.13%
Total capital ratio	15.09%	15.01%	15.39%	15.26%
Calculated in accordance with the *Measures for the Management of Capital Adequacy Ratios of Commercial Banks*				
Core capital adequacy ratio	12.64%	12.66%	12.35%	12.32%
Capital adequacy ratio	15.58%	15.43%	15.43%	15.19%

Composition of capital

The following table sets forth, as at the dates indicated, the information related to the composition of capital of the Group in accordance with the *Capital Rules for Commercial Banks (Provisional).*

(In millions of RMB)	As at 30 June 2016	As at 31 December 2015
Common Equity Tier 1 capital		
Paid-in capital	250,011	250,011
Capital reserve[1]	151,111	157,613
Surplus reserve	153,032	153,032
General reserve	210,835	186,383
Retained earnings	710,181	669,802
Non-controlling interest given recognition in Common Equity Tier 1 capital	3,616	4,121
Others[2]	(2,318)	(5,330)
Deductions for Common Equity Tier 1 capital		
Goodwill[3]	2,118	1,946
Other intangible assets (excluding land use right)[3]	1,551	1,657
Investments in common equity of financial institutions being controlled but outside the scope of regulatory consolidation	3,902	3,902
Additional Tier 1 capital		
Other directly issued qualifying additional Tier 1 instruments including related stock surplus	19,659	19,659
Non-controlling interest given recognition in Additional Tier 1 capital	80	61
Tier 2 capital		
Directly issued qualifying Tier 2 instruments including related stock surplus	155,067	170,147
Provisions in Tier 2	51,989	50,014
Non-controlling interest given recognition in Tier 2 capital	1,562	2,165
Common Equity Tier 1 capital after deduction[4]	1,468,897	1,408,127
Tier 1 capital after deduction[4]	1,488,636	1,427,847
Total capital after deduction[4]	1,697,254	1,650,173

1. The investment revaluation reserve is included in capital reserve.
2. Others mainly include foreign exchange reserve.
3. Both balances of goodwill and other intangible assets (excluding land use rights) are the net amounts after deducting relevant deferred tax liabilities.
4. Common Equity Tier 1 capital after deduction is calculated by netting off the corresponding deduction items from the Common Equity Tier 1 capital. Tier 1 capital after deduction is calculated by netting off the corresponding deduction items from the Tier 1 capital. Total capital after deduction is calculated by netting off the corresponding deduction items from the total capital.

Risk-weighted assets

The following table sets forth, as at the dates indicated, the information related to the risk-weighted assets of the Group in accordance with the *Capital Rules for Commercial Banks (Provisional).*

(In millions of RMB)	As at 30 June 2016	As at 31 December 2015
Credit risk-weighted assets	**10,183,227**	**9,632,990**
Covered by internal ratings-based approach	7,341,115	7,285,947
Uncovered by internal ratings-based approach	2,842,112	2,347,043
Market risk-weighted assets	**75,784**	**71,624**
Covered by internal models approach	37,920	36,663
Uncovered by internal models approach	37,864	34,961
Operational risk-weighted assets	**986,906**	**986,906**
Additional risk-weighted assets arising from the application of capital floors	**-**	**30,562**
Total risk-weighted assets	**11,245,917**	**10,722,082**

Credit risk exposures

The following table sets forth, as at the dates indicated, the information related to the credit risk exposures of the Group in accordance with the *Capital Rules for Commercial Banks (Provisional).*

(In millions of RMB)	As at 30 June 2016	
	Covered by internal ratings-based approach	Uncovered by internal ratings-based approach
Risk exposures of on and off-balance sheet assets	**10,803,616**	**10,906,339**
Corporate risk exposures	6,863,358	1,568,860
Sovereign risk exposures	-	2,810,208
Financial institution risk exposures	-	3,449,840
Retail risk exposures	3,940,258	222,625
Equity risk exposures	-	17,826
Securitisation risk exposures	-	4,418
Other risk exposures	-	2,832,562
Counterparty credit risk exposures	-	**74,263**
Total	**10,803,616**	**10,980,602**

Capital requirements of market risks

The Group's capital requirements for market risks are calculated with the internal models approach. Requirements not covered by the internal models approach are calculated using the standardised approach. The following table sets forth, as at the dates indicated, the information related to capital requirements for various market risks at 30 June 2016.

(In millions of RMB)	As at 30 June 2016 Capital requirements	As at 31 December 2015 Capital requirements
Covered by internal models approach	**3,034**	**2,933**
Covered by standardised approach	**3,029**	**2,797**
Interest rate risk	769	725
Equity position risk	159	87
Foreign exchange risk	2,101	1,985
Commodity risk	-	-
Option risk	-	-
Total	**6,063**	**5,730**

The Group adopted Value-at-risk (VaR) model to measure its market risks. The VaR model is an approach to estimate potential losses that could occur on risk positions taken, due to movements in market interest rates, foreign exchange rates and other market prices within a specific timeframe and a fixed confidence interval. The Group calculates VaR and stressed VaR, and conducts back-testing in compliance with the regulatory requirements. At the end of the reporting period, the number of non-compliant back-testing results fell within the green zone set by the CBRC, and no anomalies were identified.

The following table shows the VaR and stressed VaR of the Group measured with the internal model approach as at 30 June 2016.

	Six months ended 30 June 2016			
(In millions of RMB)	Average	Highest	Lowest	Period end
VaR	427	690	206	206
Stressed VaR	704	973	443	660

Equity risk exposures of the banking book

The following table sets forth, as at the dates indicated, the information related to the equity risk exposures of the banking book and the unrealised potential risk gains or losses of the Group.

(In millions of RMB)	As at 30 June 2016			As at 31 December 2015		
Invested institution categories	**Publicly traded equity risk exposures[1]**	**Non-publicly traded equity risk exposures[1]**	**Unrealised potential risk gains or losses[2]**	**Publicly traded equity risk exposures[1]**	**Non-publicly traded equity risk exposures[1]**	**Unrealised potential risk gains or losses[2]**
Financial institutions	1,914	1,563	790	1,887	1,529	807
Non-financial institutions	1,957	8,326	699	2,161	6,235	841
Total	**3,871**	**9,889**	**1,489**	**4,048**	**7,764**	**1,648**

1. Publicly traded equity risk exposures are the equity exposures of invested institutions that are listed companies. Non-publicly traded equity risk exposures are the equity exposures of invested institutions that are unlisted companies.
2. Unrealised potential risk gains or losses are the portion of gains or losses that have been recognised in the balance sheet but not in the income statement.

Leverage Ratio

From the first quarter of 2015, the Group calculates the leverage ratio in accordance with the *Measures for the Administration of the Leverage Ratio of Commercial Banks (Revised)* promulgated by the CBRC in January 2015. Leverage ratio refers to the ratio of the eligible Tier 1 capital held by a commercial bank to the adjusted balance of on and off-balance sheet assets. As at 30 June 2016, the Group's leverage ratio was 7.05%, which met the regulatory requirements. Compared to 31 December 2015, the Group's leverage ratio declined by 0.23 percentage points, mainly due to the slower growth rate of Tier 1 capital after deductions than that of on and off-balance sheet assets, as a result of the Bank's distribution of 2015 dividends in the first half of 2016.

The following table sets forth, as at the dates indicated, the general information on the Group's leverage ratio.

(In millions of RMB, except percentages)	**As at 30 June 2016**	**As at 31 March 2016**	**As at 31 December 2015**	**As at 30 September 2015**
Leverage ratio	**7.05%**	**7.27%**	**7.28%**	**6.95%**
Tier 1 capital after deduction	1,488,636	1,493,236	1,427,847	1,357,843
On and off-balance sheet assets after adjustments	21,109,915	20,533,512	19,616,647	19,523,861

The following table sets forth, as at the date indicated, the accounting items related to the Group's leverage ratio and their reconciliation with the regulatory items.

(In millions of RMB)	**As at 30 June 2016**
Total on-balance sheet assets	19,760,148
Consolidated adjustment	(60,119)
Customer assets adjustment	-
Derivatives adjustment	22,833
Securities financing transactions adjustment	313
Off-balance sheet items adjustment	1,394,311
Other adjustments	(7,571)
On and off-balance sheet assets after adjustments	**21,109,915**

The following table sets forth, as at the date indicated, the information related to the Group's leverage ratio, tier 1 capital after deduction, on and off-balance sheet assets after adjustments and relevant detailed items.

(In millions of RMB, except percentages)	**As at 30 June 2016**
On-balance sheet assets (excluding derivatives and securities financing transactions)[1]	19,578,432
Less: Deductions from tier 1 capital	(7,571)
On-balance sheet assets after adjustments (excluding derivatives and securities financing transactions)	**19,570,861**
Replacement costs of various derivatives (excluding eligible margin)	25,828
Potential risk exposures of various derivatives	37,770
Total collaterals deducted from the balance sheet	-
Less: Asset receivables arising from the provision of eligible margin	-
Less: Derivative assets arising from central counterpart transactions while providing clearing services to customers	-
Nominal principals arising from sales of credit derivatives	-
Less: Deductible assets arising from sales of credit derivatives	-
Derivative assets	**63,598**
Accounting assets arising from securities financing transactions	80,832
Less: Deductible assets arising from securities financing transactions	-
Counterparty credit risk exposure arising from securities financing transactions	313
Assets arising from the agency services in connection with securities financing transactions	-
Securities financing transactions assets	**81,145**
Off-balance sheet assets	2,713,454
Less: Decrease in off-balance sheet assets due to credit conversion	(1,319,143)
Off-balance sheet assets after adjustments	**1,394,311**
Tier 1 capital after deduction	1,488,636
On and off-balance sheet assets after adjustments	21,109,915
Leverage ratio[2]	**7.05%**

1. These refer to on-balance sheet assets excluding derivatives and securities financing transactions on a regulatory consolidated basis.

2. Leverage ratio is equal to tier 1 capital after deduction divided by on and off-balance sheet assets after adjustments.

PROSPECTS

In the second half of 2016, the global economy will continue its slow growth with increasing uncertainties in the process of development. The US economy shows a clear trend of continuous but slowing-down growth and interest rate increase by the US Federal Reserve is expected to be further delayed. The Euro zone is experiencing slow economic recovery, while Brexit will bring a series of negative impacts on EU politics and economy and increasing instability within the EU. Japan presents a relatively rapid growth in the short run but lacks growth impetus. The structural problems hindering the long-term growth of the emerging economies still exist. The qualities of high resilience, great potential and large leeway that characterise Chinese economy remain unchanged. It is gaining new economic momentum brought about by the structural reforms on the supply side, deregulation and the strategy of innovation-driven development, while accelerating the upgrading of traditional advantages for development. The new economies, new industries and new business modes develop rapidly.

The banking industry faces complex and severe external operating environment and the coexistence of challenges and opportunities. On the one hand, de-leveraging and de-capacity exert pressure on the banks' assets quality; liberalisation of interest rate and exchange rate, diversified financing options for customers and displacement of local government bonds put the banks' abilities in customer service and product innovation to the test; regulatory institutions sets higher requirements on capitals, broad credit, and service charges, etc. On the other hand, the implementation of China's strategies on stabilising growth and promoting development provides numerous business opportunities, and the increasing investment in infrastructure, the rapid growth of emerging industries and new business types, upgrades in the consumption areas, urbanisation of rural migrant workers are expected to create enormous business opportunities in the second half of 2016; the rapid development of the financial market brings about new development space for integrated and comprehensive banking operations.

The Group will adhere to the "13th Five-Year Plan", keep up with the changes in operating environment, seize the opportunities of new economies' development, and maintain prudent banking practices to promote its business transformation and development. Efforts will be made in the following areas. First, the Group will make full use of its advantages and actively support the development of the real economy. The Group will seize opportunities in major projects guided by national major strategies, support the upgrade of traditional industries, and cultivate and develop new industries. Moreover, the Group will increase support to small and micro enterprises and agriculture-related sectors, consolidate and improve its traditional advantage in residential mortgages, and actively promote the development of consumer finance, people's livelihood and inclusive finance. Second, the Group will solidify foundation, strive for business expansion and innovation, and build new competitiveness. The Group will continue to carry forward its transformation and development under the guidance of the five development philosophies of "innovation, harmonisation, green, openness, and sharing". Third, the Group will prioritise risk prevention and control in all its business activities. The Group will strengthen the unified management and control of credit risk, conduct in-depth inspection on credit and effectively keep asset quality under control. Fourth, based on the intensive operating principle, the Group will strive to achieve a co ordinated and balanced development of assets and liabilities, continuously push forward its refined management, make efforts to increase revenues while reduce expenditures, so as to enhance operating capabilities.

Major Issues

Corporate Governance

The Bank continued to improve its corporate governance structure in strict compliance with the *Company Law of the People's Republic of China,* the *Law of the People's Republic of China on Commercial Banks* and other laws and regulations, as well as the listing rules of the relevant stock exchanges, based on its practical conditions, in order to enhance its corporate governance.

During the reporting period, the general meeting of the Bank reviewed and approved the resolutions of electing directors. In order to achieve the strategic goals of the Bank, promote sustainable development and diversify the composition of the Board, the Bank formulated the *Diversity Policy for the Board of Directors* in August 2013. For nomination of directors, the Board should consider both professional capabilities and working ethics of the candidates, and at the same time, take into account the requirements under the diversity policy. The candidates should be selected as complementary to one another, with diversified backgrounds in terms of gender, age, cultural and educational background, professional experience, specialty, knowledge and term of service. The final decision should be based on candidates' overall competence and possible contributions to the Board. Nomination and Remuneration Committee supervises the implementation of the *Diversity Policy for the Board of Directors*.

The Bank has complied with the code provisions of the *Corporate Governance Code* and *Corporate Governance Report* as set out in Appendix 14 to the Listing Rules of Hong Kong Stock Exchange. The Bank has also substantially complied with the recommended best practices therein.

Formulation and Implementation of Cash Dividend Policy

As approved by the 2015 annual general meeting, the Bank distributed the 2015 cash dividend of RMB0.274 per share (including tax), totalling RMB2,629 million, on 30 June 2016 to all of its holders of A-shares whose names appeared on the register of members on 29 June 2016. It distributed the 2015 cash dividend of RMB0.274 per share (including tax), totalling RMB65,874 million, on 22 July 2016 to all of its holders of H-shares whose names appeared on the register of members on 29 June 2016. The Bank would not declare 2016 interim dividend nor would it propose any capitalisation of capital reserve into share capital during the reporting period.

Pursuant to the amendment to the *Articles of Association* of the Bank reviewed and approved at the 2014 annual general meeting, the Bank may distribute dividends in the form of cash, shares and a combination of cash and shares. Unless under special circumstances, the Bank shall distribute dividends in cash if it has positive accumulative undistributed profits in the year. The profits distributed by the Bank in a year shall be no less than 10% of the net profit attributable to equity shareholders of the Bank on a consolidated basis in the same year. When adjusting the profit distribution policy, the Board shall conduct a specific discussion to elaborate on and verify the reasons to make the adjustments and prepare a written report. Independent directors shall express their views, and the matter shall be approved in the form of special resolution by the shareholders' general meeting. The Bank shall provide the shareholders with online voting channels when discussing and approving the adjustments to the profit distribution policy.

The Bank has sound procedures and mechanism for the decision-making of profit distribution. During the process of drafting the profit distribution plan, the Board extensively collected the opinions and requests from the shareholders, protected the legal rights and interests of the small and medium investors, and submitted the profit distribution plan to the general meeting for approval. The independent directors conducted due diligence and played their due roles diligently in the decision-making process of the profit distribution plan. The Bank attaches great importance to the return of shareholders, and constantly pays cash dividends to the shareholders.

Purchase, Sale and Redemption of Shares

During the reporting period, there was no purchase, sale or redemption of the shares of the Bank by the Bank or any of its subsidiaries.

Directors and Supervisors' Securities Transactions

The Bank has adopted a code of practice in relation to securities transactions by directors and supervisors as set out in the *Model Code for Securities Transactions by Directors of Listed Issuers* in Appendix 10 of the Listing Rules of Hong Kong Stock Exchange. All directors and supervisors had complied with the provisions of this code during the six months up to 30 June 2016.

Review of Half-Year Report

The Group's 2016 half-year financial statements prepared under PRC GAAP have been reviewed by PricewaterhouseCoopers Zhong Tian LLP and the Group's 2016 half-year financial statements prepared under IFRS have been reviewed by PricewaterhouseCoopers.

The Group's half-year report has been reviewed by the Audit Committee of the Bank.

By order of the board of directors

CHINA CONSTRUCTION BANK CORPORATION

Wang Zuji

Vice chairman, executive director and president

25 August 2016

As of the date of this announcement, the Bank's executive directors are Mr. Wang Hongzhang, Mr. Wang Zuji, Mr. Pang Xiusheng and Mr. Zhang Gengsheng; non-executive directors are Mr. Li Jun, Ms. Hao Aiqun, Mr. Guo Yanpeng and Mr. Dong Shi; and independent non-executive directors are Mr. Zhang Long, Mr. Chung Shui Ming Timpson, Mr. Wim Kok, and Mr. Murray Horn.