ICBC

INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED

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

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

Company Profile

Industrial and Commercial Bank of China was established on 1 January 1984. On 28 October 2005, the Bank was wholly restructured to a joint-stock limited company. On 27 October 2006, the Bank was successfully listed on both Shanghai Stock Exchange and The Stock Exchange of Hong Kong Limited.

Through its continuous endeavor and stable development, the Bank has developed into the leading bank in the world, possessing an excellent customer base, a diversified business structure, strong innovation capabilities and market competitiveness. The Bank regards service as the very foundation to seek further development and has made efforts to build a "bank to the satisfaction of customers" while providing a comprehensive range of financial products and services to 6.07 million corporate customers and 546 million personal customers. The Bank consciously integrates the social responsibilities with its development strategy and operation and management activities, gaining wide recognition in the aspects of supporting targeted poverty relief, protecting environment and resources, participating in public welfare undertakings and promoting inclusive finance.

The Bank always keeps in mind its underlying mission of serving the real economy with its principal business, and along with the real economy it prospers, suffers and grows. Taking a risk-based approach and never overstepping the bottom line, it regards controlling and resolving risks as its iron law. Besides, the Bank remains steadfast in understanding and following the business rules of commercial banks to strive to be a century-old bank. It also stays committed to seeking progress with innovation while maintaining stability, continuously enhances the strategy of mega retail, mega asset management, mega investment banking as well as international and comprehensive development, and actively embraces the Internet. The Bank unswervingly delivers specialized services, and pioneers a specialized business model, thus making it "a craftsman in large banking".

The Bank was ranked the 1st place among the Top 1000 World Banks by *The Banker*, ranked 1st place in the Global 2000 listed by *Forbes* and topped the sub-list of commercial banks of the Global 500 in *Fortune* for the fifth consecutive year, and took the 1st place among the Top 500 Banking Brands of *Brand Finance*.

CONTENTS

Definitions

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

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

Important Notice

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

The 2017 Interim Report of the Bank and the results announcement have been considered and approved at the meeting of the Board of Directors of the Bank held on 30 August 2017. There were 13 directors eligible for attending the meeting, of whom 11 directors attended the meeting in person, 2 directors appointed others to attend the meeting. Vice Chairman Gu Shu appointed Chairman Yi Huiman to attend the meeting and vote on his behalf, and Director Shen Si appointed Director Hong Yongmiao to attend the meeting and vote on his behalf.

Upon the approval at the Annual General Meeting for the Year 2016 held on 27 June 2017, the Bank has distributed cash dividends of about RMB83,506 million, or RMB2.343 per ten shares (pre-tax), for the period from 1 January 2016 to 31 December 2016 to the ordinary shareholders whose names appeared on the share register after the close of market on 10 July 2017. The Bank will not declare or distribute interim dividends for 2017, nor will it convert any capital reserves to share capital.

The 2017 interim financial report prepared by the Bank in accordance with PRC GAAP and IFRSs have been reviewed by KPMG Huazhen LLP and KPMG in accordance with Chinese and international standards on review engagements, respectively.

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

30 August 2017

Mr. Yi Huiman, Legal Representative of the Bank, Mr. Gu Shu, President in charge of finance of the Bank, and Mr. Zhang Wenwu, General Manager of the Finance and Accounting Department of the Bank, hereby warrant and guarantee that the financial statements contained in the Interim Report are authentic, accurate and complete.

Notes on Material Risks

During the reporting period, the Bank did not identify any material risk that exerted negative impact on the Bank's future development strategy and business objectives. The Bank has actively adopted measures to effectively manage various types of risks. Please refer to "Discussion and Analysis — Risk Management" for detailed information.

The report contains forward-looking statements on the Bank's financial positions, business performance and development. These statements are based on existing plans, estimates and forecasts, and bear upon future external events or the Group's future finance, business or performance in other aspects, and may involve future plans which do not constitute substantive commitment to investors. Hence, investors and persons concerned shall be fully aware of the risks and understand the difference between plans, estimates and commitments.

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

Corporate Information

Legal name in Chinese
中國工商銀行股份有限公司(“中國工商銀行”)

Legal name in English
INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED (“ICBC”)

Legal representative
Yi Huiman

Registered address and office address
55 Fuxingmennei Avenue, Xicheng District, Beijing, China
Postal code: 100140
Telephone: 86-10-66106114
Business enquiry and complaint hotline: 86-95588
Website: www.icbc.com.cn, www.icbc-ltd.com

Principal place of business in Hong Kong
33/F, ICBC Tower, 3 Garden Road, Central, Hong Kong

Authorized representatives
Gu Shu and Guan Xueqing

Board Secretary and Company Secretary
Guan Xueqing
Address: 55 Fuxingmennei Avenue, Xicheng District, Beijing, China
Telephone: 86-10-66108608
Facsimile: 86-10-66107571
E-mail: ir@icbc.com.cn

Selected media for information disclosure
China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily

Website designated by CSRC for publication of the interim report in respect of A shares
www.sse.com.cn

The “HKEXnews” website of SEHK for publication of the interim report in respect of H shares
www.hkexnews.hk

Legal advisors
Mainland China
King & Wood Mallesons
40/F, Office Tower A, Beijing Fortune Plaza, 7 East 3rd Ring Middle Road, Chaoyang District, Beijing, PRC

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

Hong Kong, China
Allen & Overy
9/F, Three Exchange Square, Central, Hong Kong

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

Share registrars
A Share
China Securities Depository and Clearing Corporation Limited, Shanghai Branch
3/F China Insurance Building, No. 166 Lujiazui Dong Road, Pudong New Area, Shanghai, PRC
Telephone: 86-4008058058

H Share
Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Center, 183 Queen’s Road East, Wanchai, Hong Kong
Telephone: 852-28628555
Facsimile: 852-28650990

Location where copies of the interim report are kept
Board of Directors’ Office of the Bank

Place where shares are listed, and their names and codes
A Share
Shanghai Stock Exchange
Stock name: 工商銀行
Stock code: 601398

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

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

Stock name: ICBC EURPREF1
Stock Code: 4604

Stock name: ICBC CNHPREF1-R
Stock Code: 84602

Domestic Preference Shares
Shanghai Stock Exchange
Stock name: 工行優1
Stock code: 360011

Name and office address of auditors
Domestic auditors
KPMG Huazhen LLP
8/F, Tower E2, Oriental Plaza, 1 East Chang’an Avenue, Dongcheng District, Beijing, PRC
CPAs (Practicing): Song Chenyang and He Qi

International auditors
KPMG
8/F, Prince’s Building, 10 Chater Road, Central, Hong Kong

Financial Highlights

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

Financial Data

	Six months ended 30 June 2017	Six months ended 30 June 2016	Six months ended 30 June 2015
Operating results (in RMB millions)			
Net interest income	250,922	234,280	252,087
Net fee and commission income	76,670	81,715	77,120
Operating income	336,739	328,981	336,737
Operating expenses	80,270	90,594	101,499
Impairment losses	61,343	44,433	41,951
Operating profit	195,126	193,954	193,287
Profit before taxation	196,498	195,075	194,678
Net profit	153,687	150,656	149,426
Net profit attributable to equity holders of the parent company	152,995	150,217	149,021
Net cash flows from operating activities	346,542	297,632	1,083,849
Per share data (in RMB yuan)			
Basic earnings per share	0.43	0.42	0.42
Diluted earnings per share	0.43	0.42	0.42

Financial Data (continued)

	30 June 2017	31 December 2016	31 December 2015
Assets and liabilities (in RMB millions)			
Total assets	25,514,046	24,137,265	22,209,780
Total loans and advances to customers	13,865,909	13,056,846	11,933,466
Corporate loans	8,927,631	8,140,684	7,869,552
Personal loans	4,575,191	4,196,169	3,541,862
Discounted bills	363,087	719,993	522,052
Allowance for impairment losses on loans	316,513	289,512	280,654
Investment	5,569,993	5,481,174	5,009,963
Total liabilities	23,483,412	22,156,102	20,409,261
Due to customers	19,021,171	17,825,302	16,281,939
Corporate deposits	10,332,529	9,448,520	8,437,014
Personal deposits	8,489,736	8,140,281	7,601,114
Other deposits	198,906	236,501	243,811
Due to banks and other financial institutions	1,815,045	2,016,799	2,265,860
Equity attributable to equity holders of the parent company	2,018,295	1,969,751	1,789,474
Share capital	356,407	356,407	356,407
Net asset value per share(1) (in RMB yuan)	5.42	5.29	4.80
Net core tier 1 capital(2)	1,923,535	1,874,976	1,701,495
Net tier 1 capital(2)	2,003,429	1,954,770	1,781,062
Net capital base(2)	2,196,084	2,127,462	2,012,103
Risk-weighted assets(2)	15,183,975	14,564,617	13,216,687
Credit rating			
S&P(3)	A	A	A
Moody's(3)	A1	A1	A1

Notes: (1) Calculated by dividing equity attributable to equity holders of the parent company after deduction of other equity instruments at the end of the reporting period by the total number of ordinary shares at the end of the reporting period.

(2) Calculated in accordance with the Capital Regulation.

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

Financial Indicators

	Six months ended 30 June 2017	Six months ended 30 June 2016	Six months ended 30 June 2015
Profitability (%)			
Return on average total assets[(1)]	1.24*	1.32*	1.39*
Return on weighted average equity[(2)]	15.69*	16.83*	18.86*
Net interest spread[(3)]	2.03*	2.07*	2.34*
Net interest margin[(4)]	2.16*	2.21*	2.53*
Return on risk-weighted assets[(5)]	2.07*	2.21*	2.36*
Ratio of net fee and commission income to operating income	22.77	24.84	22.90
Cost-to-income ratio[(6)]	22.68	23.44	23.71
	30 June 2017	**31 December 2016**	**31 December 2015**
Asset quality (%)			
Non-performing loans ("NPL") ratio[(7)]	1.57	1.62	1.50
Allowance to NPL[(8)]	145.81	136.69	156.34
Allowance to total loans ratio[(9)]	2.28	2.22	2.35
Capital adequacy (%)			
Core tier 1 capital adequacy ratio[(10)]	12.67	12.87	12.87
Tier 1 capital adequacy ratio[(10)]	13.19	13.42	13.48
Capital adequacy ratio[(10)]	14.46	14.61	15.22
Total equity to total assets ratio	7.96	8.21	8.11
Risk-weighted assets to total assets ratio	59.51	60.34	59.51

Notes: * indicates annualized ratios.

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

(2) Calculated in accordance with the Rules for the Compilation and Submission of Information Disclosure by Companies that Offer Securities to the Public No. 9 — Calculation and Disclosure of Return on Net Assets and Earnings per Share (Revision 2010) issued by CSRC.

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

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

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

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

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

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

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

(10) Calculated in accordance with the Capital Regulation.

Chairman's Statement

In the past half of 2017, the Bank has presented a satisfactory performance sheet with several highlights despite the complex and versatile operating environment. In the first six months, we realized a pre-provision profit of RMB257.8 billion, up 7.7% compared to the same period of last year and 7.5 percentage points from 2016, and a net profit of RMB153.7 billion, up 2.0% compared to the same period of last year, at the highest growth rate since 2015. Asset quality saw positive signs, the foundation for stable operation was further cemented, a favorable trend was more evident, and the NPL ratio, overdue loan ratio, scissors difference and other KPIs were reduced comprehensively, with the NPL ratio down by 0.05 percentage point from the beginning of the year to 1.57%, the first fall after the NPL balance and ratio have been rising since 2013. The allowance to NPL ratio increased quarter by quarter and reached 145.81% at the end of June, up 9.12 percentage points from the beginning of the year. The improvement of asset return and quality fully proved that our overall operation is stable, the fundamentals are good, and development is resilient.

If we read a little deeper into this performance sheet, we'll realize that it reflects the Bank's continuous exploration and grasp of the principle governing the operation of commercial banks, our relentless pursuit and cultivation of professional capabilities, and our commitment to our fundamental purpose and principal businesses. The more complicated the situation is, the more valuable our commitment is.

Serving the real economy is our fundamental purpose

Finance and economy are symbiotic and promote each other. Only on the basis of a sound real economy can finance prosper. Taking serving the real economy as its inherent duty and obligation, the Bank has further optimized its principal businesses and refined its fundamental functions, and improved its operating quality while comprehensively enhancing the efficiency and standard of serving the real economy. **We paid more attention** to the consolidated management of existing and new credit to inject more "financial water" to quench the "thirst" of the real economy. In the first half of this year, the Bank's domestic institutions granted RMB624.8 billion new loans, recovered and re-lent RMB1.04 trillion inventory loans, and provided RMB1.66 trillion new loans in total, meaning that the value of RMB1 was tripled in use. **We attached more importance** to serving major national strategies, and made active efforts to serve the "four regions", "three supporting belts" and the construction of the Xiong'an New Area. The regular cooperation and exchange mechanism among banks under the Belt and Road Initiative initiated by the Bank was incorporated in the list of official achievements at the Belt and Road Forum for International Cooperation as the only commercial achievement. **We placed more stress** on serving the basic task of the supply-side structural reform, made special efforts for "de-stocking, de-leveraging and de-capacity", and reduced the occupation of financial resources by "low-efficiency areas". The value of the Bank's market-based debt-for-equity swap framework agreements was around RMB200 billion, which played a positive role in helping enterprises to lower their leverage and get through difficulties. **We made more efforts** to support weaker areas in the real economy, set up the Inclusive Finance Department, and promoted financial services for small and micro enterprises, farmers, agriculture and the countryside, mass entrepreneurship and innovation, and targeted poverty alleviation in a holistic way. In particular, we stepped up the construction of the small and micro enterprise service center according to the guideline of "specialized operation, power delegation, efficiency improvement, and rigorous management", and met the regulatory requirement of "Three No-Lower-Thans".

Defending the bottom line of risk is the foundation for lasting and steady development

A tranquil ocean makes a good voyage. As a systemically important bank in the country and the world, the Bank takes risk management as the "lifeline" of our operation, focusing on the two balance sheets. We will prevent both the "black swan" and the "gray rhino", maintain our strategic persistence and a clear mind, and hold to the bottom line of security and risk with the due attitude, professional capability and wisdom of a major commercial bank. **On the balance sheet**, our focus is keeping credit risks well under control. The Bank has worked hard on the "two projects" of asset quality management and credit basis management, closely watched and controlled the three "sluice gates" of loan increment, existing credit control, and disposal of NPLs, and fully exerted the fundamental effect of building the credit culture and reforming the systems and mechanisms, thus realizing the general stability and gradual improvement of asset quality. **Off the balance sheet**, we well managed the new types of risks across border, across industries and across markets, drew a clear and complete risk diagram, and intensified prevention and disposal of risk by category. According to the principle of "simple, transparent and controllable", we regulated the development of asset management, interbank and note businesses, raised the proportion of net-value wealth management products step by step, and kept the interbank liability-asset ratio and wealth management leveraging ratio within a reasonable range, so as to prevent useless capital circulation and its flow from the real economy to virtual economy. Following the strategy of prudent and sound operation, we made overall arrangements for the risk management and control of liquidity, exchange rate and interest rate. We rigorously controlled the four key points of cooperation, access, quota and account, in order to control the crossover risks of internet financing. We also applied big data technologies in risk management more extensively, and controlled risks such as illegal fund raising and financial fraud by managing the accounts and account holders. In the first half of 2017, the Bank, by means of the external fraud risk information system, intercepted more than 450,000 cases of risky business involving RMB2.3 billion, and protected the customers' rights and interests.

Deepening transformation and innovation is the way of growth

Always oriented by customer demand, the Bank has promoted operational transformation, reform and innovation based on its advantages, created value through service, and become more competitive in this process. We have improved the modern corporate governance system, and the Shareholders' General Meeting voted to include Party building work in our Articles of Association. We implemented the strategy of mega retail, mega asset management and mega investment bank in depth, boosted internationalized development and comprehensive upgrade, and fostered new development drives and brought traditional ones into vitality again. In the first half of this year, the contribution of the operating income from domestic mega retail kept increasing, mega asset management and mega investment bank business maintained sound increase in general despite the drastic market changes, and net profit of overseas and controlled institutions increased by 21.4% compared to the same period of last year, giving a positive boost to our development. We deepened a series of reforms including competitiveness improvement, reinforcement of profit units, adjustment of personnel structure, outlet layout, and optimization of business procedures, with a view to fostering new mechanisms conducive to stimulating the operating vitality and improving service efficiency. We launched the e-ICBC3.0 strategy to create a number of "phenomenal" scenarios and products that offer great experience, build a network of partnerships in internet financing, and widen and deepen our moat in the field of financial technologies, striving to reach a new realm of operation and development through new innovations and practices in internet financing.

During the reporting period, Mr. Kenneth Patrick Chung, Mr. Fu Zhongjun, Ms. Wang Xiaoya and Ms. Ge Rongrong were no longer members of the Board of Directors due to the expiration of the term of office or transfer of position. The Board of Directors appreciates their diligent work and contributions during their terms. Ms. Sheila Colleen Bair and Mr. Shen Si became Independent Non-executive Directors of the Bank. Their joining will play a positive role in improving the Board of Directors.

All difficulties can be surmounted. All destinations can be reached. In the second half of 2017, we will look at the operating environment and our own development with the big logic of new normal, adhere to the basic direction of making progress while maintaining stability, follow the operating laws of commercial banks, and make unremitting and effective efforts and solid progress while overcoming difficulties one after another. By making progress little by little, we will present a more satisfying performance sheet at the end of this year and draw a more definite blueprint for the future with our efforts today.

Chairman: Yi Huiman

30 August 2017

President's Statement

Year to date, the Bank has continued to make greater strides while maintaining increasingly stable performance. Our key operating indicators outperformed the plan, the schedule and the expectations.

In the first half year, the Bank recorded net profit of RMB153.7 billion and before-provision profit of RMB257.8 billion, up 2.0% and 7.7% when compared to the same period of last year, respectively. The two growth figures exceeded both the same period of 2016 and the first quarter of 2017. The stability of profit growth was heightened because of the following three factors: First, NIM further stabilized. Our NIM for the six months ended 30 June 2017, at 2.16%, stayed unchanged from last year and increased by four BPs compared with the first quarter. Second, relevant lines and segments made larger contribution to profit. For example, domestic mega retail segment functioned like a "ballast" and "stabilizer". Overseas and controlled institutions reported a growth of 21.4% in net profit compared to the same period of last year, which outpaced the average growth of both the Group and domestic institutions, and their net profit was 7.9% of the Group's total net profit. Third, the Bank strengthened cost management. The cost-to-income ratio was kept at a desirable level of 22.68%.

Our good business results in the first half of 2017 were attributable to the hard efforts made by the Bank to improve financial services, accelerate transformation and innovation and strictly control risks in line with the development needs of the real economy. Thanks to these efforts, the Bank's business operations have been bolstered in our ever-increasing number of aspects.

Specifically, **first, we actively improved financing management, helping to further enhance the quality and efficiency of serving the real economy**. To proactively adapt to the needs of supply-side structural reform and economic transformation and upgrade, the Bank was committed to perfecting the integrated management mechanism of credit increment and stock and maintained a good balance in the total volume, distribution, speed and method of financing. In the first half year, the Bank's domestic institutions granted new loans of RMB1.66 trillion, including new additions of RMB624.8 billion and re-lending after collections of RMB1.04 trillion. New non-credit financing and new investment in local government debts were close to RMB450 billion, making a variety of fund sources available to the real economy. The Bank increased support to major strategic projects and key projects of the Chinese government by issuing cumulatively RMB670.7 billion worth of project loans, up RMB183.3 billion from the same period of last year. We lent USD15.3 billion to 71 "Going Global" projects in the first half year. The Bank set up the Inclusive Finance Department aimed at exploring how to improve the efficiency and effectiveness of developing small and micro enterprise finance and inclusive finance, and our loans to small and micro enterprises accomplished the regulatory requirements of "Three No-Lower-Thans". Besides, our outstanding loans for targeted poverty reduction and elimination grew by 16% compared with the year beginning to RMB107.5 billion. The Bank actively supported the reasonable housing demand and consumption upgrade of residents, and our domestic personal loans grew by RMB375.0 billion with the balance accounting for 32.3% of total loans. The Bank entered into cooperative framework agreements on debt-for-equity swap with 16 enterprises, involving an amount of close to RMB200 billion.

Second, we continued to strengthen risk prevention and control, helping the asset quality to show improvement signs. The Bank placed risk prevention and control higher on our priority list, actively improved the new mechanism on credit risk prevention and control under the new normal, and took a multi-pronged approach including controlling new risks, preventing deterioration and rapidly disposing risks to make the asset quality more stable and better. So, there was an overall improvement in major indicators. NPL ratio, at 1.57%, dropped by 0.05 and 0.02 percentage point compared with the beginning and the first quarter of 2017, respectively. Allowance to NPL rebounded by 9.12 and 4.30 percentage points compared with the beginning and the first quarter of 2017 to 145.81%, indicating that the risk compensation capability was enhancing. Meanwhile, the Bank further improved the whole-chain, full-category and all-inclusive risk management system, and perfected the mechanism of comprehensive investigation, rapid response and proper resolution against the trend that all categories of risks occurred in different places frequently. In particular, with concentrated control of crossed and imported risks, the Bank strictly defended the access threshold. What's more, the Bank demarcated proper boundaries of transformation-based development and innovation, and standardized the development of interbank, wealth management and asset management businesses. We combined a series of special governance activities scheduled by regulators with the Bank's self-inspections on important areas and key links for advancing overall remediation, and solidly carried out the activity of "Year of Heightened Implementation" of internal control and compliance, thus playing a due role in eliminating risks and rooting out hazards. Both the number and volume of risk events declined year-on-year in the first half year.

Third, we carried forward transformation and innovation in a down-to-earth way, helping to further strengthen the operation vitality and the growth engines. The Bank was dedicated to innovation and transformation so as to nourish new drivers under the guidance of new concepts and sharpen fresh edges. In the context of liquidity squeeze in the whole society, the Bank, deepening on our customer base and service strengths, managed to realize a RMB1.2 trillion growth in deposits. The "mega retail" strategy was advanced further in practice, registering a net increase of 16.86 million personal customers and an aggregate value of personal financial assets up to RMB12.67 trillion in the first half year. Wealth management business was valued at RMB2.7 trillion and assets under custody surpassed RMB14.5 trillion, both leading the market. Capturing the market opportunities arising from economic transformation and upgrade, the Bank picked up speed in well-regulated innovation in investment banking business, and reported outstanding M&A loans close to RMB200 billion. Internet-based finance remained on a fast growth track, with registered users of our mobile banking platform "ICBC Mobile" reaching 267 million, registered users of information service platform "ICBC Link" increasing by 40.6% to 93.49 million and the value of transactions over our e-commerce platform "ICBC Mall" swelling to RMB523.9 billion. Internet financing expanded to over RMB740 billion, making us still the largest internet financing bank in China. To build an intelligent banking service system, the Bank devised and implemented the e-ICBC3.0 strategic upgrade and leap-frog development, actively shifted traditional services to go online and become more intelligent, and promoted the transformation of innovative services to form an ecosphere which is based on platforms and scenarios.

We were well recognized by the market for our outstanding performance in a severe and complicated environment. For the fifth consecutive year, the Bank was ranked the 1st place among the Top 1000 World Banks by *The Banker*, ranked the 1st place in the Global 2000 listed by *Forbes*, and topped the sub-list of commercial banks of the Global 500 in *Fortune*.

As a Chinese saying goes, a thing is not done until it is done. At present, corrections of the world economy are under way, while Chinese economy is amid transformation, so banks still have to face lots of uncertainties, risks and challenges in future operation and development. In the latter half year, the Bank's management will continue to convey and implement strategic arrangements of the Board of Directors pragmatically and efficiently, and brave ahead wisely while ensuring stability. We are devoted to creating even more excellent results and reward our shareholders and customers with higher returns.

President: Gu Shu

30 August 2017

ECONOMIC, FINANCIAL AND REGULATORY ENVIRONMENTS

The good growth momentum since the latter half of last year has carried into the first half year of 2017, witnessing overall improvement in developed economies and certain progress in economic development of emerging markets. Specifically, developed economies like the U.S., Europe and Japan revived synchronously, China and India led the growth of emerging economies. A differentiation has opened up in the overall steady operation of international financial market, with a fall in choppy trading of asset sectors like U.S. dollars, U.S. bonds and crude oil but a surge in non-USD currencies, global stocks and international gold price.

The Chinese economy continued to make progress in its stable operation. China's gross domestic product (GDP), consumer price index (CPI), retail sales of consumer goods, fixed asset investment, industrial added value of above-scale enterprises, and total imports and exports rose by 6.9%, 1.4%, 10.4%, 8.6%, 6.9% and 19.6% respectively.

The PBC implemented a prudent, neutral monetary policy. It adopted a mix of monetary policy instruments to keep liquidity in basic stability, strengthened the window guidance and the structural guiding role of credit policy to support economic restructuring, transformation and upgrade, further advanced the interest rate liberalization and the RMB exchange rate formation mechanism reform to ensure that the exchange rates of RMB were basically stable at a reasonable, balanced level. Financial regulation and supervision became stricter. In the first half of 2017, the CBRC released a series of regulatory documents, requiring the launch of special crackdowns on "Three Breaches", "Three Arbitrages" and "Four Misconducts" and placing focus on supervising interbank business, wealth management business and investment business of banks.

Money supply expanded on a steady footing in the first half of 2017. As at the end of June, the broad money supply (M2) balance was RMB163.1 trillion, representing an increase of 9.4% from the same period of last year. The outstanding RMB loans reached RMB114.6 trillion, representing an increase of 12.9%. The balance of RMB deposits registered RMB159.7 trillion, up 9.2%. The increase in social financing scale was RMB11.2 trillion in the first half of 2017, RMB1.4 trillion more than a year earlier. The stock markets operated steadily in general, with a rise of 2.9% and 3.5% in the Shanghai Composite Index and the Shenzhen Component Index respectively. The capitalization of the free float stocks on the Shanghai and Shenzhen stock markets increased by 5.7% from the end of the previous year. The accumulative issuance amount of bonds contracted by 2% compared with the same period of last year to RMB17.6 trillion in the first half of 2017. The central parity of RMB against the U.S. dollar was RMB6.7744, representing an appreciation of 2.40% from the end of the previous year. The overall issuing interest rate of various bonds increased, and the treasury bond yield curve shifted upwards on a whole, while the term spread narrowed markedly.

Asset scale of the banking industry grew steadily, with the quality of credit assets remaining stable overall. As at the end of June, the total assets of banking financial institutions (corporate) in China were RMB243.17 trillion, representing an increase of 11.54% compared with the same period of last year. The balance of NPLs of commercial banks reached RMB1.64 trillion; NPL ratio was 1.74%; allowance to NPL was 177.18%. Core tier 1 capital adequacy ratio (CAR), tier 1 CAR and CAR were 10.64%, 11.12% and 13.16% respectively.

Looking into the second half of the year, although the speed and width of global economic recovery have hit the highest level for the past few years, a slew of old and new factors, e.g. sluggish global trade and increasing protectionism, the trend of interest rate hikes and balance sheet reduction by the U.S., tension in geopolitical state and frequent occurrence of terrorist attacks, still exist to threaten the sustainability of global recovery and may even trigger drastic fluctuations of international financial market. China will continue to adopt a prudent, neutral monetary policy with the aim of maintaining the stability of market liquidity. The fiscal policy will be made more proactive and effective with the focus further shifting possibly to enhancement of fiscal policy efficiency, that is, strengthening fee and tax cut efforts and putting idle fiscal funds to good use. Real estate control policy is gradually causing transmission effect on investment in this sector, the external environment for foreign trade growth is expected to improve, and consumption will function more effectively as a "stabilizer". It is expected that this year's economic growth target will be realized.

FINANCIAL STATEMENTS ANALYSIS

Income Statement Analysis

In the first half of 2017, in response to the on-going severe and complicated operating environment, the Bank insisted on serving the real economy as its starting point, innovated the products and services based on demands of the real economy and customers, and sped up the operational transformation to enhance operating vitality and market competitiveness. As a result, the interest spread was gradually stabilized, and the asset and liability scale was steadily expanded with the profitability further improved. The Bank realized a net profit of RMB153,687 million in the first half of 2017, representing an increase of 2.0% as compared to the same period of last year. Annualized return on average total assets stood at 1.24%, and annualized return on weighted average equity was 15.69%. Operating income amounted to RMB336,739 million, representing an increase of 2.4%, of which net interest income grew by 7.1% to RMB250,922 million. Non-interest income reached RMB85,817 million, representing a decrease of 9.4% (of which, net fee and commission income decreased by 6.2%). Operating expenses amounted to RMB80,270 million, representing a decrease of 11.4%, and the cost-to-income ratio dropped to 22.68%. Allowance for impairment losses was RMB61,343 million, representing an increase of 38.1%. Income tax expense dropped by 3.6% to RMB42,811 million.

CHANGES OF KEY INCOME STATEMENT ITEMS

In RMB millions, except for percentages

Item	Six months ended 30 June 2017	Six months ended 30 June 2016	Increase/ (decrease)	Growth rate (%)
Net interest income*	250,922	234,280	16,642	7.1
Non-interest income*	85,817	94,701	(8,884)	(9.4)
Operating income*	336,739	328,981	7,758	2.4
Less: Operating expenses	80,270	90,594	(10,324)	(11.4)
Less: Impairment losses	61,343	44,433	16,910	38.1
Operating profit	195,126	193,954	1,172	0.6
Share of profits of associates and joint ventures	1,372	1,121	251	22.4
Profit before taxation	196,498	195,075	1,423	0.7
Less: Income tax expense	42,811	44,419	(1,608)	(3.6)
Net profit	153,687	150,656	3,031	2.0
Attributable to: Equity holders of the parent company	152,995	150,217	2,778	1.8
Non-controlling interests	692	439	253	57.6

Note: * After reversal of the impact of "replacing business tax with VAT", operating income increased by 6.2% compared with the same period of the previous year, net interest income grew by 11.5% and non-interest income dropped by 6.6% (of which, net fee and commission income decreased by 3.0%).

Net Interest Income

In the first half of 2017, net interest income amounted to RMB250,922 million, representing an increase of RMB16,642 million or 7.1% compared to the same period of last year. Interest income grew by RMB23,125 million to RMB418,353 million, an increase of 5.9%; interest expense grew by RMB6,483 million or 4.0% to RMB167,431 million. Net interest spread and net interest margin came at 2.03% and 2.16%, 4 basis points and 5 basis points lower than those of the same period of last year, respectively. Net interest spread raised by 1 basis point over last year, while net interest margin kept the same level with last year. After reversal of the impact of "replacement of business tax with VAT", the above two indicators would increase by 4 basis points and 3 basis points.

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

In RMB millions, except for percentages

Item	Six months ended 30 June 2017			Six months ended 30 June 2016		
	Average balance	Interest income/ expense	Average yield/ cost (%)	Average balance	Interest income/ expense	Average yield/ cost (%)
Assets						
Loans and advances to customers	13,585,552	278,043	4.13	12,286,073	270,749	4.43
Investment	5,113,807	90,927	3.59	4,781,923	87,675	3.69
Due from central banks[(2)]	3,049,809	23,018	1.52	2,831,848	21,730	1.54
Due from banks and other financial institutions[(3)]	1,648,082	26,365	3.23	1,382,905	15,074	2.19
Total interest-generating assets	**23,397,250**	**418,353**	**3.61**	**21,282,749**	**395,228**	**3.73**
Non-interest-generating assets	1,873,288			1,713,176		
Allowance for impairment losses	(309,523)			(286,114)		
Total assets	**24,961,015**			**22,709,811**		
Liabilities						
Deposits	17,952,242	127,754	1.43	16,373,524	129,967	1.60
Due to banks and other financial institutions[(3)]	2,743,299	30,198	2.22	2,696,569	22,598	1.69
Debt securities issued	622,388	9,479	3.07	486,426	8,383	3.47
Total interest-bearing liabilities	**21,317,929**	**167,431**	**1.58**	**19,556,519**	**160,948**	**1.66**
Non-interest-bearing liabilities	1,487,647			1,348,427		
Total liabilities	**22,805,576**			**20,904,946**		
Net interest income		**250,922**			**234,280**	
Net interest spread			**2.03**			**2.07**
Net interest margin			**2.16**			**2.21**

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

(2) Due from central banks mainly includes mandatory reserves and surplus reserves with central banks.

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

ANALYSIS OF CHANGES IN INTEREST INCOME AND EXPENSE

In RMB millions

Item	Comparison between six months ended 30 June 2017 and 30 June 2016		
	Increase/(decrease) due to		Net increase/ (decrease)
	Volume	Interest rate	
Assets			
Loans and advances to customers	25,572	(18,278)	7,294
Investment	5,784	(2,532)	3,252
Due from central banks	1,569	(281)	1,288
Due from banks and other financial institutions	4,159	7,132	11,291
Changes in interest income	**37,084**	**(13,959)**	**23,125**
Liabilities			
Deposits	11,590	(13,803)	(2,213)
Due to banks and other financial institutions	513	7,087	7,600
Debt securities issued	2,061	(965)	1,096
Changes in interest expenses	**14,164**	**(7,681)**	**6,483**
Impact on net interest income	**22,920**	**(6,278)**	**16,642**

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

Interest Income

◆ *Interest Income on Loans and Advances to Customers*

Interest income on loans and advances to customers was RMB278,043 million, representing an increase of RMB7,294 million or 2.7% as compared to the same period of last year, principally due to the increase of loan size.

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

In RMB millions, except for percentages

Item	Six months ended 30 June 2017			Six months ended 30 June 2016		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Short-term loans	3,987,642	67,931	3.44	4,004,097	74,433	3.74
Medium to long-term loans	9,597,910	210,112	4.41	8,281,976	196,316	4.77
Total loans and advances to customers	**13,585,552**	**278,043**	**4.13**	**12,286,073**	**270,749**	**4.43**

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

In RMB millions, except for percentages

	Six months ended 30 June 2017			Six months ended 30 June 2016		
Item	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Corporate loans	7,464,190	161,385	4.36	7,149,759	167,945	4.72
Discounted bills	500,729	8,758	3.53	568,968	10,110	3.57
Personal loans	4,313,598	87,103	4.07	3,625,869	76,150	4.22
Overseas business	1,307,035	20,797	3.21	941,477	16,544	3.53
Total loans and advances to customers	**13,585,552**	**278,043**	**4.13**	**12,286,073**	**270,749**	**4.43**

◆ *Interest Income on Investment*

Interest income on investment amounted to RMB90,927 million, representing an increase of RMB3,252 million or 3.7% as compared to the same period of last year, mainly due to the increase of investment.

◆ *Interest Income on Due from Central Banks*

Interest income on due from central banks was RMB23,018 million, recording an increase of RMB1,288 million or 5.9% as compared to the same period of last year, resulting from the increase of mandatory reserves due to the growing customer deposits.

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

Interest income on due from banks and other financial institutions was RMB26,365 million, representing an increase of RMB11,291 million or 74.9% as compared to the same period of last year, principally due to the increase of 104 basis points in the average yield of due from banks and other financial institutions as affected by the growth of market interest rate during the reporting period.

Interest Expense

◆ *Interest Expense on Deposits*

Interest expense on deposits amounted to RMB127,754 million, representing a decrease of RMB2,213 million or 1.7% as compared to the same period of last year, principally due to the adjustment of deposit interest rates and maturity structure, resulting in a decrease of 17 basis points in the average cost.

ANALYSIS OF AVERAGE DEPOSIT COST BY PRODUCTS

In RMB millions, except for percentages

Item	Six months ended 30 June 2017			Six months ended 30 June 2016		
	Average balance	Interest expense	Average cost (%)	Average balance	Interest expense	Average cost (%)
Corporate deposits						
Time deposits	3,948,889	44,418	2.27	3,653,960	47,091	2.59
Demand deposits[(1)]	5,180,872	17,032	0.66	4,469,017	14,238	0.64
Subtotal	**9,129,761**	**61,450**	**1.36**	**8,122,977**	**61,329**	**1.52**
Personal deposits						
Time deposits	4,445,058	54,057	2.45	4,237,829	58,862	2.79
Demand deposits	3,653,019	7,039	0.39	3,427,388	5,139	0.30
Subtotal	**8,098,077**	**61,096**	**1.52**	**7,665,217**	**64,001**	**1.68**
Overseas business	**724,404**	**5,208**	**1.45**	**585,330**	**4,637**	**1.59**
Total deposits	**17,952,242**	**127,754**	**1.43**	**16,373,524**	**129,967**	**1.60**

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

◆ *Interest Expense on Due to Banks and Other Financial Institutions*

Interest expense on due to banks and other financial institutions was RMB30,198 million, representing an increase of RMB7,600 million or 33.6% as compared to the same period of last year, principally due to the increase of 53 basis points in the average cost of due to banks and other financial institutions as affected by the growth of market interest rate during the reporting period.

◆ *Interest Expense on Debt Securities Issued*

Interest expense on debt securities issued was RMB9,479 million, indicating an increase of RMB1,096 million or 13.1% as compared to the same period of last year, mainly attributable to the issuance of financial bonds, bills and CDs by overseas institutions. Please refer to "Note 31. to the Financial Statements: Debt Securities Issued" for details of the debt securities issued by the Bank.

Non-interest Income

In the first half of 2017, the Bank realized non-interest income of RMB85,817 million, RMB8,884 million or 9.4% lower than that of the same period of the previous year, accounting for 25.5% of the operating income. Specifically, net fee and commission income dropped by 6.2% to RMB76,670 million, and other non-interest income dropped by 29.6% to RMB9,147 million.

NET FEE AND COMMISSION INCOME

In RMB millions, except for percentages

Item	Six months ended 30 June 2017	Six months ended 30 June 2016	Increase/ (decrease)	Growth rate (%)
Bank card business	18,792	18,859	(67)	(0.4)
Personal wealth management and private banking services	17,421	20,877	(3,456)	(16.6)
Investment banking business	14,729	16,109	(1,380)	(8.6)
Settlement, clearing business and cash management	14,076	13,787	289	2.1
Corporate wealth management services	10,103	11,276	(1,173)	(10.4)
Guarantee and commitment business	4,290	3,195	1,095	34.3
Asset custody business	3,487	3,965	(478)	(12.1)
Trust and agency services	1,088	1,105	(17)	(1.5)
Others	1,416	1,643	(227)	(13.8)
Fee and commission income	**85,402**	**90,816**	**(5,414)**	**(6.0)**
Less: Fee and commission expense	**8,732**	**9,101**	**(369)**	**(4.1)**
Net fee and commission income	**76,670**	**81,715**	**(5,045)**	**(6.2)**

Centered on customer demands, the Bank promoted innovation in products, services and channels, actively carried out inclusive finance and continued to reduce fees and offer greater discounts for the real economy and consumers. In the first half of 2017, the Bank realized a net fee and commission income of RMB76,670 million, representing a decrease of RMB5,045 million or 6.2% as compared to the same period of last year, mainly because the Bank actively reduced fees and offered discounts, and meanwhile the income from agency funds and insurance, investment and financing consulting, bond issuance and underwriting, corporate wealth management services, asset custody and other business decreased as affected by the bond and capital market volatility, insurance product regulation, replacement of business tax with VAT and other factors during the reporting period.

OTHER NON-INTEREST RELATED GAINS

In RMB millions, except for percentages

Item	Six months ended 30 June 2017	Six months ended 30 June 2016	Increase/ (decrease)	Growth rate (%)
Net trading income	2,912	3,334	(422)	(12.7)
Net loss on financial assets and liabilities designated at fair value through profit or loss	(3)	(253)	250	N/A
Net gain on financial investments	634	2,565	(1,931)	(75.3)
Other operating income, net	5,604	7,340	(1,736)	(23.7)
Total	**9,147**	**12,986**	**(3,839)**	**(29.6)**

Other non-interest related gains amounted to RMB9,147 million, recording a decrease of RMB3,839 million or 29.6% compared to the same period of the previous year. Specifically, the decrease in net gain on financial investment was mainly due to the decrease in the income from disposal of available-for-sale assets. The decrease in other operating income (net) was mainly due to the decrease in income from foreign exchange derivatives.

Operating Expenses

In RMB millions, except for percentages

Item	Six months ended 30 June 2017	Six months ended 30 June 2016	Increase/ (decrease)	Growth rate (%)
Staff costs	49,194	49,323	(129)	(0.3)
Premises and equipment expenses	13,072	13,516	(444)	(3.3)
Taxes and surcharges	3,908	13,467	(9,559)	(71.0)
Amortisation	1,006	1,073	(67)	(6.2)
Others	13,090	13,215	(125)	(0.9)
Total	**80,270**	**90,594**	**(10,324)**	**(11.4)**

In the first half of 2017, the Bank continued to strengthen cost control and management, upheld the concept of value creation and improved the cost structure. Operating expenses recorded at RMB80,270 million, RMB10,324 million or 11.4% lower than that of the same period of last year. Specifically, taxes and surcharges dropped by RMB9,559 million, principally because the Bank replaced the business tax with VAT since 1 May 2016, resulting in the decrease of business tax expense.

Impairment Losses

The Bank continued to intensify risk prevention and control and improved risk compensation quarter by quarter. In the first half of 2017, the Bank set aside an allowance for impairment losses of RMB61,343 million, an increase of RMB16,910 million or 38.1% as compared to the same period of last year. Specifically, the allowance for impairment losses on loans was RMB61,001 million, indicating an increase of RMB17,110 million or 39.0%. Please refer to "Note 20. to the Financial Statements: Loans and Advances to Customers" and "Note 10. to the Financial Statements: Impairment Losses on Assets Other than Loans and Advances to Customers" for details.

Income Tax Expense

Income tax expense decreased by RMB1,608 million or 3.6% to RMB42,811 million as compared to the same period of last year. The effective tax rate was 21.79%. Please see "Note 11. to the Financial Statements: Income Tax Expense" for the reconciliation of income tax expense applicable to profit before taxation at the PRC statutory income tax rate and the effective income tax rate.

Segment Information

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

SUMMARY OPERATING SEGMENT INFORMATION

In RMB millions, except for percentages

Item	Six months ended 30 June 2017		Six months ended 30 June 2016	
	Amount	Percentage (%)	Amount	Percentage (%)
Operating income	**336,739**	**100.0**	**328,981**	**100.0**
Corporate banking	168,552	50.0	162,310	49.4
Personal banking	119,860	35.6	121,281	36.9
Treasury operations	46,314	13.8	43,620	13.3
Others	2,013	0.6	1,770	0.4
Profit before taxation	**196,498**	**100.0**	**195,075**	**100.0**
Corporate banking	80,319	40.9	86,438	44.3
Personal banking	76,837	39.1	73,156	37.5
Treasury operations	38,536	19.6	34,997	17.9
Others	806	0.4	484	0.3

Note: Please see "Note 46. to the Financial Statements: Segment Information".

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

SUMMARY GEOGRAPHICAL SEGMENT INFORMATION

In RMB millions, except for percentages

Item	Six months ended 30 June 2017		Six months ended 30 June 2016	
	Amount	Percentage (%)	Amount	Percentage (%)
Operating income	**336,739**	**100.0**	**328,981**	**100.0**
Head Office	35,731	10.6	36,901	11.2
Yangtze River Delta	58,079	17.2	59,277	18.0
Pearl River Delta	43,457	12.9	40,890	12.4
Bohai Rim	64,299	19.1	62,510	19.0
Central China	41,036	12.2	41,520	12.6
Western China	50,098	14.9	50,271	15.3
Northeastern China	13,681	4.1	14,981	4.6
Overseas and others	30,358	9.0	22,631	6.9
Profit before taxation	**196,498**	**100.0**	**195,075**	**100.0**
Head Office	22,137	11.3	22,156	11.4
Yangtze River Delta	38,288	19.5	36,960	18.9
Pearl River Delta	25,281	12.9	24,149	12.4
Bohai Rim	35,739	18.2	40,518	20.8
Central China	19,887	10.1	22,275	11.4
Western China	27,629	14.0	26,723	13.7
Northeastern China	6,077	3.1	8,413	4.3
Overseas and others	21,460	10.9	13,881	7.1

Note: Please see "Note 46. to the Financial Statements: Segment Information" for the Bank's classification of geographic regions.

Balance Sheet Analysis

In the first half of 2017, the Bank timely adjusted its business strategy based on the changes in the external macroeconomic environment, improved the asset and liability structure, maintained coordinated development of deposit and loan business, and strived to enhance the efficiency of resource allocation for assets and liabilities. In the meanwhile, by taking the demands of the real economy into account, the Bank made reasonable arrangement of the total amount, usage and frequency of credit extensions. Based on the international and domestic financial market trends, it modestly increased the scale of investment and optimized the portfolio structure. The Bank also actively took measures to promote the steady growth of customer deposits and upgrade the maturity structure of liabilities so as to ensure the stability and continuous growth of funding sources.

Assets Deployment

As at the end of June 2017, total assets of the Bank amounted to RMB25,514,046 million, RMB1,376,781 million or 5.7% higher than the prior year-end. Specifically, total loans and advances to customers (collectively referred to as "total loans") increased by RMB809,063 million or 6.2%, investment increased by RMB88,819 million or 1.6%, and cash and balances with central banks increased by RMB191,985 million or 5.7%.

ASSETS DEPLOYMENT

In RMB millions, except for percentages

Item	At 30 June 2017		At 31 December 2016	
	Amount	Percentage (%)	Amount	Percentage (%)
Total loans and advances to customers	13,865,909	—	13,056,846	—
Less: Allowance for impairment losses on loans	316,513	—	289,512	—
Loans and advances to customers, net	13,549,396	53.1	12,767,334	52.9
Investment	5,569,993	21.8	5,481,174	22.7
Cash and balances with central banks	3,542,773	13.9	3,350,788	13.9
Due from banks and other financial institutions	957,239	3.8	797,473	3.3
Reverse repurchase agreements	840,658	3.3	755,627	3.1
Others	1,053,987	4.1	984,869	4.1
Total assets	**25,514,046**	**100.0**	**24,137,265**	**100.0**

Loan

In the first half of 2017, the Bank continued to support the supply-side structural reform by conforming to the requirements of national and regulating policies, thus achieving new results in serving the real economy. It also intensified the efforts to support the implementation of major national strategies and the development of key areas, and actively supported the reasonable housing demand and consumption upgrade of residents, strived to support the weaker areas in the real economy, and steadily promoted the development of small and micro financial centers and the optimization of product systems. As at the end of June 2017, total loans amounted to RMB13,865,909 million, representing an increase of RMB809,063 million or 6.2% from the end of the previous year, of which, RMB-denominated loans of domestic branches increased by RMB612,054 million or 5.3% to RMB12,054,995 million.

DISTRIBUTION OF LOANS BY BUSINESS LINE

In RMB millions, except for percentages

Item	At 30 June 2017 Amount	At 30 June 2017 Percentage (%)	At 31 December 2016 Amount	At 31 December 2016 Percentage (%)
Corporate loans	8,927,631	64.4	8,140,684	62.4
Discounted bills	363,087	2.6	719,993	5.5
Personal loans	4,575,191	33.0	4,196,169	32.1
Total	**13,865,909**	**100.0**	**13,056,846**	**100.0**

DISTRIBUTION OF CORPORATE LOANS BY MATURITY

In RMB millions, except for percentages

Item	At 30 June 2017 Amount	At 30 June 2017 Percentage (%)	At 31 December 2016 Amount	At 31 December 2016 Percentage (%)
Short-term corporate loans	3,029,966	33.9	2,729,873	33.5
Medium to long-term corporate loans	5,897,665	66.1	5,410,811	66.5
Total	**8,927,631**	**100.0**	**8,140,684**	**100.0**

Corporate loans rose by RMB786,947 million or 9.7% from the end of last year. Specifically, short-term corporate loans increased by RMB300,093 million or 11.0%, mainly because of the increase in short-term financing demands of production operators as affected by the domestic economic recovery; medium to long-term corporate loans increased by RMB486,854 million or 9.0% mainly because the Bank, based on the major strategic planning of the state, actively supported the development of key national areas and projects, served the real economy and supported the industrial upgrading and reconstruction.

Discounted bills dropped by RMB356,906 million compared with the end of last year, principally because the Bank moderately decreased its asset allocation to discounted bills to satisfy management needs of asset-liability portfolios and keep balanced credit extension.

DISTRIBUTION OF PERSONAL LOANS BY PRODUCT LINE

In RMB millions, except for percentages

Item	At 30 June 2017 Amount	At 30 June 2017 Percentage (%)	At 31 December 2016 Amount	At 31 December 2016 Percentage (%)
Residential mortgages	3,615,528	79.0	3,240,838	77.2
Personal consumption loans	260,048	5.7	247,020	5.9
Personal business loans	229,881	5.0	256,272	6.1
Credit card overdrafts	469,734	10.3	452,039	10.8
Total	**4,575,191**	**100.0**	**4,196,169**	**100.0**

Personal loans augmented by RMB379,022 million or 9.0% from the end of last year. Specifically, residential mortgages grew by RMB374,690 million or 11.6%, mainly because the Bank worked to meet the owner-occupiers' financing requirement for house purchase in line with the state's policy on real estate adjustment and control based on the situation of different cities and classifications. Personal consumption loans increased by RMB13,028 million or 5.3%, principally because the Bank grasped the opportunities of personal consumption structure upgrading and demand expansion, comprehensively stepped up the innovation efforts in personal internet financing products by means of active Internet thinking and promoted the rapid development of ICBC e-Loan business. Credit card overdrafts grew by RMB17,695 million or 3.9%, primarily attributable to a stable growth in credit card installment business.

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

Investment

In the first half of 2017, the Bank duly adjusted its investment and trading strategies, and optimized the investment portfolio structure in adherence to the trends in financial markets. As at the end of June 2017, investment amounted to RMB5,569,993 million, representing an increase of RMB88,819 million or 1.6% from the end of the previous year.

INVESTMENT

In RMB millions, except for percentages

Item	At 30 June 2017		At 31 December 2016	
	Amount	Percentage (%)	Amount	Percentage (%)
Debt instruments	**5,158,552**	**92.6**	**5,196,535**	**94.8**
Bonds	5,131,174	92.1	5,162,025	94.2
Other debt instruments	27,378	0.5	34,510	0.6
Equity instruments and others	**411,441**	**7.4**	**284,639**	**5.2**
Total	**5,569,993**	**100.0**	**5,481,174**	**100.0**

Debt instruments amounted to RMB5,158,552 million, RMB37,983 million or 0.7% lower than that at the end of last year, of which bonds decreased by RMB30,851 million or 0.6%. Equity instruments and others stood at RMB411,441 million, increased by RMB126,802 million or 44.5% compared to the end of last year, mainly due to the increase of principal-guaranteed wealth management products issued by the Bank.

DISTRIBUTION OF BONDS BY ISSUERS

In RMB millions, except for percentages

Item	At 30 June 2017		At 31 December 2016	
	Amount	Percentage (%)	Amount	Percentage (%)
Government bonds	2,776,759	54.1	2,484,463	48.1
Central bank bills	9,625	0.2	58,024	1.1
Policy bank bonds	1,161,100	22.6	1,319,450	25.6
Other bonds	1,183,690	23.1	1,300,088	25.2
Total	**5,131,174**	**100.0**	**5,162,025**	**100.0**

In terms of distribution by issuers, government bonds increased by RMB292,296 million or 11.8%; central bank bills decreased by RMB48,399 million or 83.4%; and policy bank bonds went down RMB158,350 million or 12.0%; other bonds dropped by RMB116,398 million or 9.0%. In the reporting period, the Bank continued to increase its investment in local government bonds and treasury bonds, while the balance of central bank bills, policy bank bonds and other bonds all went down in varying degrees under the influence of normal maturity of bonds and changes in the supply structure of bond market.

DISTRIBUTION OF BONDS BY REMAINING MATURITY

In RMB millions, except for percentages

Remaining maturity	At 30 June 2017 Amount	At 30 June 2017 Percentage (%)	At 31 December 2016 Amount	At 31 December 2016 Percentage (%)
Undated(1)	113	0.0	150	0.0
Less than 3 months	367,526	7.2	328,648	6.4
3 to 12 months	552,146	10.8	729,375	14.1
1 to 5 years	2,597,813	50.6	2,509,681	48.6
Over 5 years	1,613,576	31.4	1,594,171	30.9
Total	**5,131,174**	**100.0**	**5,162,025**	**100.0**

Note: (1) Refers to impaired bonds.

DISTRIBUTION OF BONDS BY CURRENCY

In RMB millions, except for percentages

Item	At 30 June 2017 Amount	At 30 June 2017 Percentage (%)	At 31 December 2016 Amount	At 31 December 2016 Percentage (%)
RMB-denominated bonds	4,737,059	92.3	4,820,370	93.4
USD-denominated bonds	280,194	5.5	246,275	4.8
Other foreign currency bonds	113,921	2.2	95,380	1.8
Total	**5,131,174**	**100.0**	**5,162,025**	**100.0**

DISTRIBUTION OF INVESTMENT BY HOLDING PURPOSE

In RMB millions, except for percentages

Item	At 30 June 2017 Amount	At 30 June 2017 Percentage (%)	At 31 December 2016 Amount	At 31 December 2016 Percentage (%)
Financial assets at fair value through profit or loss	503,544	9.0	474,475	8.7
Available-for-sale financial assets	1,632,329	29.3	1,742,287	31.8
Held-to-maturity investments	3,090,298	55.5	2,973,042	54.2
Receivables	343,822	6.2	291,370	5.3
Total	**5,569,993**	**100.0**	**5,481,174**	**100.0**

As at the end of June 2017, the Group held RMB1,747,956 million of financial bonds[1], including RMB1,161,100 million of policy bank bonds and RMB586,856 million of bonds issued by banks and non-bank financial institutions, accounting for 66.4% and 33.6% of financial bonds, respectively.

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

TOP 10 FINANCIAL BONDS HELD BY THE BANK

In RMB millions, except for percentages

Debt securities	Nominal value	Annual interest rate	Maturity date	Impairment loss
Policy bank bonds 2007	17,300	5.07%	29 November 2017	–
Policy bank bonds 2008	16,266	4.95%	11 March 2018	–
Policy bank bonds 2011	12,860	4.66%	25 August 2018	–
Policy bank bonds 2011	11,776	4.25%	24 March 2018	–
Policy bank bonds 2012	11,508	3.94%	21 August 2019	–
Policy bank bonds 2012	11,400	4.04%	25 June 2022	–
Policy bank bonds 2010	11,050	3.51%	27 July 2020	–
Policy bank bonds 2012	11,035	3.76%	13 July 2019	–
Policy bank bonds 2011	10,505	4.62%	22 February 2021	–
Policy bank bonds 2014	10,410	5.75%	14 January 2019	–

Liabilities

As at the end of June 2017, total liabilities of the Bank amounted to RMB23,483,412 million, representing an increase of RMB1,327,310 million or 6.0% from the end of the previous year.

LIABILITIES

In RMB millions, except for percentages

Item	At 30 June 2017		At 31 December 2016	
	Amount	Percentage (%)	Amount	Percentage (%)
Due to customers	19,021,171	81.0	17,825,302	80.5
Due to banks and other financial institutions	1,815,045	7.7	2,016,799	9.1
Repurchase agreements	681,925	2.9	589,306	2.7
Debt securities issued	413,016	1.8	357,937	1.6
Others	1,552,255	6.6	1,366,758	6.1
Total liabilities	**23,483,412**	**100.0**	**22,156,102**	**100.0**

Due to Customers

Due to customers is the Bank's main source of funds. As at the end of June 2017, the balance of due to customers was RMB19,021,171 million, representing an increase of RMB1,195,869 million or 6.7% from the end of the previous year. In terms of customer structure, the balance of corporate deposits increased by RMB884,009 million or 9.4%; and the balance of personal deposits increased by RMB349,455 million or 4.3%. In terms of maturity structure, the balance of time deposits increased by RMB685,349 million or 8.0%, while the balance of demand deposits increased by RMB548,115 million or 6.1%.

DISTRIBUTION OF DUE TO CUSTOMERS BY BUSINESS LINE

In RMB millions, except for percentages

Item	At 30 June 2017 Amount	At 30 June 2017 Percentage (%)	At 31 December 2016 Amount	At 31 December 2016 Percentage (%)
Corporate deposits				
Time deposits	4,583,355	24.1	4,176,834	23.4
Demand deposits	5,749,174	30.2	5,271,686	29.6
Subtotal	**10,332,529**	**54.3**	**9,448,520**	**53.0**
Personal deposits				
Time deposits	4,698,735	24.7	4,419,907	24.8
Demand deposits	3,791,001	19.9	3,720,374	20.9
Subtotal	**8,489,736**	**44.6**	**8,140,281**	**45.7**
Other deposits(1)	**198,906**	**1.1**	**236,501**	**1.3**
Total	**19,021,171**	**100.0**	**17,825,302**	**100.0**

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

DISTRIBUTION OF DUE TO CUSTOMERS BY GEOGRAPHIC AREA

In RMB millions, except for percentages

Item	At 30 June 2017 Amount	At 30 June 2017 Percentage (%)	At 31 December 2016 Amount	At 31 December 2016 Percentage (%)
Head Office	58,261	0.3	69,210	0.4
Yangtze River Delta	3,534,718	18.6	3,456,697	19.4
Pearl River Delta	2,586,313	13.6	2,397,059	13.4
Bohai Rim	5,127,946	27.0	4,795,528	26.9
Central China	2,740,898	14.4	2,561,772	14.4
Western China	3,133,342	16.4	2,881,274	16.2
Northeastern China	1,070,559	5.6	986,703	5.5
Overseas and others	769,134	4.1	677,059	3.8
Total	**19,021,171**	**100.0**	**17,825,302**	**100.0**

In terms of the currency structure, the balance of RMB deposits amounted to RMB17,797,487 million, which accounted for 93.6% of the total balance of due to customers, RMB1,074,736 million or 6.4% higher than that at the end of the previous year. The balance of foreign currency deposits was equivalent to RMB1,223,684 million, an increase of RMB121,133 million or 11.0%.

Shareholders' Equity

As at the end of June 2017, shareholders' equity amounted to RMB2,030,634 million in aggregate, RMB49,471 million or 2.5% higher than that at the end of the previous year. Equity attributable to equity holders of the parent company amounted to RMB2,018,295 million, recording an increase of RMB48,544 million or 2.5%. Please refer to the "Financial Statements: Consolidated Statement of Changes in Equity" for details.

For details of off-balance sheet items, please refer to "Note 41. to the Financial Statements: Commitments and Contingent Liabilities".

Analysis on Statement of Cash Flows

Net cash inflows from operating activities amounted to RMB346,542 million. Specifically, net cash outflows of operating assets rose by RMB88,360 million as compared to the same period of last year, mainly because the increase of loans and advances to customers generated more cash outflows, the decrease of due from banks and other financial institutions generated more cash inflows in the first half of 2016, but cash outflows on the contrary in the first half of 2017; and net cash inflows of operating liabilities grew by RMB64,779 million, mainly due to the increase of cash inflows resulting from the customer deposits.

Net cash outflows from investing activities amounted to RMB118,910 million, of which, cash inflows increased by RMB57,803 million to RMB1,039,403 million, mainly due to the increase in cash inflows generated from sale and payment of bond investment; and cash outflows decreased by RMB250,187 million to RMB1,158,313 million, mainly due to the decrease in cash payment generated from bond investment.

Net cash inflows from financing activities amounted to RMB51,344 million, of which, cash inflows were RMB407,835 million, mainly due to the issuance of debt securities by overseas institutions; and cash outflows were RMB356,491 million, mainly due to the repayment of debt securities.

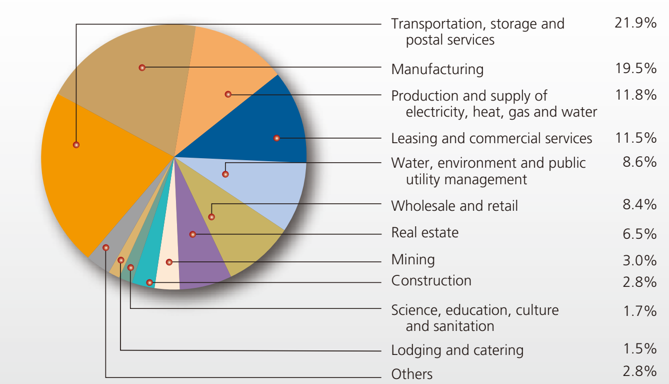
BUSINESS OVERVIEW

Corporate Banking

Facing the new normal of economic development, the Bank strove to develop its corporate banking business by continuing to support the growth of the real economy and facilitate the supply-side structural reform. Through innovation, the Bank tapped into new markets.

- The Bank optimized the establishment of global marketing network, strengthened the coordinated marketing of all products among domestic and overseas institutions and solidly forged ahead in the marketing of a full package of financial service solutions including payroll payment agency, domestic and overseas cash management and bi-directional cash pooling.
- Leveraging the large customer base and broad network, the Bank strengthened marketing to industrial chain cluster, urban circle cluster and specific customer cluster to attract their deposits. Besides, the Bank also made good use of its advantages in integrated financial services such as corporate wealth management, cash management, E-banking and credit fund custody. As a result, its market competitiveness in corporate deposits business was further enhanced.
- Carrying forward the Project on Expanding the Base of Loan Customers, the Bank managed to balance the increase of small, medium and large-sized customers, adjusted the credit structure via reshuffling of customer mix and enhanced its capabilities to serve the real economy with credit business.
- At the end of June 2017, the Bank maintained 6,072 thousand corporate customers, representing an increase of 288 thousand from the end of the previous year. The balance of corporate loans reached RMB8,927,631 million, representing an increase of RMB786,947 million or 9.7%. The balance of corporate deposits hit RMB10,332,529 million, representing an increase of RMB884,009 million or 9.4%.

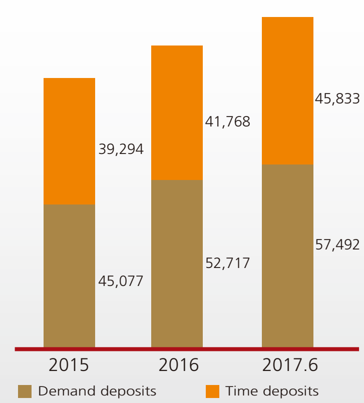
Breakdown of Corporate Loans by Industry



Note: Domestic operations data.

Growth of Corporate Deposits

Unit: RMB100 millions



Small and Medium-Sized Enterprise Business

- In accordance with the government's financial policy on supporting real economy and serving small and micro enterprises, the Bank set up the Inclusive Finance Department for the purpose of increasingly lifting the financial service level. The Inclusive Finance Department is subject to a differentiated assessment methodology and support policy.
- The Bank continued to optimize the development approach of small and micro enterprise financial service and succeeded in significantly enhancing the service efficiency and effectiveness through provision of batch-based, standardized and one-stop services. 199 small and micro enterprise banking centers were established.

✧ The Bank set up risk control models using the internet and big data technologies which enabled the online batch-based development of small and micro enterprise banking under controllable risks, thus creating good user experience characterized by "one-click loan application without regional and time difference". The Bank grew to become China's largest online lender for small and micro enterprises.

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

In RMB millions, except for percentages

Item	At 30 June 2017		At 31 December 2016	
	Amount	Percentage (%)	Amount	Percentage (%)
Loans to small (micro) and medium-sized enterprises	**5,107,591**	**41.3**	**4,803,727**	**41.0**
Medium-sized enterprises	2,976,641	24.1	2,769,684	23.7
Small and micro enterprises	2,130,950	17.2	2,034,043	17.3

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

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

Institutional Banking

✧ The Bank carried out the customer foundation project in an in-depth way, strengthened the financial services related to people's livelihood sectors and promoted the reform and innovation of interbank business. Principal business sustained a good growth momentum.

✧ The Bank was among the first batch of banks that were given the universal license for custody and management of investment with pension funds. The Bank quickly expanded its share in the centralized agency payment market of central financial treasury and also reported a swift increase in the collections of non-tax revenue for central finance.

Settlement and Cash Management

✧ The customer base was tamped down fully. The Bank actively explored new ways of combining corporate banking with internet financing and promoted product and service innovation. It expanded the customer size and improved the service quality via platforms such as Enterprise Link, Small and Micro Enterprise Platform, ICBC e-Payment and Large-amount Fund Monitoring.

✧ The Bank also probed into the shift towards transaction banking. It actively marketed comprehensive financial solutions for cash management. In line with the policy on centralized operation of cross-border RMB and foreign exchange of multinational companies and the policy on financial reform pilot zones, the Bank provided customers with a full package of financial solutions covering six business lines, namely, account information, collection and payment, liquidity management, investment and financing, and risk management.

✧ The Bank was awarded the "Best (Mega) Transaction Bank in China" and the "Best (Mega) Cash Management Bank in China" by *The Asian Banker*.

✧ As at the end of June 2017, the Bank maintained 7,281 thousand corporate settlement accounts, representing an increase of 4.6% over the end of the previous year, and the volume of settlements reached RMB1,236 trillion, up 6.8% over the same period of last year. The Bank maintained its leading position in the industry in terms of business scale. The number of cash management customers was 1,394 thousand, and global cash management customers was 6,023, representing an increase of 4.5% from last year.

International Settlement and Trade Finance

- The Bank further strengthened interaction and cooperation between domestic and overseas institutions and paid more efforts to innovation in core cross-border investment & financing products. It stepped up the expansion of export related businesses and customers and continued to improve the business structure.
- Continued upgrade was seen in business transformation via accelerated development and promotion of internet innovation initiatives such as documents settlement system under internet banking and cross-border remittance system under internet banking.
- In the first half of 2017, domestic branches disbursed an aggregate of USD33.7 billion in international trade finance. International settlements increased by 16.1% compared with the same period of last year to USD1,391,365 million, of which USD560,424 million were handled by overseas institutions, up 41.6%.

Investment Banking

- The Bank made progress in developing market-based fund and equity financing businesses to signature projects. It successfully operated the China Aerospace Science and Technology Corp. and other market-based fund business, and provided equity financing advisory service for almost 100 companies.
- The Bank actively expanded its merger and acquisition (M&A) advisory business. It achieved success in various domestic and cross-border M&A projects such as acquisition financing for China Merchants Group, mixed ownership reorganization of Yunnan Baiyao Holdings and Shanghai Electric Power Company Ltd.'s acquisition of K-Electric Ltd.
- The Bank actively strengthened the new business of debt financing advisory service, with a focus on infrastructure and emerging industries, among other important industries. It engaged in a number of structured financing and liquidity debt financing projects with Guangzhou State-owned Capital Operation Holdings Co., Ltd., Urumqi Property Development Group, etc.
- The Bank actively expanded its bond underwriting business and underwrote various debt financing instruments worth RMB451.5 billion as a lead manager in the first half of 2017.
- In the first half of 2017, the investment banking income reached RMB14,729 million.

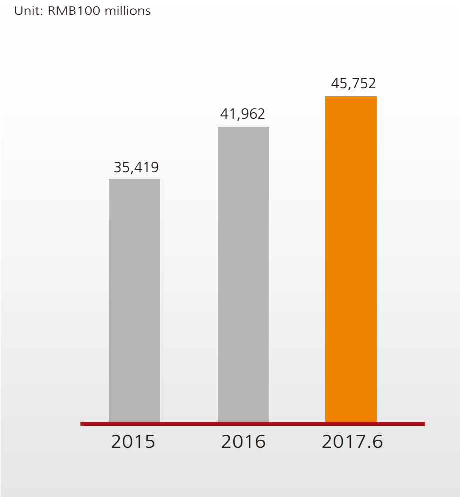
Personal Banking

The Bank continued to implement the "Mega Retail" strategy in the first half of 2017. Capturing the opportunity of consumption structure upgrade and demand expansion of residents, the Bank actively explored the seamless integration of novel technologies such as big data and artificial intelligence with traditional banking business and spared no effort to promote the transformation and upgrade to intelligent retail under the guidance of internet thinking.

- To maintain good customer relationships and expand the customer base, the Bank developed an online & offline customer on-boarding system in the internet era, commenced strategic partnership with such internet firms as JD and Tencent and relied on products and platforms such as ICBC e-Campus, Baby Growth Card and direct banking to attract more online customers and young customers. It also did a lot of concrete work in acquiring customers offline and through cluster marketing, optimized the "ICBC Salary Manager" value-added service system, set up a comprehensive service platform for merchant customers, diversified the application scenarios of financial social security cards and built the ICBC service brand of supporting the army.
- What's more, the Bank promoted the construction of an interconnected service platform which is based on personal banking accounts, added a new feature of deferred cancellation to transfers made via ATM, self-service terminals, internet banking and mobile banking, and optimized the business process of account closing in non-account-opening places and petty account loss-reporting.
- Pursuing the increase of deposits via innovation, the Bank rolled out personal deposit innovative product series such as "Daily Benefit" and "Salary Premium 3".

- According to the government's city-specific and category-based real estate control policies, the Bank focused on addressing the financing needs of households for buying homes for personal use and achieved a stable growth of residential mortgages. It also improved the residential mortgage loan product and the business of self-service loans secured by pledges over personal financial assets.

Growth of Personal Loans



- The Bank optimized the policy on incentives for new funds, strengthened continuous marketing of key funds and promotion of automatic investment in funds and made more efforts to market fixed-income asset management products. It prospected for customers with low risk appetite in light of the yield characteristics of treasury bond products. In the face of continuous adjustments of regulatory policies, the Bank enhanced policy analysis, research and judgment, defined the focus of sale, tried to get more product quotas, accelerated the shift towards installment payment and achieved orderly growth of insurance agency businesses. In the first half of 2017, funds under agency sales amounted to RMB372.8 billion, sales of treasury bonds under agency arrangement were valued at RMB30.0 billion, and personal insurance products under agency sales reported at RMB117.6 billion.
- As at the end of June 2017, personal financial assets totaled RMB12.67 trillion, representing an increase of RMB0.47 trillion compared with the end of last year. Meanwhile, the Bank had 546 million personal customers, including 11.81 million personal loan customers, representing an increase of 16.86 million and 0.48 million respectively. The balance of the Bank's personal loans amounted to RMB4,575,191 million, representing an increase of RMB379,022 million or 9.0%. The balance of personal deposits reached RMB8,489,736 million, representing an increase of RMB349,455 million or 4.3%.

Private Banking

- Innovation in wealth management products picked up speed in order to raise the competitiveness of products and services. The Bank offered a mix of innovative products including Lucky Bag on Lantern Festival, Spring Rain Lucky Bags and Double Nine Serial Lucky Bags, which optimized the Bank's product offerings to customers.
- Innovative business pilot program was expanded to tap new potential of business growth. The Bank strengthened the pilot and promotion of such innovative businesses as agency investment with pledged financial assets, remuneration benefit right, global investment account and family wealth management funds. Assets managed under family wealth management funds continued to increase.
- As at the end of June 2017, the Bank maintained 77,200 private banking customers, representing an increase of 7,100 or 10.1% from the end of the previous year. Assets under management grew by RMB0.12 trillion or 9.9% to RMB1.33 trillion.

Bank Card Business

- In line with the classified account management requirement, the Bank issued the physical debit cards under Type II accounts, supported flexible allocation of accounts for all card products and made efforts to meet the requests of existing and new customers for different types of physical debit cards.
- The Bank issued various credit card products with distinctive internet characteristics, e.g. ICBC-Tuniu Co-brand Credit Card, Universe Constellation Credit Card, World Diligency Credit Card, ICBC Car Plus Credit Card and ICBC-China Resources Co-brand Credit Card. To promote the standardized and Internet-based development of installment payment businesses, the Bank cooperated with a group of internet firms at the headquarter level for installment payment business for car purchase, home decoration, house rental and traveling on the basis of customer sharing and scenario embedding.

- The Bank accelerated the development of QR Code payment for merchants, and rolled out a more open and inclusive e payment platform with better QR payment product functions.
- Taking a customer-centric approach, the Bank launched the "I Go" customer reward activities with ICBC characteristics, including "I Go Weekend", "I Go Global" and "I Go Scan", and also rolled out a customer benefits program with eight categories covering business travel, shopping and consumption and insurance, vigorously improving customers' experience.
- As at the end of June 2017, the Bank issued 860 million bank cards, representing an increase of 31.42 million cards from the end of the previous year, which consisted of 729 million debit cards and 129 million credit cards. In the first half of 2017, bank cards-based spending totaled to RMB3.23 trillion, of which, debit cards-based spending reached RMB2.09 trillion and credit cards-based spending reached RMB1.14 trillion. Overdraft balance of credit cards rose by RMB17,695 million or 3.9% from the end of previous year to RMB469,734 million. The first half of 2017 registered a bank card business income of RMB18,792 million.

Asset Management Services

Seizing the opportunities arising from customers' wealth increase and capital market growth, the Bank made efforts to establish a mega asset management business system across the whole value chain and enhance its diversified, integrated and specialized services on the strength of the Group's asset management, custody and pension businesses, and the functions of its comprehensive subsidiaries specialized in fund, insurance, leasing and investment banking.

Wealth Management Services

- The Bank launched innovative product series, namely Free e-Wealth Management products, while strengthening the marketing of Money Link Express, Personal Enhanced Return, Enjoyable Return and Stable Return product series. Thus, the volume of and income from wealth management products grew in parallel.
- The Bank released a variety of Free e-Wealth Management products for corporate customers to further enhance the convenience of wealth management and investment and meet customers' requirements for independent and flexible investment. In the process of promoting the small and micro enterprise financial service platform, the Bank made wealth management products exclusive for small and micro enterprises available on the online terminals to attract their short-term investment.
- As at the end of June 2017, the Bank's outstanding balance of wealth management products was RMB2,723,041 million, remaining the largest in the banking industry.

Asset Custody Services

- The Bank followed market demands closely to enhance its service capabilities on a full scale. It developed a sound asset custody product and service system and remained a market leader in respect of primary custody products, e.g. securities investment funds, insurance, banking wealth management, enterprise annuities, special fund accounts and global asset custody.
- The Bank was awarded the "Custodian Bank of the Year in China" by *The Asian Banker*.
- As at the end of June 2017, total net value of assets under the Bank's custody reported at RMB14.5 trillion.

Pension Services

- The Bank actively carried forward product innovation including personal pension wealth management products and also in personal pension financial services.
- The Bank further reinforced the reserve of trusteeship capabilities for occupational annuities and strengthened the communication with regulatory authorities and social security departments to bolster the development of occupational annuities.
- As at the end of June 2017, the pension funds under the Bank's trusteeship amounted to RMB103.1 billion; the Bank managed 17.0 million individual pension accounts, and the pension funds under the Bank's custody totaled RMB483.8 billion. The Bank led other banks in terms of the scale of enterprise annuity funds under the Bank's trusteeship, number of individual enterprise annuity accounts and enterprise annuity funds under the Bank's custody.

Financial Market Business

Money Market Activities

- The Bank took the following actions on the RMB money market: It kept on strengthening market research and judgment on the premise of protecting liquidity safety, and enhanced the fund use efficiency through scientifically arranging the financing terms; it timed the market properly to increase earnings; it fully leveraged large bond holdings and assorted bond types to develop bond lending, put existing bonds to good use and expand profit growth points; it improved the development and process management of non-settlement interbank deposit system to enhance the efficiency of deposit taking from other banks and financial institutions.
- On the foreign-currency money market, the Bank improved the lean management of foreign currency position and enlarged inter-bank lending and borrowing at a proper time, while actively carrying out interbank lending and borrowing with non-banking institutions to generate more benefits from fund operations.
- In the first half of 2017, domestic trading amount in the interbank market was RMB14.16 trillion, of which lending amounted to RMB8.18 trillion. The transaction volume in foreign exchange money markets recorded USD319.8 billion.

Investment

- With respect to investment in RMB bonds, in the face of a market environment where market interest rates vibrated upwards and the terminal interest rate rose overall in the first half of 2017, the Bank seized opportunities in the market promptly and enhanced the fund operation efficiency and earnings; actively participated in investment in low-risk and high-quality local government bonds to support local economic development; and continued to reinforce credit risk prevention and control by purchasing premier credit bonds but selling potentially risky bonds.
- With respect to investment in foreign currency bonds, against the higher cost of foreign currency funds and the narrower net interest margin of bond portfolio as a result of interest rate hikes by the U.S. Federal Reserve, the Bank stepped up active management of foreign currency bond portfolio, increased frequency of band operations and added spread earnings. Besides, the Bank also actively expanded income sources via options and securities lending.

Financing

- In line with its fund operation and liquidity management needs, the Bank rationally arranged the scale and structure of its active liabilities including interbank borrowing, short-term time deposits from other banks and large-value CDs in order to enhance the supporting capacity of diverse liabilities to asset business growth.
- For details on the CDs and debt securities issued by the Bank, please refer to "Notes to the Financial Statements: 29. Certificates of Deposit; 31. Debt Securities Issued".

Franchise Treasury Business

- The Bank actively pushed for a balanced development of foreign exchange settlement and sales and vigorously carried forward exchange settlement business. The first half of 2017 saw the volume of franchise foreign exchange settlement and sales at USD205.8 billion and the volume of franchise foreign exchange trading at USD127.4 billion, up 7.0% and 10.0% compared with the same period of last year respectively.
- The Bank continued to enrich the varieties of paper trading transactions and rolled out the paper copper and paper soybean continuing products on the basis of unremitting innovation in product line. In the first half of 2017, paper trading sized up to RMB207.4 billion.
- In addition to providing customers with financial services on the basis of foreign exchange rate and interest rate risk management, the Bank strove to develop the trading in currencies of countries along the "Belt and Road" and also the emerging markets, making the Bank the first and only commercial bank in China to cover all of the countries along the "Belt and Road". The business types included spot, forward and swap trading of more than 20 currencies, as well as Non-deliverable Forwards (NDF) of over 60 currencies. The diversified business types and whole coverage of currencies enabled the Bank to satisfy individual demands of enterprises in a comprehensive manner.
- Agency trading business saw sustained development. The Bank actively launched the marketing campaigns over the provision of agency service for foreign central banks and commercial institutions to access China's interbank market, and was selected by a number of foreign central banks to act as their agent on the interbank bond and foreign exchange markets. What's more, the Bank became the counterparty of many foreign central banks on the interbank bond market and concluded the first foreign exchange transactions. The Bank ranked No. 1 in terms of OTC trading volume of book-entry treasury bonds in the first half of 2017.

Asset Securitization

- The Bank broadened the NPA disposal channels in order to diversify asset and capital management approaches. In the first half of 2017, the Bank, as the issuer and facility provider, issued two tranches of NPA securitization programs totaling RMB4,006 million in the mainland, with non-performing credit card loans and non-performing personal loans as the underlying assets respectively.

Precious Metal Business

- To meet customers' demands for investing in physical precious metals, the Bank released a series of physical products for investment value preservation and cultural collections consistent with the market trends.
- The Bank steadily promoted the online sales of physical precious metals and improved customer experience. Thematic marketing events and actions such as "Scan & Win" and "Thee-year Anniversary Celebration" were launched to increase the physical precious metal sales volume of "ICBC Precious Metal Flagship Store" under ICBC Mall.
- The Bank prudently set the gold benchmark price at the London Intercontinental Exchange and served as the price setter of "Shanghai Gold", a gold pricing product denominated in RMB, at the Shanghai Gold Exchange.
- In the first half of 2017, the sum of precious metal business transactions was RMB799.5 billion. The Bank cleared RMB243.5 billion on behalf of the Shanghai Gold Exchange, up over 20% compared with the same period of last year.

Internet-based Finance

The Bank advanced its internet-based finance development strategies on all fronts, played a guiding role in leading innovation, upgraded and improved the overall architecture of internet-based finance with the e-commerce platform ICBC Mall, the information service platform ICBC Link and the open-ended online banking platform ICBC Mobile as the main pillars and covering financial services, e-commerce, payment and social life. The Bank made customer experience increasingly specialized and improved its risk prevention and control system to inject new vigor into the business transformation of the Bank.

ICBC Mall

- The Bank continued to optimize the platform's functions. It released WeChat-based Mobile Mall, promoted the building of B2B Cross-border e-Commerce Product System and pushed forward the application development of Top-up Center, Local Supermarket, Bonus Point Zone and Installment Zone, etc.
- In addition, brilliant achievements were seen in merchant expansion and marketing events. 189 key brands and 147 important merchants came onboard, realizing full-coverage of well-known merchants in mobile, digital and oil card top-up sectors, and fresh breakthroughs in attracting well-known merchants in personal care and cosmetic products, major appliances, clothes and red wine sectors.
- In the first half of 2017, ICBC Mall achieved an accumulative transaction amount of RMB523.9 billion.

ICBC Link

- Big data-based applications such as "I'm right here at ICBC" customer portrait, as well as related customer asset analysis and product recommendations went live.
- Product upgrade was in full blossom, testified by enhancement of customer manager application functions, upgrade of balance change alert service and rollout of embedded version of ICBC e-Payment and Emotion Icon Store.
- Many scenario applications were expanded to offer various convenient life services such as Sharing Umbrella, UCAR, payment of traffic fines, ETC travel fee-deduction notice, social security payment, campus card top-up and payment by scanning QR on VEM.
- As at the end of June 2017, ICBC Link had 93.49 million registered users.

ICBC Mobile

- Thanks to great efforts in product innovation, the Bank released fingerprint login and fingerprint payment, enriched scenario-based services in Financial Calendar and Message Center and developed a special zone for serving soldiers under mobile banking. The Bank added the feature of reminding the expiration of U-Shield and e-password Device into Financial Calendar and the functions of outward/inward transfer of money from/into Type II accounts of physical cards, upgraded the entire credit card column, in particular its key processes, and released the brand new "Forget your password" process to effectively increase fault tolerance and flexibility. Remitting efforts were made to better customer experience after the open-ended personal internet banking was put online.
- What's more, the Bank rolled out many competitive mobile banking products. For instance, it introduced the "ICBC Benefit Gain T+0" money market fund, a kind of wealth management product using account balance, offered four tranches of high-earnings wealth management products exclusively for mobile banking customers, and gradually built "Xiangju Wealth" brand, which is a purely online wealth management brand.
- At the end of June 2017, the number of users of ICBC Mobile reached 267 million.

Internet Financing

- With a brand-new breakthrough in online supply chain financing business, the Bank newly rolled out 12 supply chains including FAW Jiefang, Volkswagen demo cars, Chery Jaguar Land Rover Automotive, QOROS, Vinda Paper and Vanke.
- The Bank integrated personal loan brands and improved the personal loan interactive process. It developed and launched online petty unsecured loan product for small and micro enterprise customers, established a well-defined product system, designed a single entrance for online service and improved credit facility capability and risk control strength on the basis of big data.
- Product innovation picked up speed. The Bank optimized the online pledged financing for corporate customers, rolled out the function of issuing paper acceptance drafts under pledge, improved the financing network-based system functions, and reinforced system risk control measures over pending offline confirmation of contracts signed online, attachment of contracts, contract status adjustment and money withdrawal.
- As at the end of June 2017, internet financing balance exceeded RMB740 billion.

Payment

- The Bank expanded the application scenarios of ICBC e-Payment and released such functions as Scan QR Code & Pay under ICBC Mobile, mutual acceptance of China UnionPay QR Code and clustered acquiring of QR code under WeChat.
- The integration project was rolled out, providing a simple and brand-new payment platform that allows unified login, simplified card selection, intelligent signature verification and easy connection between the Bank and non-ICBC banks' accounts and merchants, and supports interconnected access to e-banking services.
- Brand upgrading continued. The constant marketing of withdrawing money by scanning QR code has made money withdrawal by scanning QR code an important scenario of attracting customers to register for ICBC e-Payment on a self-service basis.

Investment and Wealth Management

- The franchise trading system was improved. In harmony with the development trend of internet-based finance, the Bank actively promoted the innovation of franchise products. It rendered one-stop trading and management services for paper precious metals, paper energy, paper base metals, paper agricultural products, paper foreign exchange, foreign exchange settlement and sales, foreign exchange trading, OTC bonds, etc. under internet banking and mobile banking, and constantly enriched the products and functions of ICBC e-Investment terminal. It further expanded the scope of products traded on the internet banking, and completed promotion across China of foreign exchange swap, foreign exchange option, interest rate swap and corporate commodities European option on the internet banking.
- The Bank built the financial market interbank trading platform. It researched and developed a creative interbank trading platform and established a 24-hour non-stop trading system which allows efficient trading, whole-process risk control and lean management. The Bank was able to realize whole-process transaction processing of mainstream financial market products such as exchange rates and precious metal products, including market information, quotation, trading and clearing. It provided customers with access to established connections to the international trading systems in exchange rate, interest rate and commodities, thereby saving the customers' efforts to connect to other trading systems and helping them to continuously improve their trading capacities.

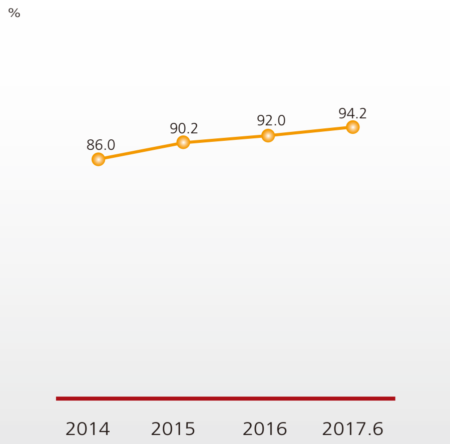
Channel Development and Service Enhancement

Channel Development

- Geographic distribution of outlets was optimised. The Bank made a comprehensive analysis of inputs and outputs of physical channels for an optimal outlet distribution. The Bank strengthened partnership with third-party companies on application of external big data, developed and improved the outlet distribution optimization models and tools, and increased the reasonableness and preciseness of site selection.
- Outlet innovation and transformation were accelerated. Adapting to the new normal features with the upgrade of commercial and consumption models and multi-channel migration of customers, the Bank quickened the upgrade of traditional business structure of outlets to a diversified new structure characterized by functional stratification, customer classification and service coordination, and promoted the pilot of innovative business formats at outlets on a steady footing.
- Intelligent service model was popularized at outlets comprehensively. The Bank made smooth progress in building intelligent outlets, continued to improve intelligent service processes and functions and drove the transformation of marketing services at outlets. For better customer experience, the Bank successively improved eight intelligent service functions that customers were in urgent demand, including debit card password resetting, e-banking medium management, enabling of internet banking for credit cards and bi-lingual anti-fraud alerts on ATM. The innovation of intelligent devices pushed the enhancement of abilities in customer marketing and service, while the Bank also researched, developed and rolled out portable intelligent ATM and ATM for passbooks, among other new types of devices.
- The Bank continued to diversify and improve the entrances of new channels and related tools such as channel-based QR code, outlet WiFi, outlet mini programs and self-service channel outreach, launched joint promotional activities for new products, and set up a fresh three-dimensional marketing model characterized by promotions on multiple interfaces such as staff, outlet, ATM and mobile applications, and interconnections both online and offline.

- The Bank continued to enhance the intelligent service capabilities and expand the application scope of intelligent services. Great efforts were made to develop self-service and intelligent services and put the intelligent robot "ICBC Intellectual" into active use, which helped to increase the intelligent processing rate of easy business sharply.
- Leveraging the advantage in customer experience touch points and the publicity and shunting function of channels like portal website and WeChat, the Bank carried out active outgoing calls for large-amount CD, ICBC e-Loan and credit card installment repayment by comprehensive means of outgoing call and intelligent service, etc. and contributed to value-adding.
- As at the end of June 2017, the Bank had 16,270 physical outlets, 27,601 self-service banks and 99,536 ATMs. In the first half of 2017, the E-banking transaction amount hit RMB306 trillion; the number of E-banking transactions accounted for 94.2% of total transactions of the Bank as at the end of June, rising by 2.2 percentage points from the end of last year.

Proportion of E-banking Business



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

Service Enhancement

- The Bank unswervingly enriched customer service contents. It established a general framework for customer services to further improve the service management. The Bank was the first in the banking industry to build and release the service culture system and make public the service philosophies "Customer-centric, Satisfactorily served, Employee-based and Consistently honest".
- The Bank wrapped up the reform of combined service process and made available the parallel processing mechanism for multiple businesses which solved a thorny issue troubling the whole banking industry, i.e. at counter, customers had to complete multiple forms, sign their names many times and enter passwords again and again. In this way, customers could enjoy one-stop services which are convenient and fast and offer better experience. In addition, it accelerated the development and pilot application of dual-screen interactive operation model and established a brand-new interactive counter-based service model characterized by transparent business processing, customer interaction and participation and convenient, efficient process, thus effectively mitigating the operational risk as a result of information asymmetry.
- The Bank unswervingly optimized customers' service experience. It carried out surveys on customer satisfaction, made big data analysis of customers' online comments of ICBC, sorted out the problems of requiring unreasonable proofs in business processes and policies, and took multi-pronged measures to root out the pain spots in customer experience.

Consumer Protection

- The Bank built a more efficient and pragmatic consumer protection system in compliance with the laws, regulations and regulatory requirements on consumer protection. It continued to strengthen review of consumer protection, actively experienced and improved products and services from the perspective of consumers and protected the legitimate rights and interests of consumers in a down-to-earth manner.
- The Bank attached great importance to promotion of financial knowledge and education on prevention of financial risks among consumers, and launched targeted financial knowledge propagandas in a routine and centralized manner using new media and traditional forms to create a safe and harmonious environment for financial consumption.
- The Bank fulfilled its principal duty on complaint handling in a customer-centered way. The Bank further improved its management mechanism, optimized system functions, strengthened staff training, fully enhanced the quality and efficiency of complaint handling and sought for a continuous rise in customer's satisfaction level.

Internationalized and Diversified Operation

The Bank steadily advanced global network layout and channel building. Overseas institutions further improved their capabilities of localized operation and sustainable development. A slew of global key product lines involving investment banking, cash management, financial markets, asset management and asset custody were developed in depth and breadth in a bid to sharpen competitive edges and influence on the international market. Leveraging on the investment and financing product lines such as global financing, investment banking and financial leasing, the Bank supported the "Going Global" drive of Chinese-funded enterprises in the aspects of serving the "Belt and Road" initiative and the cooperation in international production capacity. Comprehensive subsidiaries delivered stronger profit contributions and strategic synergies to the Group.

Internationalized Operation

- The Bank continued to improve its service network in countries and regions along the "Belt and Road", and the establishment of Mongolia Representative Office and Prague Branch in Czech Republic was approved by regulators of host countries.
- In the first half of 2017, the Bank undertook new "Going Global" loan projects worth USD15.3 billion, covering areas of electricity, telecommunication, infrastructure, resource, aerospace and civil engineering across the world. As at the end of June 2017, the Bank accumulatively supported 339 "Going Global" projects, with loans amounting to USD88.1 billion.
- The Bank consolidated the basis of cross-border RMB business, grasped opportunities brought about by the opening-up of domestic financial market, and accelerated overseas sovereign customer marketing and expansion. It actively advanced the business reserve and development for the third-batch new free trade zones. In addition, the Bank seized the opportunity from internet financing development to push forward the rapid growth of cross-border e-commerce. In the first half of 2017, the cross-border RMB business volume reached RMB1.77 trillion.
- As at the end of June 2017, the Bank established 419 institutions in 42 countries and regions and indirectly covered 20 African countries as a shareholder of Standard Bank Group. It also established correspondent banking relationships with 1,519 overseas banking institutions in 143 countries and regions, making its service network cover six continents and important international financial centers around the world. In particular, the Bank maintained 127 institutions in 18 countries and regions along the "Belt and Road" region.

MAJOR INDICATORS FOR OVERSEAS INSTITUTIONS

Item	Assets (in USD millions)		Profit before tax (in USD millions)		Number of institutions	
	At 30 June 2017	At 31 December 2016	Six months ended 30 June 2017	Six months ended 30 June 2016	At 30 June 2017	At 31 December 2016
Hong Kong and Macau	163,558	159,445	848	789	108	108
Asia-Pacific Region (except Hong Kong and Macau)	78,674	69,935	451	319	88	87
Europe	65,081	58,317	145	49	79	80
Americas	71,981	64,723	289	304	143	136
African Representative Office	–	–	–	–	1	1
Eliminations	(42,768)	(49,741)				
Subtotal	**336,526**	**302,679**	**1,733**	**1,461**	**419**	**412**
Investment in Standard Bank(1)	3,965	3,771	190	149		
Total	**340,491**	**306,450**	**1,923**	**1,610**	**419**	**412**

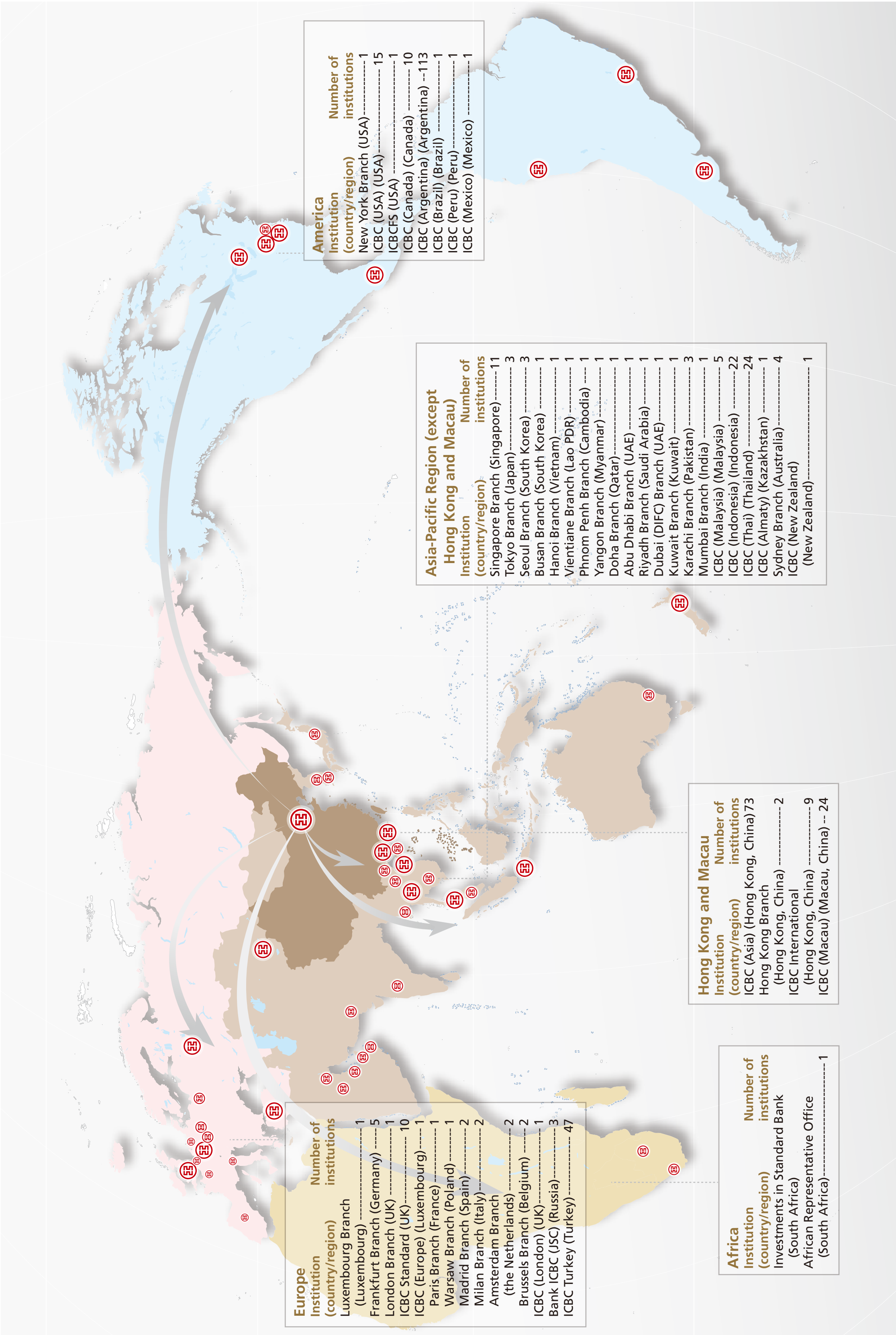
Note: (1) The assets represent the balance of the Bank's investment in Standard Bank and the profit before taxation represents the Bank's gain on investment recognized by the Bank during the reporting period.

- As at the end of June 2017, total assets of overseas institutions (including overseas branches, subsidiaries and investments in Standard Bank) of the Bank were USD340,491 million, representing an increase of USD34,041 million or 11.1% from the end of the previous year, and they accounted for 9.0% of the Group's total assets. Total loans amounted to USD206,389 million, representing an increase of USD30,518 million or 17.4 %, and total deposits were USD113,227 million, representing an increase of USD16,004 million or 16.5%. Profit before taxation during the reporting period was USD1,923 million, increasing by 19.4% as compared to the same period of last year.

Diversified Operation

- ICBC Credit Suisse Asset Management seized opportunities from deepened reform and continually improved multi-level capital market at home, further gave play to its functions as an all-round asset management platform, accelerated innovation and enhanced coordination.
- Leveraging on the opportunities brought about by the "Belt and Road" initiative, maritime strategy and international cooperation in production capacity, ICBC Leasing reinforced exploration of international and domestic markets and key sectors, and maintained steady and solid development of all businesses.
- ICBC-AXA adhered to the operation philosophy of laying equal stress on scale and value, actively promoted transformation and innovation, effectively improved its product structure, and therefore continually promoted business scale and market position, significantly enhanced profitability, and realized sound year-on-year growth of all the major operation indicators.
- ICBC International, the licensed integrated platform for financial services of the Group, accelerated its transformation and development, and put equal emphasis on traditional corporate financing business, and asset management and investment business, thereby steadily enhancing its sustainability.

DISTRIBUTION MAP OF OVERSEAS INSTITUTIONS



Controlled Subsidiaries and Major Equity Participation Company

◆ *Overseas Subsidiaries*

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (ASIA) LIMITED

ICBC (Asia) is a wholly owned Hong Kong registered bank by the Bank, and has an issued share capital of HKD36,379 million. It provides comprehensive commercial banking services and the major businesses include commercial credit, trade finance, investment service, retail banking, E-banking, custody, credit card, receiving bank services for IPOs and dividend distribution. As at the end of June 2017, ICBC (Asia) recorded total assets of USD107,692 million and net assets of USD11,240 million. It generated a net profit of USD463 million during the first half of the year.

ICBC INTERNATIONAL HOLDINGS LIMITED

ICBC International, a licensed integrated platform for financial services in Hong Kong that is wholly owned by the Bank, has a paid-up capital of HKD4,882 million. It mainly renders a variety of financial services, including corporate finance, investment management, sales and trading, and asset management. As of the end of June 2017, ICBC International recorded total assets of USD5,474 million and net assets of USD1,055 million. It generated a net profit of USD58 million during the first half of the year.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (MACAU) LIMITED

ICBC (Macau) is the largest local legal banking entity in Macau. It has a share capital of MOP589 million, in which the Bank holds an 89.33% stake. ICBC (Macau) mainly engages in comprehensive commercial banking services such as deposit, loan, trade finance and international settlement. As at the end of June 2017, ICBC (Macau) recorded total assets of USD26,684 million and net assets of USD2,458 million. It generated a net profit of USD151 million during the first half of the year.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (MALAYSIA) BERHAD

ICBC (Malaysia) is a wholly-owned subsidiary of the Bank established in Malaysia. With a paid-up capital of MYR833 million, it is able to provide a full range of commercial banking services. As at the end of June 2017, ICBC (Malaysia) recorded total assets of USD1,013 million and net assets of USD227 million. It generated a net profit of USD5.70 million during the first half of the year.

PT. BANK ICBC INDONESIA

ICBC (Indonesia) is a full-licensed commercial banking subsidiary of the Bank registered in Indonesia, with a paid-up capital of IDR3.69 trillion, in which ICBC holds a 98.61% stake. ICBC (Indonesia) mainly specializes in financial services such as deposit, loan, trade finance, settlement, agency services, interbank borrowing and lending and foreign exchange. As at the end of June 2017, ICBC (Indonesia) recorded total assets of USD3,767 million and net assets of USD432 million. It generated a net profit of USD20.02 million during the first half of the year.

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

ICBC (Thai), a subsidiary of the Bank in Thailand, has a share capital of THB20,132 million, in which the Bank holds a 97.86% stake. ICBC (Thai) holds a comprehensive banking license and provides various services including deposit, loan, trade finance, remittance, settlement, leasing and consulting. As at the end of June 2017, ICBC (Thai) recorded total assets of USD5,864 million and net assets of USD801 million. It generated a net profit of USD26.56 million during the first half of the year.

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

ICBC (Almaty), an ICBC's wholly owned subsidiary, was incorporated in Kazakhstan with a share capital of KZT8,933 million. The primary commercial banking services it engages in include deposit, loan, international settlement and trade finance, foreign currency exchange, bank guarantee, account management, E-banking and bank card. As at the end of June 2017, ICBC (Almaty) recorded total assets of USD262 million and net assets of USD55 million. It generated a net profit of USD4.30 million during the first half of the year.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (NEW ZEALAND) LIMITED

ICBC (New Zealand), a wholly-owned subsidiary of the Bank in New Zealand, has a paid-up capital of NZD145.46 million. ICBC (New Zealand) provides corporate and personal banking services such as account management, transfer and remittance, international settlement, trade finance, corporate credit, residential mortgages and credit card business. As at the end of June 2017, ICBC (New Zealand) recorded total assets of USD833 million and net assets of USD104 million. It generated a net profit of USD0.69 million during the first half of the year.

ICBC (LONDON) PLC

ICBC (London), an ICBC's wholly owned subsidiary, was incorporated in the United Kingdom with a paid-up capital of USD200 million. It provides banking services such as deposit and exchange, loan, trade finance, international settlement, funds clearing, agency, foreign exchange trading and retail banking services. As at the end of June 2017, ICBC (London) recorded total assets of USD2,518 million and net assets of USD386 million. It generated a net profit of USD8.68 million during the first half of the year.

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

ICBC (Europe), an ICBC's wholly owned subsidiary, was incorporated in Luxembourg with a paid-up capital of EUR437 million. It has several institutions including Paris Branch, Amsterdam Branch, Brussels Branch, Milan Branch, Madrid Branch and Warsaw Branch, which mainly offer financial services including loan, trade finance, settlement, treasury, investment banking, custody, and franchise wealth management. As at the end of June 2017, ICBC (Europe) recorded total assets of USD8,285 million and net assets of USD685 million. It generated a net profit of USD2.32 million during the first half of the year.

BANK ICBC (JOINT STOCK COMPANY)

Bank ICBC (JSC), an ICBC's wholly owned subsidiary, was incorporated in Russia with a share capital of RUB10.81 billion. Bank ICBC (JSC) provides a full range of corporate and personal banking services including corporate and project loan, trade finance, deposit, settlement, securities brokerage, custody, franchise treasury business and securities trading, foreign currency exchange, global cash management, investment banking and corporate financial consultation. As at the end of June 2017, Bank ICBC (JSC) recorded total assets of USD861 million and net assets of USD250 million. It generated a net profit of USD8.80 million during the first half of the year.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (USA) NA

ICBC (USA), an ICBC's controlled subsidiary in the United States, has a paid-up capital of USD309 million, in which the Bank holds an 80% stake. It holds a full-functional commercial banking license registered in the UFIQAC and is a member of Federal Deposit Insurance Corporation. ICBC (USA) provides a full range of corporate and consumer retail banking products and services including deposits, loans, settlement and remittance services, trade finance, cross-border settlements, cash management services, internet banking and bank card. As at the end of June 2017, its assets totaled USD2,138 million and net asset USD330 million. ICBC (USA) generated a net profit of USD8.75 million during the first half of the year.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA FINANCIAL SERVICES LLC

ICBCFS, an ICBC's wholly owned subsidiary in the United States, has a paid-up capital of USD50.00 million. With a focus on securities clearing business in Europe and America, ICBCFS offers institutional customers securities brokerage services such as securities clearing, clearing and financing. At the end of June 2017, ICBCFS recorded total assets of USD39,851 million and net assets of USD154 million. It generated a net profit of USD14.60 million during the first half of the year.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (CANADA)

ICBC (Canada) is an ICBC's subsidiary in Canada with a paid-up capital of CAD158.00 million, in which ICBC holds an 80% stake. With a full-functional commercial banking license, ICBC (Canada) provides various corporate and retail banking services such as deposit, loan, settlement, remittance, trade finance, foreign exchange trading, funds clearing, cross-border RMB settlement, RMB currency notes, cash management, E-banking, bank card and investment and financing consultation. As at the end of June 2017, ICBC (Canada) recorded total assets of USD1,446 million and net assets of USD180 million. It generated a net profit of USD7.84 million during the first half of the year.

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

ICBC (Argentina), an ICBC's controlled subsidiary in Argentina, has a share capital of ARS1,345 million, in which the Bank holds an 80% stake. With a full-functional commercial banking license, ICBC (Argentina) provides a full range of commercial banking services including working capital loan, syndicated loan, structured financing, trade finance, personal loan, auto loan, spot/forward foreign exchange trading, financial markets, cash management, investment banking, bond underwriting, asset custody, leasing, international settlement, E-banking, credit card and asset management. As at the end of June 2017, ICBC (Argentina) recorded total assets of USD5,042 million and net assets of USD633 million. It generated a net profit of USD69.44 million during the first half of the year.

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

ICBC (Brasil), a wholly-owned subsidiary of the Bank in Brazil, has a paid-up capital of BRL202 million. ICBC (Brasil) offers commercial banking and investment banking services such as deposit, loan, trade finance, international settlement, fund transaction, franchise wealth management and financial advisory. As at the end of June 2017, ICBC (Brasil) recorded total assets of USD273 million and net assets of USD66 million. It generated a net profit of USD0.62 million during the first half of the year.

ICBC PERU BANK

ICBC (Peru), an ICBC's wholly owned subsidiary in Peru, has a paid-up capital of USD50.00 million. Holding a full-functional commercial banking license, ICBC (Peru) offers a wide range of services including corporate deposit, loan, financial leasing, international settlement, trade finance, foreign exchange trading and E-banking. As at the end of June 2017, ICBC (Peru) recorded total assets of USD134 million and net assets of USD32 million. It generated a net profit of USD2.90 million during the first half of the year.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA MEXICO S.A.

ICBC (Mexico), an ICBC's wholly owned subsidiary in Mexico, has a paid-up capital of MXN664 million. Holding a full-functional commercial banking license, ICBC (Mexico) offers corporate deposit, loan, international settlement, trade finance, foreign exchange trading and other services. It started business in June 2016. As at the end of June 2017, ICBC (Mexico) recorded total assets of USD95 million and net assets of USD28 million.

ICBC TURKEY BANK ANONIM ŞIRKETI

ICBC (Turkey), an ICBC's controlled subsidiary in Turkey, has a share capital of TRY860 million, in which ICBC holds a 92.84% stake. With licenses for commercial banking, investment banking and asset management, ICBC (Turkey) provides corporate customers with integrated financial services including deposit, project loan, syndicated loan, trade finance, small and medium-sized enterprise loan, investment and financing advisory services, securities brokerage and asset management. At the same time, it provides personal customers with financial services such as deposit, personal consumption loan, residential mortgages, credit card and E-banking. As at the end of June 2017, ICBC (Turkey) recorded total assets of USD3,047 million and net assets of USD316 million. It generated a net profit of USD12.96 million during the first half of the year.

ICBC STANDARD BANK PLC

ICBC Standard Bank, an ICBC's controlled subsidiary in the United Kingdom, has an issued share capital of USD1,083 million, in which the Bank holds a 60% stake directly. ICBC Standard Bank mainly engages in global commodity trading businesses such as base metals, precious metals, bulk commodities and energy. It also provides global financial markets services such as exchange rate, interest rate, unsecured products and equities. As at the end of June 2017, ICBC Standard Bank recorded total assets of USD23,413 million and net assets of USD1,253 million. It generated a net profit of USD9.39 million during the first half of the year.

◆ *Major Domestic Subsidiaries*

ICBC CREDIT SUISSE ASSET MANAGEMENT CO., LTD.

ICBC Credit Suisse Asset Management, a subsidiary of the Bank, has a paid-up capital of RMB200 million, in which the Bank holds an 80% stake. It mainly engages in fund placement, fund distribution, asset management and such other businesses as approved by CSRC, and owns many business qualifications including public fund, QDII, enterprise annuity, specific asset management, domestic and overseas investment manager of social security fund, RQFII, insurance asset management, special asset management, occupational annuity, manager of basic pension insurance investment. It is one of the fund companies with "full-qualification" in the industry. As at the end of June 2017, ICBC Credit Suisse Asset Management managed a total of 110 public funds and nearly 600 enterprise annuity accounts and special accounts as well as special portfolios, with the assets under management approaching RMB1.4 trillion, and recorded total assets of RMB6,732 million and net assets of RMB5,405 million. It generated a net profit of RMB943 million during the first half of the year.

ICBC FINANCIAL LEASING CO., LTD.

ICBC Leasing, a wholly-owned subsidiary of the Bank, has a paid-up capital of RMB11.0 billion. It mainly engages in financial leasing of large-scale equipment in key fields such as aviation, shipping, energy and power, rail transit and equipment manufacturing and provides a variety of financial and industrial services including retail assignment, investment funds, securitization of investment assets, assets transactions and management. It has become a financial leasing company with the strongest comprehensive strength in China. As at the end of June 2017, ICBC Leasing recorded total assets of RMB308,259 million and net assets of RMB27,638 million. It generated a net profit of RMB1,619 million during the first half of the year.

ICBC-AXA ASSURANCE CO., LTD.

ICBC-AXA, a subsidiary of the Bank, has a paid-up capital of RMB8,705 million, in which the Bank holds a 60% stake. It engages in a variety of insurance businesses such as life insurance, health insurance and accident insurance, and re-insurance of these businesses, businesses in which use of insurance capital is permitted by laws and regulations of the State, and other businesses approved by China Insurance Regulatory Commission. As at the end of June 2017, ICBC-AXA recorded total assets of RMB124,030 million and net assets of RMB8,541 million. It generated a net profit of RMB268 million during the first half of the year.

◆ *Majority Equity Participation Company*

STANDARD BANK GROUP LIMITED

Standard Bank is the largest commercial bank in Africa. Its scope of business covers commercial banking, investment banking, life insurance business and other areas. The Bank holds 20.08% ordinary shares of Standard Bank, and the two banks engage in cooperation and communication frequently. As at the end of June 2017, Standard Bank recorded total assets of ZAR1,952,519 million and net assets of ZAR183,817 million. It generated a net profit attributable to ordinary shareholders of ZAR12,340 million during the first half of the year.

IT-based Banking Development

- The Bank continued to enhance the production and operation service system. It reinforced group-wide integrated management of production and operation, accelerated the construction of business system monitoring and intelligent operation maintenance platform and effected automation of changes and emergency responses. It performed the local switch of information systems and improved the practical capability of ensuring business continuity after local takeover. The Bank encouraged the implementation of the PRC Cyber-safety Law in the Bank, continued to improve the overall security system, built the network and information safety notification mechanism, optimized the network and information safety technological system, and took effective measures against risk events involving global outbreak of ransomware attack. No material production incident or information safety incident took place in the Group.
- Technologies supported business and service innovation. Adhering to the e-ICBC strategy, the Bank continued to promote innovation in internet-based finance and push forward the building and integration of ICBC Mobile, ICBC Link and ICBC Mall. It unified the "ICBC e Payment" brand and consolidated various signature verification methods, e.g. using payment password, U-Shield, password device and SMS. The Bank moved ahead in API reform and migration of the new-generation regional featured business platform to prop up the development of featured businesses at branches. While continuously promoting the building of international and diversified business systems, the Bank provided scientific and technological support for relevant overseas institutions since they acted as the RMB clearing bank of host countries and engaged in global market securities trading business.
- The Bank set up seven innovation labs in order to strengthen research and application of new technologies. It deepened the mining and application of big data and made progress in application of big data-based findings in the fields of customer insight and value enhancement, precise marketing and service management, risk monitoring and control, and channel synergy and management. Using the block chain technology, it developed the Guizhou Anti-poverty Fund Block Chain Platform, realizing transparent review and approval of funding for poverty alleviation projects. It set up an open, safe and expandable "ICBC Internet of Things Service Platform" to effectively control post-lending risk. It enabled the identification of parties related to customer risks via artificial intelligence technology to heighten monitoring of credit risk. And it adopted face recognition and video authentication technologies to support the integrated account opening by micro, small and medium-sized enterprises both online and offline.
- In the first half of 2017, the Bank obtained 25 patents from the State Intellectual Property Office, and the total number of patents owned by the Bank increased to 480, including 225 patents for inventions granted by the State Intellectual Property Office and 255 patents for utility model and product design patents granted by the State Intellectual Property Office.

Human Resources Management

- To echo bank-wide operation transformation, reform and development, the Bank carried forward the innovation in the Group's human resources management system and mechanism, deepened the officer system reform, improved the organizational structure management, optimized the staffing, reinforced the remuneration incentives and restraints, strengthened building of key talent teams, expanded career growth platform of staff and provided strong organizational guarantee and talent support for the whole bank's reform and development.
- The Bank set up the Inclusive Finance Department at the Head Office and all tier-one branches that are directly controlled by the Head Office, and established small and micro enterprise banking centers at tier-two branches or key sub-branches at an opportune time to further enhance the capabilities of serving real economy.
- The Bank has comprehensively built the "ICBC University" that addresses the Group's development strategy and staff team building by coordinating domestic and overseas, online and offline resources, and offering training for all staff and professional talent cultivation. It promoted the building of "Competency Training System" and "Online University System", constructed a diversified, integrated overseas staff training system, kept pace with the times to reinforce building of Party school training system, stepped up business adaptability training, optimized the professional aptitude test certification system and laid a solid foundation for the training resource guarantee system. In the first half of 2017, the Bank organized 24 thousand sessions of training for 2.08 million employees, averaging to approximately 3.86 days of training per employee.
- The Bank continued to deepen corporate culture building and built the consensus on innovation-driven development. With enrichment and development of the Group's cultural concepts at the core, the Bank vigorously advocated and exercised the "Craftsmanship" mindset and raised the awareness of "Act". It strengthened the sub-cultures of "Innovation, Honesty, Compliance and Service" and embedded such cultures into operations management. It actively encouraged the planting of corporate culture at grassroots operations, comprehensive subsidiaries and overseas institutions. The Bank established a three-dimensional whole-media platform to publicize, communicate and showcase its culture via official public account of WeChat, ICBC Link and authoritative media.

RISK MANAGEMENT

Enterprise Risk Management System

In the first half of 2017, the Bank continued to enhance the Group's risk management, improved the enterprise risk management system, and made risk management more forward-looking. It implemented the latest regulatory requirements, revised the basic policies on enterprise risk management, better managed the related work of Global Systemically Important Banks, and advanced the building of stress testing management system. It strengthened consolidated risk management of the Group and the risk management and monitoring reporting of subsidiaries. It reinforced the tracking of important country risk events and the related risk warning and sharpened the capacity to manage the country risk. It enhanced the management over market risk limits and the centralized management over product control, pushed forward the extension and application of the global market risk management system, and improved the management over the Group's market risk. It enhanced the risk management over wealth management. In addition, it continuously pressed forward with the application of advanced approaches for capital management, refined the relevant measurement approaches and tools, enhanced the risk measurement model monitoring, further improved the relevant data quality management, advanced the upgrading and transformation of its system and the system's overseas extension, and reinforced the application of risk measurement results.

Credit Risk

Credit Risk Management

In the first half of 2017, the Bank stuck to providing financial support to the real economy, and pushed forward the management of the "Two Major Projects" over credit quality and credit foundation to improve its capacity to control credit risk and boost its business efficiency simultaneously.

The Bank strengthened the formation of the credit rule framework and consolidated the management over credit base. It actively implemented the Notice on Further Strengthening Credit Risk Management of the CBRC and other regulatory requirements, and further improved the regulations and measures for credit risk management. It continuously enhanced the global unified credit extension management, and controlled the aggregate customer financing risk. It refined the rules on credit products and the business management requirements, improved the business management and better satisfied the demand of customers for financing. It also further standardized the management over collateral and guarantees, refined system setting and determined reasonable access standards for qualified collateral to better manage loan guarantees.

The Bank constantly adjusted and improved industrial credit policy in accordance with the macroeconomic policy, the prevailing trends of industry policy and the characteristics of the operation of the industry as well as the important national strategic initiatives. Conforming to the industrial policy system of "18 segments + key sub-industries", the Bank strengthened the industrial investment layout, highlighted strategies of key areas and quality customers. While supporting leading industrial enterprises and their transformation and upgrading demands, it continuously improved the industrial credit structure, further stressed the strategic orientation of credit policy, and promoted the guidance, practicality and operability of industrial credit policy.

The Bank strengthened risk management of the real estate industry. It adjusted and refined the management over city classification in property loans, supported the financing demands of real estate development projects of key regions and large and quality customers, and steadily advanced the financing for shantytown renovation as a part of the government service procurement projects. It also prudently granted new housing development loans to tier-3 and tier-4 cities with long de-stocking period and strictly controlled loans to commercial property development and commercial shantytown renovation.

The Bank strengthened risk management in relation to trade finance. It systemically refined the trade finance product system, further adjusted, improved and integrated various trade finance products and formulated operational rules on domestic trade finance in accordance with the features of credit risk control, thereby consolidating the risk management base of trade finance.

The Bank strengthened credit risk management of small enterprises. It increased the number of small and micro enterprise banking centers and expanded the coverage of the specialized operation of small and micro banking. It accelerated the building of the management system for the small and micro enterprise banking risk, pushed forward the formulation of overall market planning and regional market planning, and better controlled the admission of customers to ensure the asset quality of small enterprise customers. It conducted cross-checks of the information about the real conditions of these customers from multiple channels both inside and outside the Bank, enhanced the unified credit management in relation to connected customers to guard against the excessive financing risk. It created a management platform for risk early warning of credit to small and micro enterprises by applying the big data technology and pushed forward a post-lending management model focusing on offsite monitoring and supplemented by onsite examination.

The Bank enhanced risk management of personal loans. It improved and adjusted the basic procedures for personal loans, created a review and approval model fitting the business features of personal loans, and reinforced the system control in position setting, loan conditions and cross defaults. It continued to strengthen the management over the Bank's acceptance, early warning of and termination of relationship with its partners in personal loan business to guard against the external risk. It diversified and improved the monitoring and early warning model for risk monitoring for personal loans by employing the big data methods and concepts to give sufficient warning and revelation of the credit risk so as to prevent and control it. With different measures for varied customers, the Bank improved the quality and effect of NPL collection and recovery, implemented the securitization of personal NPLs, and advanced the resolution and disposition of personal loan risk with market-based approaches.

The Bank enhanced risk management of credit card business. It revised the administrative measures for grant of credit facility to personal customers, established a credit system based on the characteristics of customer groups, took into full consideration the multi-dimensional information of customers for precise credit extension, and implemented the centralized reform of credit extension in unsecured asset business step by step, thereby increasing the efficiency of approval and controlling the credit risk exposure. It accelerated the setting up of the big data risk control model and system for ICBC credit cards, and further sharpened its risk early warning capacity. It investigated the risks of existing card customers with high credit lines and adjusted their credit lines accordingly, and improved the credit extension structure of existing credit card customers so as to effectively control substantial risks. It took out a new post-lending management model, and resolved non-performing assets from various channels.

The Bank improved credit risk management of treasury operations. It further improved credit risk monitoring and analysis mechanism for treasury operations, enhanced the pre-investment screening and credit risk analysis and judgment, to control the access threshold for the SPV investment business. It better monitored and investigated risks and enhanced the risk management for the duration of businesses. It proactively improved the structure of bond investment portfolio in line with current trends on domestic and international financial markets, continued to maintain high-quality unsecured bond investment, and strived to mitigate the credit risk of bond investment portfolio.

Credit Risk Analysis

As at the end of June 2017, the Bank's maximum credit risk exposures without taking account of any collateral and other credit enhancements reached RMB27,962,424 million, representing an increase of RMB1,724,880 million over the end of the previous year. Please refer to "Note 47.(a)(i) to the Financial Statements: Details of the Bank's Maximum Exposure to Credit Risk Without Taking Account of Any Collateral and Other Credit Enhancements". For mitigated risk exposures of credit risk asset portfolio of the Bank, please refer to the "Information Disclosed Pursuant to the Capital Regulation".

DISTRIBUTION OF LOANS BY FIVE-CATEGORY CLASSIFICATION

In RMB millions, except for percentages

Item	At 30 June 2017		At 31 December 2016	
	Amount	Percentage (%)	Amount	Percentage (%)
Pass	13,107,689	94.53	12,261,034	93.91
Special mention	541,148	3.90	584,011	4.47
NPLs	217,072	1.57	211,801	1.62
Substandard	104,850	0.76	109,434	0.84
Doubtful	92,874	0.67	82,505	0.63
Loss	19,348	0.14	19,862	0.15
Total	**13,865,909**	**100.00**	**13,056,846**	**100.00**

Loan quality showed improvement signs. As at the end of June 2017, according to the five-category classification, pass loans amounted to RMB13,107,689 million, representing an increase of RMB846,655 million from the end of the previous year and accounting for 94.53% of total loans. Special mention loans amounted to RMB541,148 million, representing a decrease of RMB42,863 million and accounting for 3.90% of total loans, dropping 0.57 percentage point. NPLs registered RMB217,072 million, representing an increase of RMB5,271 million, dropping by RMB11,514 million compared with the increase of the same period of last year. The NPL ratio was 1.57%, representing a decrease of 0.05 percentage point.

DISTRIBUTION OF LOANS AND NPLS BY BUSINESS LINE

In RMB millions, except for percentages

Item	At 30 June 2017				At 31 December 2016			
	Loan	Percentage (%)	NPLs	NPL ratio (%)	Loan	Percentage (%)	NPLs	NPL ratio (%)
Corporate loans	8,927,631	64.4	169,506	1.90	8,140,684	62.4	159,871	1.96
Discounted bills	363,087	2.6	605	0.17	719,993	5.5	598	0.08
Personal loans	4,575,191	33.0	46,961	1.03	4,196,169	32.1	51,332	1.22
Total	**13,865,909**	**100.0**	**217,072**	**1.57**	**13,056,846**	**100.0**	**211,801**	**1.62**

The balance of non-performing corporate loans stood at RMB169,506 million, increasing by RMB9,635 million from the end of the previous year, and NPL ratio was 1.90%, declining by 0.06 percentage point. The balance of non-performing personal loans stood at RMB46,961 million, decreasing by RMB4,371 million, and NPL ratio was 1.03%, declining by 0.19 percentage point.

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

In RMB millions, except for percentages

Item	At 30 June 2017				At 31 December 2016			
	Loan	Percentage (%)	NPLs	NPL ratio (%)	Loan	Percentage (%)	NPLs	NPL ratio (%)
Transportation, storage and postal services	1,643,482	21.9	5,167	0.31	1,516,089	21.8	3,022	0.20
Manufacturing	1,470,551	19.5	64,838	4.41	1,414,408	20.4	60,639	4.29
Production and supply of electricity, heat, gas and water	889,429	11.8	617	0.07	820,692	11.9	501	0.06
Leasing and commercial services	864,223	11.5	6,417	0.74	736,921	10.7	4,938	0.67
Water, environment and public utility management	644,446	8.6	1,471	0.23	517,542	7.5	1,302	0.25
Wholesale and retail	629,756	8.4	56,958	9.04	625,488	9.0	58,029	9.28
Real estate	486,341	6.5	10,302	2.12	426,999	6.2	9,367	2.19
Mining	226,684	3.0	4,097	1.81	225,505	3.3	4,425	1.96
Construction	213,630	2.8	3,248	1.52	187,363	2.7	4,222	2.25
Science, education, culture and sanitation	124,099	1.7	895	0.72	122,294	1.8	675	0.55
Lodging and catering	113,685	1.5	3,129	2.75	122,117	1.8	2,742	2.25
Others	207,721	2.8	4,362	2.10	197,119	2.9	2,456	1.25
Total	**7,514,047**	**100.0**	**161,501**	**2.15**	**6,912,537**	**100.0**	**152,318**	**2.20**

In the first half of 2017, the Bank made more efforts to serve the development of the real economy, actively followed major national development strategies, strived to satisfy the loan demand of investment projects in national key areas, and continuously stepped up efforts to improve and adjust the allocation of credits to industries. Loans to the transportation, storage and postal services increased by RMB127,393 million or 8.4%, mainly driven by the fast increase in the country's investment in the highways in the first half of the year. Loans to the leasing and commercial services also showed an increase of RMB127,302 million or 17.3%, mainly due to the rapid growth of loans for investment and asset management and other commercial services. Loans for water, environment and public utility management increased by RMB126,904 million or 24.5%, which was mainly used to support construction projects of major water conservancy, environment and municipal facilities.

The balance of NPLs of the manufacturing industry had a relatively higher increase, mainly due to the impact of the slowing macro-economy, insufficient market demands, production overcapacity and increasing resources and environmental constraints on some light, chemical and building materials industries and the loan defaults of some enterprises in those industries as a result of more fierce competition and declining profitability.

DISTRIBUTION OF LOANS AND NPLS BY GEOGRAPHIC AREA

In RMB millions, except for percentages

Item	At 30 June 2017				At 31 December 2016			
	Loan	Percentage (%)	NPLs	NPL ratio (%)	Loan	Percentage (%)	NPLs	NPL ratio (%)
Head Office	572,411	4.1	13,644	2.38	581,084	4.5	13,758	2.37
Yangtze River Delta	2,539,633	18.3	31,227	1.23	2,409,725	18.4	35,325	1.47
Pearl River Delta	1,838,940	13.3	35,423	1.93	1,743,572	13.4	35,913	2.06
Bohai Rim	2,298,380	16.6	44,198	1.92	2,156,022	16.5	41,097	1.91
Central China	1,945,628	14.0	32,495	1.67	1,819,143	13.9	28,575	1.57
Western China	2,439,370	17.6	37,360	1.53	2,313,507	17.7	37,623	1.63
Northeastern China	719,954	5.2	14,286	1.98	706,472	5.4	11,571	1.64
Overseas and others	1,511,593	10.9	8,439	0.56	1,327,321	10.2	7,939	0.60
Total	**13,865,909**	**100.0**	**217,072**	**1.57**	**13,056,846**	**100.0**	**211,801**	**1.62**

CHANGES IN ALLOWANCE FOR IMPAIRMENT LOSSES ON LOANS

In RMB millions

	Individually assessed	Collectively assessed	Total
At the beginning of the period	**65,557**	**223,955**	**289,512**
Charge for the period	54,652	6,349	61,001
Including: Impairment allowances charged	77,906	80,806	158,712
Reversal of impairment allowances	(23,254)	(74,457)	(97,711)
Accreted interest on impaired loans	(1,632)	–	(1,632)
Write-offs	(25,453)	(7,889)	(33,342)
Recoveries of loans and advances previously written off	606	368	974
At the end of the period	**93,730**	**222,783**	**316,513**

As at the end of June 2017, the allowance for impairment losses on loans stood at RMB316,513 million, representing an increase of RMB27,001 million as compared to the end of last year. Allowance to NPL was 145.81%, representing an increase of 9.12 percentage points; allowance to total loans was 2.28%.

DISTRIBUTION OF LOANS BY COLLATERAL

In RMB millions, except for percentages

Item	At 30 June 2017		At 31 December 2016	
	Amount	Percentage (%)	Amount	Percentage (%)
Loans secured by mortgages	6,284,856	45.3	5,986,629	45.9
Including: Residential mortgages	3,639,794	26.2	3,237,427	24.8
Pledged loans	1,330,808	9.6	1,610,680	12.3
Including: Discounted bills	363,087	2.6	719,993	5.5
Guaranteed loans	2,073,036	15.0	1,867,424	14.3
Unsecured loans	4,177,209	30.1	3,592,113	27.5
Total	**13,865,909**	**100.0**	**13,056,846**	**100.0**

OVERDUE LOANS

In RMB millions, except for percentages

	At 30 June 2017		At 31 December 2016	
Overdue periods	Amount	% of total loans	Amount	% of total loans
Less than 3 months	112,250	0.81	151,115	1.16
3 months to 1 year	67,339	0.49	75,550	0.58
1 to 3 years	107,923	0.78	101,916	0.78
Over 3 years	21,104	0.15	17,546	0.13
Total	**308,616**	**2.23**	**346,127**	**2.65**

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

Overdue loans stood at RMB308,616 million, representing a decrease of RMB37,511 million from the end of the previous year. Specifically, loans overdue for over 3 months amounted to RMB196,366 million, representing an increase of RMB1,354 million.

RENEGOTIATED LOANS

Renegotiated loans and advances amounted to RMB5,996 million, representing an increase of RMB455 million as compared to the end of the previous year. Renegotiated loans and advances overdue for over three months amounted to RMB1,681 million, representing an increase of RMB283 million.

BORROWER CONCENTRATION

The total amount of loans granted by the Bank to the single largest customer and top ten single customers accounted for 4.9% and 13.9% of the Bank's net capital respectively. The total amount of loans granted to the top ten single customers was RMB305,765 million, accounting for 2.2% of the total loans. The table below shows the details of the loans granted to the top ten single borrowers of the Bank as at the end of June 2017.

In RMB millions, except for percentages

Borrower	Industry	Amount	% of total loans
Borrower A	Transportation, storage and postal services	110,384	0.8
Borrower B	Transportation, storage and postal services	36,715	0.3
Borrower C	Transportation, storage and postal services	34,360	0.3
Borrower D	Transportation, storage and postal services	20,809	0.2
Borrower E	Transportation, storage and postal services	17,972	0.1
Borrower F	Transportation, storage and postal services	17,762	0.1
Borrower G	Transportation, storage and postal services	17,242	0.1
Borrower H	Leasing and commercial services	17,000	0.1
Borrower I	Transportation, storage and postal services	16,770	0.1
Borrower J	Transportation, storage and postal services	16,751	0.1
Total		**305,765**	**2.2**

Risk Management of Asset Management

The Bank enhanced the risk management of asset management. It further refined the policy system for the non-standard agency investment and built a risk management system more accommodating to the features of non-standard agency investments on equity fund, debts and fund portfolios which takes into account the underlying asset type, structure of transactions and risk features. It adjusted and improved the authorization plan for credit risk in non-standard agency investment and fully considered the differences between agency investment and principal credit business in risk features. It also understood the risk nature and strengthened the risk control of agency investment so as to effectively promote the healthy development of asset management.

Market Risk

Market Risk Management of the Banking Book

The Bank actively improved the market risk management system for the banking book and further increased interest rate and currency risk management and measurement capability of the Group. It focused on adopting steady and prudent interest rate risk appetite, comprehensively utilized interest rate limit system management, term structure management, internal and external pricing management, hedging management and other instruments to effectively control the Group's interest rate risk, taking interest rate risk management strategies and the business development conditions into consideration.

Market Risk Management of the Trading Book

The Bank continued to strengthen and improve risk management and product control of the trading book by adopting multiple methods including value at risk (VaR) measurement, stress testing, sensitivity analysis, exposure analysis and limit monitoring to measure and manage products in the trading book. The Bank further improved the market risk limit management system based on trading portfolios, revised the limit approval procedures, innovated limit approval approaches, made limit setting more scientific by applying an approach combining qualitative and quantitative analysis, and realized fast and flexible monitoring and dynamic adjustment of limits with the help of its Global Market Risk Management (GMRM) system. For VaR of the trading book of the Bank, please refer to "Note 47. (c)(i) to the Financial Statements: Value at Risk (VaR)".

Market Risk Analysis

- *Interest Rate Risk Analysis*

In the first half of 2017, the Bank made scientific analysis and judgment of the trends of the macro economy and the market interest rates, improved the interest rate risk management transmission mechanism for the Group by formulating a three-tier limit management system, and continued to sharpen its internal and external pricing ability and its ability to manage the term structure of assets and liabilities to ensure the realization of interest rate risk management target.

As at the end of June 2017, the Bank had a negative cumulative interest rate risk gap within one year of RMB32,028 million, representing a decrease of RMB388,667 million from the end of the previous year, which was mainly caused by the increase of loans and advances to customers and placements with and lendings to banks and other financial institutions being re-priced or maturing within one year. Interest rate risk over one year had a positive gap of RMB1,647,538 million, representing a decrease of RMB371,277 million, mainly due to the increase in customer deposits maturing over one year. The structure of the Bank's interest rate risk exposure according to the contractual repricing date or maturity date (whichever is earlier) is shown in the following table:

INTEREST RATE RISK EXPOSURE

In RMB millions

	Less than 3 months	3 months to 1 year	1 to 5 years	Over 5 years
At 30 June 2017	(4,950,841)	4,918,813	147,637	1,499,901
At 31 December 2016	(1,577,446)	1,156,751	487,380	1,531,435

Note: Please refer to the "Note 47.(c)(ii) to the Financial Statements: Interest Rate Risk".

Please refer to the "Note 47.(c)(ii) to the Financial Statements: Interest Rate Risk" for the interest rate risk sensitivity analysis.

◆ *Currency Risk Analysis*

In the first half of 2017, the Bank closely watched the changes in external market and internal funds, actively took a combination of management measures such as price leverage to adjust and optimize the aggregate amount and structure of foreign exchange assets and liabilities, and strengthened assets and liabilities currency structure management and capital fund value maintenance of overseas institutions. The currency risk of the Bank was under control.

FOREIGN EXCHANGE EXPOSURE

In RMB (USD) millions

	At 30 June 2017		At 31 December 2016	
Item	RMB	USD equivalent	RMB	USD equivalent
Exposure of on-balance sheet foreign exchange items, net	365,895	53,963	344,304	49,554
Exposure of off-balance sheet foreign exchange items, net	(185,725)	(27,391)	(177,415)	(25,535)
Total foreign exchange exposure, net	**180,170**	**26,572**	**166,889**	**24,019**

Please refer to "Note 47.(c)(iii) to the Financial Statements: Currency Risk" for the exchange rate sensitivity analysis.

Liquidity Risk

The Bank constantly improved its liquidity risk management rules following changes in the macroeconomic environment and financial regulatory requirements, and upgraded liquidity risk management mechanism, thus enhancing the liquidity risk management quality of the Bank. The Bank continued to implement steady and prudent liquidity management strategy, managed the Group's consolidated liquidity risk in a coordinated way, enhanced the dynamic monitoring over liquidity on and off balance sheet and of domestic and overseas institutions, guided the domestic and overseas institutions to implement the Group's requirements for liquidity risk management, and continuously improved the Group's ability to identify, monitor, measure and control the liquidity risk.

Liquidity Risk Analysis

In the first half of 2017, the Bank paid close attention to the factors impacting the liquidity risk management, gave active responses to the fund management and liquidity risk management, and took multiple measures to ensure the stable and safe liquidity operation. According to the Bank's asset and liability business developments and the characteristics of fund management at different times, it made an overall plan on the aggregate and structure of the fund sources and deployments, continued to enhance the basic work related to deposits and the management over active liabilities, refined the structure of liability terms to achieve a dynamic balance between liquidity and profitability.

The Bank maintained coordinated development of deposits and loans business, with liquidity risk management improved continuously. As at the end of June 2017, RMB liquidity ratio and foreign currency liquidity ratio of the Bank were 40.5% and 88.0% respectively, both meeting the regulatory requirements. Loan-to-deposit ratio was 70.1%. Please refer to "Discussion and Analysis — Other Information Disclosed Pursuant to Regulatory Requirements" for details.

The daily average of Liquidity Coverage Ratio for the second quarter of 2017 was 123.15%, 1.82 percentage points higher than the previous quarter. This was because high-quality liquid assets (HQLA) increased. HQLA cover cash, available central bank reserve for use under stress and primary and secondary bond assets that can be included in the liquidity coverage ratio under the regulatory requirements. For quantitative information on the liquidity coverage ratio disclosed pursuant to CBRC's Administrative Measures for Information Disclosure Regarding Liquidity Coverage Ratio of Commercial Banks, please refer to "Unaudited Supplementary Financial Information".

The Bank also assessed its liquidity risk profile by using liquidity exposure analysis. As at the end of June 2017, the Bank's negative liquidity exposure with a term of three months to one year expanded, mainly due to an increase in customer deposits of such term and a decrease in loans and advanced to customers and bond investment. The positive liquidity exposure with a term of one year to five years narrowed, mainly due to an increase in customer deposits and a decrease of loans and advances to customers. The positive exposure with a term of more than five years expanded, mainly due to an increase in loans and advances to customers. The Bank had good overall liquidity as its deposits grew steadily with a relatively high deposition rate, coupled by the substantial holdings in high-liquidity bond assets and sufficient liquidity reserves.

LIQUIDITY EXPOSURE ANALYSIS

In RMB millions

	Overdue/ repayable on demand	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Undated	Total
At 30 June 2017	(10,626,438)	(36,984)	(257,525)	(956,818)	2,413,183	8,112,953	3,382,263	2,030,634
At 31 December 2016	(10,391,326)	43,004	(490,413)	(378,127)	3,363,860	6,499,529	3,334,636	1,981,163

Note: Please refer to "Note 47.(b) to the Financial Statements: Liquidity Risk".

Internal Control and Operational Risk

Internal Control

The Bank continually refined its internal control mechanism and actively improved its internal control management so as to make the internal control management more reasonable and effective. It systemically advanced the building of the Group's internal control system, revised the measures for assessment of domestic institutions on their internal controls, diversified the forms of internal control assessment, improved the assessment indicator design and data access methods, and enhanced the application of assessment results. It paid heeds to the risks in hot and key businesses and conducted the verification of operational risk. By organizing the activity of "Enhanced implementation year" of internal control and compliance, it stepped up efforts to promote a compliance culture, and constantly pushed forward the dissemination of the core concepts of the compliance culture and made them deeply rooted in the minds of its employees.

Operational Risk Management

In accordance with the latest regulatory requirements concerning operational risk and the trends of operational risk in the banking industry, the Bank effectively conducted the scientific and detailed management of operational risks. It conducted campaigns against risks in all major businesses, and advanced the special risk governance campaign regarding ten key areas and key stages. It made strict risk assessment and investigation, reinforced risk monitoring and early warning, alertly guarded against external fraud risk, and seriously punished and held relevant personnel accountable for cases. It enhanced the constraint of liability of performance of obligations related to credit, made a tough whole-process control before, during and after granting loans. It carried out a comprehensive reform on seals across the Bank to control the risk arising from using seals. It strengthened the campaign against data quality issues of domestic and overseas institutions and pressed forward with the integrated identification of domestic and overseas customers of the Group. It made a scientific plan for business outsourcing and enhanced control over the related risks. It revised the management plan for operational risk limits and perfected the closed-loop management of operational risk loss events. It continuously conducted monitoring over key indicators of operational risks and enhanced the application of self-assessment results on operational risk and control. During the reporting period, the operational risk management system of the Bank operated smoothly and the operational risk was controllable on the whole.

Legal Risk

The Bank continued to strengthen legal risk management. It continuously improved both the vertical linkage and horizontal coordination mechanisms between the Head Office and branches, and made the legal risk prevention and control more prospective, proactive and targeted by embedding it into business negotiations, product design, contract execution and other daily operation. The Bank further improved the cross-border coordination and management for legal work and strengthened the legal risk management of overseas institutions, actively responding to cross-border legal issues emerging in the international development.

Anti-money Laundering

In strict compliance with applicable laws and regulations concerning anti-money laundering of China and the host countries (regions) of overseas institutions, the Bank deeply implemented the "risk-based" regulatory requirements in respect of anti-money laundering, earnestly fulfilled the social duties and legal obligations concerning anti-money laundering, and kept enhancing the Group's risk management level regarding anti-money laundering and anti-terrorist financing. It set up the Anti-Money Laundering Center at the Head Office level to further improve the anti-money laundering management structure of the Group. It pressed ahead with the application of the overseas anti-money laundering system and the compliance review system for sensitive businesses as planned, took multiple measures to strengthen staffing of overseas institutions for anti-money laundering and compliance to continuously consolidate the basis for management of anti-money laundering in overseas institutions. It enhanced the system monitoring, analysis and quality sampling inspection of domestic suspicious transaction reports, and actively assisted the competent authorities in anti-money laundering investigation and funds investigation and control. Moreover, the Bank classified the customer anti-money laundering risks, evaluated the money-laundering risks of new products, and proactively promoted the comprehensive application of the results to various businesses. It implemented special project regarding customer information control and reinforced the prevention and control of money laundering risks and terrorist financing risks in key business areas. Besides, the Bank organized multi-layered anti-money laundering trainings, strengthened the cultivation of anti-money laundering and compliance talents, and improved the compliance consciousness, professionalism and performance capability of anti-money laundering personnel.

Reputational Risk

The Bank constantly advanced the building of a reputational risk management mechanism and reinforced the governance of the reputational risk sources. It stepped up efforts to apply and improve the reputational risk management system and further improve the IT application in reputational risk management. It conducted reputational risk assessments on new businesses and products, and investigated all potential reputational risks. It performed reputational risk management and protection of consumer rights and interests together, actively responded to the comments and suggestions of the public, expanded the coverage and penetration of reputational risk management, and continued to increase the reputational risk awareness of all the employees. During the reporting period, the Bank's reputational risk was controllable without the occurrence of any material reputational risk event.

Country Risk

In the first half of 2017, in response to the increasingly complicated international environment, the Bank continued to enhance country risk management. It continuously improved the policies and procedures for country risk management, closely watched changes in country risk exposures, constantly tracked, monitored and reported country risks, and timely updated and adjusted the country risk rating and limits. It also conducted stress tests on country risk actively, strengthened early warning for country risks, and effectively controlled country risks while pushing ahead with the internationalization strategy.

CAPITAL MANAGEMENT

In the first half of 2017, the Bank further deepened the capital management reform and coordinated, allocated and utilized diverse capital resources to optimize the capital utilization. It also intensified the rigid constraint of economic capital on risk-weighted assets and continued to elevate the capital use efficiency and return on capital. During the reporting period, the Bank's capital indicators maintained sound performance and its capital adequacy ratio was kept at a relatively good level among peers.

Capital Adequacy Ratio and Leverage Ratio

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

As at the end of June 2017, the core tier 1 capital adequacy ratio, tier 1 capital adequacy ratio and capital adequacy ratio stood at 12.67%, 13.19% and 14.46% respectively, all complying with regulatory requirements.

CAPITAL ADEQUACY RATIO

In RMB millions, except for percentages

Item	At 30 June 2017	At 31 December 2016
Core tier 1 capital	**1,934,598**	**1,886,536**
Paid-in capital	356,407	356,407
Valid portion of capital reserve	152,002	151,998
Surplus reserve	205,308	205,021
General reserve	251,767	251,349
Retained profits	1,008,879	940,237
Valid portion of minority interests	2,432	3,164
Others	(42,197)	(21,640)
Core tier 1 capital deductions	**11,063**	**11,560**
Goodwill	8,810	9,001
Other intangible assets other than land use rights	1,157	1,477
Cash flow hedge reserves that relate to the hedging of items that are not fair valued on the balance sheet	(4,604)	(4,618)
Investments in core tier 1 capital instruments issued by financial institutions that are under control but not subject to consolidation	5,700	5,700
Net core tier 1 capital	**1,923,535**	**1,874,976**
Additional tier 1 capital	**79,894**	**79,794**
Additional tier 1 capital instruments and related premium	79,375	79,375
Valid portion of minority interests	519	419
Net tier 1 capital	**2,003,429**	**1,954,770**
Tier 2 capital	**193,155**	**178,292**
Valid portion of tier 2 capital instruments and related premium	134,863	154,861
Surplus provision for loan impairment	54,954	19,195
Valid portion of minority interests	3,338	4,236
Tier 2 capital deductions	**500**	**5,600**
Significant minority investments in tier 2 capital instruments issued by financial institutions that are not subject to consolidation	500	5,600
Net capital base	**2,196,084**	**2,127,462**
Risk-weighted assets[2]	**15,183,975**	**14,564,617**
Core tier 1 capital adequacy ratio	**12.67%**	**12.87%**
Tier 1 capital adequacy ratio	**13.19%**	**13.42%**
Capital adequacy ratio	**14.46%**	**14.61%**

Notes: (1) Please refer to "Note 47.(d) to the Financial Statements: Capital management".

(2) Refers to risk-weighted assets after capital floor and adjustments.

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

LEVERAGE RATIO

In RMB millions, except for percentages

Item	At 30 June 2017	At 31 March 2017	At 31 December 2016	At 30 September 2016
Net tier 1 capital	2,003,429	2,017,717	1,954,770	1,919,729
Balance of adjusted on- and off-balance sheet assets	27,467,633	26,753,069	25,904,533	25,357,448
Leverage ratio	**7.29%**	**7.54%**	**7.55%**	**7.57%**

Note: Please refer to "Unaudited Supplementary Financial Information" for details on disclosure of leverage ratio information.

Capital Financing Management

The Bank proactively carried out external capital replenishment and constantly promoted the issuance of new capital instruments on the basis of achieving capital replenishment by retained profits. The Board of Directors of the Bank convened a meeting in March 2016 to review and approve the proposal on the new issuance of write-down eligible tier 2 capital instruments up to RMB88.0 billion equivalent by the end of 2017, which was deliberated and approved by the Shareholders' General Meeting in June 2016. For the issuance of the tier 2 capital instruments, please refer to the announcements published by the Bank on the websites of SEHK and SSE.

OUTLOOK

In the second half of 2017, the global economy is expected to continue on the recovery trend, but the complexity, instability and uncertainty features of the economic and financial system may become increasingly prominent. China's economy moves forward steadily and moderately, and driven by the dual forces of economic structure upgrade and demand improvement, the quality and efficiency of the economy is expected to be further improved.

For the Bank, opportunities and challenges coexist in the external environment. Opportunities are mainly manifested in the following aspects: first, the macroeconomic stability and soundness provide better conditions for the Bank to tap into advanced market and constantly improve asset quality. Second, the deepening of supply-side structural reform and the acceleration of economic transformation inject a stronger impetus into the Bank's business innovation and transformational development. Third, the rolling-out of national strategies, such as the "four regions", the "three supporting belts" and the Xiong'an New Area, will help to build a new pattern of regional coordinated development, and provide new opportunities for the Bank to optimize strategic resources and tap the growth potential. Fourth, the improvement of the financial regulatory system and the deepening of financial reform will create a more healthy and orderly market environment.

The main challenges include: first, financial risks become more and more complex in the way they demonstrate and develop, and the contagious and interlocking features of various types of risks are increasingly obvious, posing higher requirements for the Bank's risk prevention and control. Second, the interweaving of monetary policy differentiation of world's major economies, the financial disintermediation and interest rate liberalisation in China and other factors put further squeezing pressure on banks' profitability space, and raise urgent demands for the Bank to cultivate multiple sources of income, and improve pricing and cost control capability. Third, the restructuring of the cross-over competition among banks, internet companies, and Fintech companies forces the Bank to speed up business transformation and service model innovation, consolidate and expand its advantages in diversified competition.

2017 marks the final year of the fourth three-year plan since the Bank's joint-stock reform. In the first half of this year, the Bank managed to present a better-than-expected performance result against all odds. In the second half of the year, the Bank will adhere to the major tone of seeking progress on the basis of stability, and continue to muster up all efforts to go through the three major tasks of serving the real economy, guarding against financial risks and deepening innovation and reform, so as to maintain a steady and healthy development trend.

- **Comprehensively enhancing the efficiency and capability of serving the real economy.** Following the major trend of supply-side structural reform, emphasis shall be put on key national economic areas and weaker areas, the credit top-level design shall be strengthened, and the allocation of credit resources shall be optimized. While continuing to increase support for national key initiatives and major projects, the Bank will pay more attention to the bigger role that inclusive finance plays, and promote financial services in fields such as small and micro enterprises, "rural areas, agriculture and farmers", targeted poverty alleviation and people's livelihood. Consolidated management between new credit and existing credit shall be made, a multilevel and diversified investment and financing system that complies with the innovative and tiered market development shall be better regulated and more efforts shall be made in supporting the de-leveraging and cost-reduction of the real economy.

- **Effectively enhancing the risk mitigation ability.** The Bank will focus more on the on and off-balance sheets, strengthen the accountability of the responsible persons, and keep a staring eye on key areas of risks. Centering on the credit risk, on-balance sheet work shall be mainly done in the three areas of new credit admission, inventory control, and NPL disposal, and resolute efforts shall be made to prevent the quality of assets from turning bad. In terms of off-balance sheet, we will focus on cross-border, cross-industry, cross-market new risk prevention and control, actively deal with liquidity, interest rate, exchange rate and other market risks, and make full efforts to safeguard the security line and risk bottom line.

- **Deepening reform and innovation as well as business transformation.** The Bank will continue to deepen the implementation of the strategies including mega retail, mega asset management, and mega investment banking, improve the internationalized and integrated business system and business structure, and strengthen the development of profit-making units of all institutions and all product lines, to create values based on services and further shape up the balanced income structure with multiple sources of income. The Bank will also improve the performance-linked assessment system and resource allocation mechanism, accelerate the transformation of the outlet channel and the optimization of service process, deepen the implementation of the e-ICBC3.0 "intelligent banking" strategy, fully stimulate vitality and create new growth drivers.

OTHER INFORMATION DISCLOSED PURSUANT TO REGULATORY REQUIREMENTS

Major Regulatory Indicators

Item		Regulatory criteria	At 30 June 2017	At 31 December 2016	At 31 December 2015
Liquidity ratio (%)	RMB	>=25.0	40.5	35.7	35.5
	Foreign currency	>=25.0	88.0	82.3	98.1
Loan-to-deposit ratio (%)	RMB and foreign currency	<=75.0	70.1	70.9	71.4
Percentage of loans to single largest customer (%)		<=10.0	4.9	4.5	4.2
Percentage of loans to top 10 customers (%)			13.9	13.3	13.3
Loan migration ratio (%)	Pass		1.2	3.4	4.4
	Special mention		12.3	23.5	29.6
	Substandard		29.6	36.8	38.9
	Doubtful		2.1	7.4	10.5

Notes: (1) The regulatory indicators in the table are calculated in accordance with related regulatory requirements, definitions and accounting standards applicable to the current period. The comparative figures are not adjusted and restated.

(2) CBRC adjusted the loan-to-deposit ratio from a regulatory indicator to a monitoring indicator in 2015.

(3) Please refer to "Unaudited Supplementary Financial Information" for the indicator of liquidity coverage ratio.

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

In respect of the financial statements of the Bank prepared under PRC GAAP and those under IFRSs, net profit attributable to equity holders of the parent company for the six months ended 30 June 2017 and equity attributable to equity holders of the parent company as at the end of the reporting period had no differences.

Corporate Bonds

The Bank did not issue any corporate bonds which shall be disclosed according to the No. 3 Standards on the Content and Format of Information Disclosure of Companies with Public Offerings — Content and Format of Half-Year Reports (Revision 2016) or the No. 39 Standards on the Content and Format of Information Disclosure of Companies with Public Offerings — Content and Format of Half-Year Reports on Corporate Bonds.

Information Disclosed Pursuant to the Capital Regulation

Capital Adequacy Ratio

Scope of Capital Adequacy Ratio Calculation

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

Results of Capital Adequacy Ratio Calculation

In RMB millions, except for percentages

Item	At 30 June 2017		At 31 December 2016	
	Group	Parent Company	Group	Parent Company
Calculated in accordance with the Capital Regulation:				
Net core tier 1 capital	1,923,535	1,764,663	1,874,976	1,723,839
Net tier 1 capital	2,003,429	1,844,038	1,954,770	1,803,214
Net capital base	2,196,084	2,022,005	2,127,462	1,960,840
Core tier 1 capital adequacy ratio	12.67%	12.68%	12.87%	12.90%
Tier 1 capital adequacy ratio	13.19%	13.25%	13.42%	13.49%
Capital adequacy ratio	14.46%	14.53%	14.61%	14.67%
Calculated in accordance with the Regulation Governing Capital Adequacy of Commercial Banks and related regulations:				
Core capital adequacy ratio	11.16%	11.43%	11.71%	11.96%
Capital adequacy ratio	13.52%	13.55%	14.29%	14.26%

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

Measurement of Risk-Weighted Assets

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

RISK-WEIGHTED ASSETS

In RMB millions

Item	At 30 June 2017	At 31 December 2016
Credit risk-weighted assets	13,766,067	13,144,466
Parts covered by internal ratings-based approach	9,535,934	9,304,653
Parts uncovered by internal ratings-based approach	4,230,133	3,839,813
Market risk-weighted assets	227,007	229,250
Parts covered by internal model approach	142,142	150,951
Parts uncovered by internal model approach	84,865	78,299
Operational risk-weighted assets	1,190,901	1,190,901
Total	**15,183,975**	**14,564,617**

Credit Risk

CREDIT RISK EXPOSURE

In RMB millions

Item	At 30 June 2017		At 31 December 2016	
	Parts covered by internal ratings-based approach	Parts uncovered by internal ratings-based approach	Parts covered by internal ratings-based approach	Parts uncovered by internal ratings-based approach
Company	8,929,775	1,680,670	8,217,600	1,562,436
Sovereign	—	4,528,273	—	4,349,299
Financial institution	—	2,918,755	—	2,907,938
Retail	4,467,918	344,028	4,113,878	312,205
Equity	—	42,308	—	34,426
Asset securitization	—	9,858	—	10,202
Others	—	6,098,432	—	5,753,237
Total risk exposure	**13,397,693**	**15,622,324**	**12,331,478**	**14,929,743**

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

Market Risk

CAPITAL REQUIREMENT FOR MARKET RISK

In RMB millions

Risk type	At 30 June 2017	At 31 December 2016
Parts covered by internal model approach	**11,372**	**12,076**
Parts uncovered by internal model approach	**6,789**	**6,264**
Interest rate risk	4,114	3,271
Commodity risk	2,609	2,934
Equity position risk	28	5
Option risk	38	54
Total	**18,161**	**18,340**

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

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

VALUE AT RISK (VAR)

In RMB millions

	Six months ended 30 June 2017				Six months ended 30 June 2016			
Item	Period end	Average	Maximum	Minimum	Period end	Average	Maximum	Minimum
VaR	**1,798**	**1,427**	**1,818**	**1,135**	**1,224**	**1,337**	**1,843**	**1,112**
Interest rate risk	219	389	535	208	119	186	239	109
Currency risk	1,765	1,417	1,789	1,158	1,210	1,310	1,811	1,069
Commodity risk	91	97	148	64	73	103	386	14
Stressed VaR	**2,013**	**2,140**	**2,726**	**1,886**	**2,661**	**2,152**	**2,688**	**1,574**
Interest rate risk	246	354	460	234	382	296	382	235
Currency risk	2,022	2,166	2,677	1,840	2,593	2,131	2,655	1,564
Commodity risk	138	117	172	65	156	183	621	19

Operational Risk

The Bank adopts the standardized approach to measure capital requirement for operational risk. As at the end of June 2017, the capital requirement for operational risk was RMB95,272 million. Please refer to "Discussion and Analysis — Risk Management" for operational risk management of the Bank during the reporting period.

Interest Rate Risk in the Banking Book

Supposing that there is parallel shift of overall market interest rates, and taking no account of possible risk management actions taken by the management to mitigate the interest rate risk, the analysis on interest rate sensitivity in the banking book of the Bank categorized by major currencies in the first half of 2017 is shown in the following table:

In RMB millions

	+100 basis points		-100 basis points	
Currency	Effect on net interest income	Effect on equity	Effect on net interest income	Effect on equity
RMB	(24,238)	(41,908)	24,238	45,016
USD	71	(5,128)	(71)	5,131
HKD	66	–	(66)	–
Others	263	(724)	(263)	724
Total	**(23,838)**	**(47,760)**	**23,838**	**50,871**

Equity Risk in the Banking Book

In RMB millions

Equity type	At 30 June 2017			At 31 December 2016		
	Publicly-traded equity investment risk exposure(1)	Non-publicly-traded equity investment risk exposure(1)	Unrealized potential gains (losses)(2)	Publicly-traded equity investment risk exposure(1)	Non-publicly-traded equity investment risk exposure(1)	Unrealized potential gains (losses)(2)
Financial institution	32,134	1,475	169	26,437	1,132	122
Company	1,975	5,219	305	1,365	3,997	422
Total	**34,109**	**6,694**	**474**	**27,802**	**5,129**	**544**

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

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

Details of Changes in Share Capital and Shareholding of Substantial Shareholders

Changes in Ordinary Shares

DETAILS OF CHANGES IN SHARE CAPITAL

Unit: Share

	At 31 December 2016		Increase/decrease during the reporting period (+, -)	At 30 June 2017	
	Number of shares	Percentage (%)		Number of shares	Percentage (%)
I. Shares subject to restrictions on sales	–	–	–	–	–
II. Shares not subject to restrictions on sales	356,406,257,089	100.00	–	356,406,257,089	100.00
1. RMB-denominated ordinary shares	269,612,212,539	75.65	–	269,612,212,539	75.65
2. Foreign shares listed overseas	86,794,044,550	24.35	–	86,794,044,550	24.35
III. Total number of shares	356,406,257,089	100.00	–	356,406,257,089	100.00

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

Number of Shareholders and Particulars of Shareholding

As at the end of the reporting period, the Bank had a total number of 534,363 ordinary shareholders and no holders of preference shares with voting rights restored, including 131,871 holders of H shares and 402,492 holders of A shares.

PARTICULARS OF SHAREHOLDING OF THE TOP 10 ORDINARY SHAREHOLDERS OF THE BANK

Unit: Share

Name of shareholder	Nature of shareholder	Class of shares	Shareholding percentage (%)	Total number of shares held	Number of pledged or locked-up shares	Increase/decrease of shares during the reporting period
Huijin	State-owned	A share	34.71	123,717,852,951	None	–
MOF	State-owned	A share	34.60	123,316,451,864	None	–
HKSCC Nominees Limited/ Hong Kong Securities Clearing Company Limited[3]	Foreign legal person	H share	24.15	86,064,485,065	Unknown	12,759,869
		A share	0.15	536,289,851	None	71,829,270
China Securities Finance Co., Ltd.	State-owned legal person	A share	1.32	4,711,178,417	None	148,942,422
Ping An Life Insurance Company of China, Ltd. — Traditional — Ordinary insurance products	Other entities	A share	1.05	3,731,330,676	None	-591,497,461
Sycamore Investment Platform Co., Ltd.	State-owned legal person	A share	0.40	1,420,781,042	None	–
Central Huijin Asset Management Co., Ltd.[4]	State-owned legal person	A share	0.28	1,013,921,700	None	–
China Life Insurance Company Limited — Traditional — Ordinary insurance products — 005L — CT001 Hu	Other entities	A share	0.12	411,337,452	None	94,298,525
Guotai Junan Securities Co., Ltd.	State-owned legal person	A share	0.07	250,625,869	None	2,931,100
China Life Insurance Company Limited — Dividends Distribution — Dividends Distribution to Individuals — 005L — FH002 Hu	Other entities	A share	0.07	236,145,614	None	236,145,614

Notes: (1) The above data are based on the Bank's register of shareholders as at 30 June 2017.

(2) The Bank had no shares subject to restrictions on sales.

(3) HKSCC Nominees Limited held 86,064,485,065 H shares, and Hong Kong Securities Clearing Company Limited held 536,289,851 A shares.

(4) Central Huijin Asset Management Co., Ltd. is a wholly-owned subsidiary of Huijin. Both the "China Life Insurance Company Limited — Traditional — Ordinary insurance products — 005L — CT001 Hu" and the "China Life Insurance Company Limited — Dividends Distribution — Dividends Distribution to Individuals — 005L — FH002 Hu" are managed by China Life Insurance Company Limited. Save as disclosed above, the Bank is not aware of any connected relations or concert party action among the afore-mentioned shareholders.

Changes of the Controlling Shareholders and De Facto Controller

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

Interests and Short Positions Held by Substantial Shareholders and Other Persons

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

As at 30 June 2017, the Bank received notices from the following persons about their interests or short positions held in the Bank's shares and relevant shares, which were recorded in the register pursuant to Section 336 of the Securities and Futures Ordinance of Hong Kong as follows:

Interests or short positions of ordinary shares of the Bank:

HOLDERS OF A SHARES

Name of substantial shareholder	Capacity	Number of A shares held (share)	Nature of interests	Percentage of A shares (%)	Percentage of total ordinary shares (%)
MOF(1)	Beneficial owner	118,006,174,032	Long position	43.77	33.11
Huijin(2)	Beneficial owner	124,731,774,651	Long position	46.26	35.00

Notes: (1) According to the register of shareholders of the Bank as at 30 June 2017, MOF held 123,316,451,864 shares in the Bank.

(2) According to the register of shareholders of the Bank as at 30 June 2017, Huijin held 123,717,852,951 shares in the Bank, while Central Huijin Asset Management Co., Ltd., a subsidiary of Huijin, held 1,013,921,700 shares in the Bank.

HOLDERS OF H SHARES

Name of substantial shareholder	Capacity	Number of H shares held (share)	Nature of interests	Percentage of H shares (%)	Percentage of total ordinary shares (%)
National Council for Social Security Fund	Beneficial owner	8,663,703,234	Long position	9.98	2.43
Temasek Holdings (Private) Limited	Interest of controlled corporations	7,317,475,731	Long position	8.43	2.05
BlackRock, Inc.	Interest of controlled corporations	5,152,636,652	Long position	5.94	1.45

Preference Shares

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

Upon approval by CBRC pursuant to Yin Jian Fu [2014] No. 801 and by CSRC pursuant to Zheng Jian Xu Ke [2014] No. 1229, the Bank privately offered non-cumulative, non-participating and perpetual offshore preference shares in U.S. dollar, Euro and Renminbi on 10 December 2014 (please see the table below for details). The offshore preference shares issued by the Bank were listed on SEHK on 11 December 2014. Each offshore preference share had a par value of RMB100. The USD offshore preference shares, EUR offshore preference shares and RMB offshore preference shares were fully paid and issued in U.S. dollar, Euro and Renminbi. The offshore preference shares had no maturity. They had no less than six qualified placees. They were offered to professional investors only rather than retail investors and transferred privately in the OTC market only.

In accordance with the reference price of RMB exchange rate on 10 December 2014 published by the China Foreign Exchange Trade System, total proceeds from the issuance of offshore preference shares amounted to approximately RMB34.55 billion. After deduction of commissions and offering expenses, net proceeds from the issuance amounted to around RMB34.43 billion. All proceeds, after deduction of the expenses relating to the issuance, will be used to replenish additional tier 1 capital and increase capital adequacy ratio.

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

The Bank privately issued 450 million preference shares in domestic market on 18 November 2015 upon the approval by CBRC pursuant to Yin Jian Fu [2015] No. 189 and by CSRC pursuant to Zheng Jian Xu Ke [2015] No. 1023. Each domestic preference share had a par value of RMB100 and was issued at the par value. The coupon rate, as determined by benchmark rate plus a fixed spread, shall remain unchanged for the first 5 years commencing from the issuance date. Subsequently, the benchmark rate shall be readjusted once every 5 years during which the coupon rate shall remain unchanged. The coupon rate for the Domestic Preference Shares for the first 5 years is determined at 4.50% through price discovery. Upon approval by SSE pursuant to Shang Zheng Han [2015] No. 2391, the domestic preference shares were listed on the integrated trading platform of SSE for transfer as of 11 December 2015 (stock name: ICBC Preference Share 1, stock code: 360011). Total proceeds from the issuance amounted to RMB45.0 billion. After deduction of expenses relating to the issuance, net proceeds from the issuance amounted to around RMB44.95 billion, all of which will be used to replenish additional tier 1 capital of the Bank.

For particulars of the Bank's issuance of domestic and offshore preference shares, please refer to the announcements of the Bank on the websites of SSE, SEHK and the Bank.

◆ *Changes in Preference Shares*

As at the end of the reporting period, the Bank had 28 preference shareholders (or proxies), including two offshore preference shareholders (or proxies) and 26 domestic preference shareholders.

PARTICULARS OF SHAREHOLDING OF THE TOP 10 OFFSHORE PREFERENCE SHAREHOLDERS (OR PROXIES) OF THE BANK

Unit: Share

Name of shareholder	Nature of shareholder	Class of shares	Increase/ decrease during the reporting period	Shares held at the end of the period	Shareholding percentage (%)	Number of shares subject to restrictions on sales	Number of pledged or locked-up shares
Cede & Co.	Foreign legal person	USD offshore preference shares	–	147,000,000	47.9	–	Unknown
The Bank of New York Depository (Nominees) Limited	Foreign legal person	RMB offshore preference shares	–	120,000,000	39.1	–	Unknown
		EUR offshore preference shares	–	40,000,000	13.0	–	Unknown

Notes: (1) The above data are based on the Bank's register of offshore preference shareholders as at 30 June 2017.

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

(3) The Bank is not aware of any connected relations or concert party action among the afore-mentioned preference shareholders and among the afore-mentioned preference shareholders and top 10 ordinary shareholders.

(4) "Shareholding percentage" refers to the percentage of offshore preference shares held by preference shareholders in total number of offshore preference shares.

PARTICULARS OF SHAREHOLDING OF THE TOP 10 DOMESTIC PREFERENCE SHAREHOLDERS OF THE BANK

Unit: Share

Name of shareholder	Nature of shareholder	Class of shares	Increase/ decrease during the reporting period	Shares held at the end of the period	Shareholding percentage (%)	Number of shares subject to restrictions on sales	Number of pledged or locked-up shares
China Mobile Communications Corporation	Other entities	Domestic preference shares	–	200,000,000	44.4	–	None
China National Tobacco Corporation	Other entities	Domestic preference shares	–	50,000,000	11.1	–	None
China Life Insurance Company Limited	State-owned legal person	Domestic preference shares	–	35,000,000	7.8	–	None
Ping An Life Insurance Company of China, Ltd.	Domestic non-state-owned legal person	Domestic preference shares	–	30,000,000	6.7	–	None
CCB Trust Co., Ltd.	State-owned legal person	Domestic preference shares	–	15,000,000	3.3	–	None
BOCOM Schroders Asset Management Co., Ltd.	Domestic non-state-owned legal person	Domestic preference shares	–	15,000,000	3.3	–	None
China Resources SZITIC Trust Co., Ltd.	State-owned legal person	Domestic preference shares	–	15,000,000	3.3	–	None
BOC International (China) Limited	Domestic non-state-owned legal person	Domestic preference shares	–	15,000,000	3.3	–	None
China National Tobacco Corporation Shandong Branch	Other entities	Domestic preference shares	–	10,000,000	2.2	–	None
China National Tobacco Corporation Heilongjiang Branch	Other entities	Domestic preference shares	–	10,000,000	2.2	–	None
Ping An Property & Casualty Insurance Company of China Ltd.	Domestic non-state-owned legal person	Domestic preference shares	–	10,000,000	2.2	–	None

Notes: (1) The above data are based on the Bank's register of domestic preference shareholders as at 30 June 2017.

(2) China National Tobacco Corporation Shandong Branch and China National Tobacco Corporation Heilongjiang Branch are both wholly-owned subsidiaries of China National Tobacco Corporation. Both the "China Life Insurance Company Limited — Traditional — Ordinary insurance products — 005L — CT001 Hu" and the "China Life Insurance Company Limited — Dividends Distribution — Dividends Distribution to Individuals — 005L — FH002 Hu" are managed by China Life Insurance Company Limited. The "Ping An Life Insurance Company of China, Ltd. — Traditional — Ordinary insurance products" is managed by Ping An Life Insurance Company of China, Ltd. Ping An Life Insurance Company of China, Ltd. and Ping An Property & Casualty Insurance Company of China Ltd. have connected relations. Save as disclosed above, the Bank is not aware of any connected relations or concert party action among the afore-mentioned preference shareholders and among the afore-mentioned preference shareholders and top 10 ordinary shareholders.

(3) "Shareholding percentage" refers to the percentage of domestic preference shares held by preference shareholders in total number of domestic preference shares.

◆ *Dividend Distribution of Preference Shares*

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

◆ *Redemption or Conversion of Preference Shares*

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

◆ *Restoration of Voting Rights of Preference Shares*

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

◆ *Accounting Policies Adopted for Preference Shares and Grounds*

According to the Accounting Standard for Business Enterprises No. 22 — Recognition and Measurement of Financial Instruments, the Accounting Standard for Business Enterprises No. 37 — Presentation of Financial Instruments and the Rules for Distinguishing Financial Liabilities and Equity Instruments and Relevant Accounting Treatment (Cai Kuai [2014] No. 13) promulgated by MOF as well as the International Accounting Standard 39 — Financial Instruments: Recognition and Measurement and the International Accounting Standard 32 — Financial Instruments: Presentation promulgated by International Accounting Standards Board and other accounting standards and main issuance clauses of the Bank's preference shares, issued and existing preference shares of the Bank excluded contractual obligations of cash on delivery or other financial assets and contractual obligations of settlement by delivering variable equity instruments, and shall be calculated as other equity instruments.

Directors, Supervisors, Senior Management, Employees and Institutions

Basic Information on Directors, Supervisors and Senior Management

As at the disclosure date of this report, the composition of the Board of Directors, the Board of Supervisors and the Senior Management of the Bank is as follows:

The Board of Directors of the Bank consists of 13 directors, including four Executive Directors: Mr. Yi Huiman, Mr. Gu Shu, Mr. Zhang Hongli and Mr. Wang Jingdong; three Non-executive Directors: Mr. Zheng Fuqing, Mr. Fei Zhoulin and Mr. Cheng Fengchao; and six Independent Non-executive Directors: Mr. Or Ching Fai, Mr. Hong Yongmiao, Mr. Anthony Francis Neoh, Mr. Yang Siu Shun, Ms. Sheila Colleen Bair and Mr. Shen Si.

The Board of Supervisors of the Bank consists of six members, including two Shareholder Supervisors, namely Mr. Qian Wenhui and Mr. Zhang Wei, two Employee Supervisors, namely Mr. Hui Ping and Mr. Huang Li, and two External Supervisors, namely Mr. Qu Qiang and Mr. Shen Bingxi.

The Bank has ten Senior Management members, namely Mr. Yi Huiman, Mr. Gu Shu, Mr. Zhang Hongli, Mr. Wang Jingdong, Mr. Wang Lin, Mr. Hu Hao, Mr. Li Yunze, Mr. Tan Jiong, Mr. Wang Bairong and Mr. Guan Xueqing.

During the reporting period, the Bank did not implement any share incentives. None of the existing Directors, Supervisors and Senior Management members of the Bank or those who left office during the reporting period, except Mr. Zhang Hongli who held 2,000 H shares of the Bank, held shares or share options or were granted restricted shares of the Bank, and there was no change during the reporting period.

Appointment and Removal

- *Directors*

At the Annual General Meeting for the Year 2015 held on 24 June 2016, Mr. Shen Si was appointed as Independent Non-executive Director of the Bank, and his qualification was approved by CBRC in March 2017. At the First Extraordinary General Meeting of 2016 held on 29 November 2016, Ms. Sheila Colleen Bair was appointed as Independent Non-executive Director of the Bank, and her qualification was approved by CBRC in March 2017. At the Annual General Meeting for the Year 2016 held on 27 June 2017, Mr. Ye Donghai, Ms. Mei Yingchun and Mr. Dong Shi were appointed as Non-executive Directors of the Bank, and their qualifications remain to be approved by CBRC.

In January 2017, Mr. Fu Zhongjun ceased to act as Non-executive Director of the Bank due to expiration of the term of office. In March 2017, Mr. Kenneth Patrick Chung ceased to act as Independent Non-executive Director of the Bank due to expiration of the term of office. In June 2017, Ms. Wang Xiaoya and Ms. Ge Rongrong ceased to act as Non-executive Directors of the Bank due to change of job assignments.

- *Senior Management members*

On 28 October 2016, the Board of Directors of the Bank appointed Mr. Tan Jiong as Senior Executive Vice President of the Bank, and his qualification was approved by CBRC in January 2017.

Changes in Information of Directors and Supervisors

Mr. Gu Shu, Vice Chairman, Executive Director and President of the Bank, has ceased to act as Vice Chairman and Non-executive Director of Standard Bank Group Limited since June 2017. He has ceased to act as Chairman and Non-executive Director of ICBC (London) PLC since August 2017.

Mr. Or Ching Fai, Independent Non-executive Director of the Bank, was conferred an Honorary Fellowship by Hang Seng Management College in May 2017. He has ceased to act as Vice Chairman and Independent Non-executive Director of G-Resources Group Limited since June 2017.

Ms. Sheila Colleen Bair, Independent Non-executive Director of the Bank, has ceased to act as President of Washington College, and has acted as an Independent Non-executive Director of Kabompo Holdings, Ltd. and Paxos Trust Company, LLC since July 2017.

Basic Information on Employees and Institutions

As at the end of June 2017, the Bank had a total of 454,073 employees[1], representing a decrease of 7,676 as compared with the end of the previous year, of whom 5,736 were employees in domestic subsidiaries and 14,767 were employees in overseas institutions.

As at the end of June 2017, the Bank had a total of 17,035 institutions, representing a decrease of 165 as compared with the end of the previous year. Among them, there were 16,616 domestic institutions and 419 overseas ones.

GEOGRAPHIC DISTRIBUTION OF ASSETS, INSTITUTIONS AND EMPLOYEES

Item	Assets (in RMB millions)	Percentage (%)	Number of institutions	Percentage (%)	Number of employees	Percentage (%)
Head Office	8,884,314	34.8	30	0.2	15,440	3.4
Yangtze River Delta	4,430,752	17.4	2,550	15.0	60,941	13.4
Pearl River Delta	2,745,895	10.8	2,078	12.2	49,757	11.0
Bohai Rim	3,377,829	13.2	2,765	16.2	71,828	15.8
Central China	2,313,616	9.1	3,589	21.1	50,266	11.1
Western China	2,877,100	11.3	3,810	22.3	92,979	20.5
Northeastern China	995,183	3.9	1,684	9.9	92,359	20.3
Overseas and others	3,639,021	14.3	529	3.1	20,503	4.5
Eliminated and undistributed assets	(3,749,664)	(14.8)				
Total	**25,514,046**	**100.0**	**17,035**	**100.0**	**454,073**	**100.0**

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

1 Not including labors dispatched for services totaling 145 persons, of whom 37 were employees in major domestic subsidiaries.

Corporate Governance

Corporate Governance and Measures for Improvement During the reporting period, the Bank strictly complied with relevant laws and regulations and continued to improve its corporate governance on the basis of the Bank's situation.

- The Bank improved the structure and relevant mechanisms of the Board of Directors. It selected and appointed directors as required, changed the chairman and members of some special committees of the Board of Directors, and continued to improve the mechanism for supporting duty performance by the Board of Directors to ensure the Bank operated in compliance with the laws and regulations.
- It strengthened the development of the corporate governance system and optimized the corporate governance framework. Pursuant to the national requirement to incorporate Party-building work into the articles of association and the latest requirements of CBRC, SEHK and other domestic and overseas regulators on corporate governance and taking into consideration the actual conditions of the Bank's corporate governance, the Bank amended its Articles of Association. The amended Articles of Association was approved at the Annual General Meeting for the Year 2016 held on 27 June 2017. It is now pending approval by CBRC.
- It attached importance to the supervisory function of the Board of Supervisors. It focused on the bank-wide central tasks, conducted supervisions in depth and earnestly gave effect to the important role of the Board of Supervisors in corporate governance.
- It improved the comprehensive risk management system, and strengthened the consolidated risk management of the Group. It conducted prevention and control of global risks, and enhanced its forward-looking analysis of risks and the response capacities. It continuously improved the internal control and compliance management mechanism and enhanced the capability of whole-process management of compliance risks and operational risks of the Group. It carried out risk-oriented audits in an in-depth way, and improved human resources management by accelerating human resources structure adjustment and strengthening talent cultivation for key areas.
- It continuously increased the level of transparency, disclosed information in a legal and compliant manner, continuously enhanced the Group's voluntary information disclosure, and effectively ensured the investors' right to be informed. It organized domestic and overseas roadshows and reverse roadshows and other activities for managing important investor relations, and reinforced communication with the capital market.

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

Shareholders' General Meeting During the reporting period, the Bank convened the Annual General Meeting for the Year 2016 on 27 June 2017. It was convened and held in strict compliance with relevant laws and regulations and the Articles of Association of the Bank. The Bank disclosed relevant announcement of resolutions and legal options in a timely manner in accordance with regulatory requirements. For details of the meeting, please refer to the announcement of the Bank dated 27 June 2017 on the websites of SSE, SEHK and the Bank.

Profits and Dividends Distribution

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

Upon the approval at the Annual General Meeting for the Year 2016 held on 27 June 2017, the Bank has distributed cash dividends of about RMB83,506 million, or RMB2.343 per ten shares (pre-tax), for the period from 1 January 2016 to 31 December 2016 to the ordinary shareholders whose names appeared on the share register after the close of market on 10 July 2017. The Bank will not declare or distribute interim dividends for 2017, nor will it convert any capital reserves to share capital.

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

Use of Proceeds from Fundraising Activities

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

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

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

Material Legal Proceedings and Arbitration The Bank was involved in several legal proceedings in the ordinary course of business. Most of these legal proceedings were initiated by the Bank to recover non-performing loans. The rest are mainly related to disputes with customers. As at 30 June 2017, the amount of pending proceedings in which the Bank and its subsidiaries acted as defendants totaled RMB5,483 million. The Bank does not expect any material adverse effect from the above-mentioned pending legal proceedings on the Bank's business, financial position or operating results.

Credit Standing During the reporting period, there was not any significant court judgment with which the Bank and its controlling shareholders had not complied, nor was there any outstanding debt of significant amount.

Material Assets Acquisition, Sale and Merger During the reporting period, the Bank had no material assets acquisition, sale and merger.

Material Related Party Transactions

During the reporting period, the Bank did not enter into any material related party transactions.

Please refer to "Note 45. to the Financial Statements: Related Party Disclosures" for particulars on the related party transactions defined under the laws, regulations and accounting standards of China.

Material Contracts and Performance of Obligations thereunder

Material Trust, Sub-contract and Lease During the reporting period, the Bank did not hold on trust to a material extent or enter into any material sub-contract or lease arrangement in respect of assets of other corporations, which were subject to disclosure, and no other corporation held on trust to a material extent or entered into any material sub-contract or lease arrangement in respect of the Bank's assets, which were subject to disclosure.

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

Commitments

As at 30 June 2017, all of the continuing commitments made by the shareholders were properly fulfilled, and the relevant commitments are listed as follows:

Shareholder	Type of commitment	Time and term of commitment	Legal document under which the commitment is made	Commitment	Fulfillment of commitment
Huijin	Commitment of non-competition	October 2006/ No specific term	Prospectus of Industrial and Commercial Bank of China Limited on Initial Public Offering (A Share)	Provided that Huijin continues to hold any share of the Bank or is deemed as the controlling shareholder of the Bank or the related party of the controlling shareholder of the Bank according to the laws or listing rules of China or the listing place of the Bank, Huijin will not engage in or participate in any competitive commercial banking business including but not limited to granting loans, attracting deposits and providing settlement, fund custody, bank card and money exchange services. However, Huijin can engage in or participate in some competitive businesses by investing in other commercial banks. In this regard, Huijin has committed that it will (1) fairly treat the investments in commercial banks and will not make any decision or judgment that will have adverse impact on the Bank or be beneficial to other commercial banks by taking advantage of the status of being a shareholder of the Bank or information obtained by taking advantage of the status of being a shareholder of the Bank; and (2) perform the shareholders' rights for the maximum interests of the Bank.	As at 30 June 2017, Huijin strictly fulfilled the above commitment and did not do anything in violation of the commitment.
		November 2010/ No specific term	Prospectus on A Share Rights Issue of Industrial and Commercial Bank of China Limited		

Save as disclosed above, neither the Bank nor any of its other related parties made any commitments.

Penalties by Authorities During the reporting period, neither the Bank nor any of its Directors, Supervisors, Senior Management members and controlling shareholders was subject to any investigation by competent authorities, coercive measures taken by judicial authorities or disciplinary inspection departments, transferred to judicial authorities or charged with criminal responsibility, case filing investigation or administrative penalty by CSRC, restricted access to market, identification as unqualified, major administrative penalty by other administrative authorities of environmental protection, taxation, safety supervision, etc. or public reprimand by the stock exchanges.

Purchase, Sale and Redemption of Securities During the reporting period, neither the Bank nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Bank.

Securities Transactions of Directors and Supervisors The Bank has adopted a set of codes of conduct concerning the securities transactions by directors and supervisors which are no less stringent than the standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers, Appendix 10 to the Hong Kong Listing Rules. After making enquiries with all directors and supervisors of the Bank, the Bank is satisfied that during the reporting period, all directors and supervisors have complied with the provisions of the aforesaid codes of conduct.

Interests in Shares, Underlying Shares, and Debentures Held by Directors and Supervisors As at 30 June 2017, Mr. Zhang Hongli, Executive Director and Senior Executive Vice President of the Bank, held 2,000 H shares of the Bank, and the spouse of Mr. Or Ching Fai, Independent Non-executive Director of the Bank, held 1,316,040 H shares of the Bank. Save as stated above, as at 30 June 2017, none of the Directors or Supervisors of the Bank had any interests or short positions in the shares, underlying shares or debentures of the Bank or any of its associated corporations (as defined in Part XV of the Securities and Futures Ordinance of Hong Kong) which have to be notified to the Bank and SEHK under Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance of Hong Kong (including interests or short positions therein that they shall be deemed to have pursuant to such provisions of the Securities and Futures Ordinance of Hong Kong), or any interests or short positions which have to be recorded in the register under Section 352 of the Securities and Futures Ordinance of Hong Kong, or any interests or short positions which have to be notified to the Bank and SEHK pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Hong Kong Listing Rules.

Implementation of Share Incentive Plan and Employee Stock Ownership Plan during the Reporting Period During the reporting period, the Bank did not implement any share incentive plan or any employee stock ownership plan.

Review of the Interim Report

The 2017 interim financial report prepared by the Bank in accordance with PRC GAAP and IFRSs have been reviewed by KPMG Huazhen LLP and KPMG in accordance with Chinese and international standards on review engagements, respectively.

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

Warning and Explanation on the Prediction that the Accumulated Net Profits from the Beginning of the Year to the End of the Next Reporting Period May Be Negative or Have Substantial Changes Compared to the Same Period of Last Year Not applicable.

ICBC

Review Report and Interim Financial Report

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

CONTENTS

KPMG

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

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

Introduction

We have reviewed the interim financial report set out on pages 83 to 176, which comprises the consolidated statement of financial position of Industrial and Commercial Bank of China Limited (the "Bank") and its subsidiaries (collectively the "Group") as of 30 June 2017 and the related consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and consolidated cash flow statement for the six month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34, *Interim Financial Reporting*, issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of the interim financial report in accordance with International Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2017 is not prepared, in all material respects, in accordance with International Accounting Standard 34, *Interim Financial Reporting*.

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

30 August 2017

Unaudited Interim Consolidated Statement of Profit or Loss

For the six months ended 30 June 2017
(In RMB millions, unless otherwise stated)

	Notes	Six months ended 30 June 2017 (unaudited)	Six months ended 30 June 2016 (unaudited)
Interest income	3	418,353	395,228
Interest expense	3	(167,431)	(160,948)
NET INTEREST INCOME	3	250,922	234,280
Fee and commission income	4	85,402	90,816
Fee and commission expense	4	(8,732)	(9,101)
NET FEE AND COMMISSION INCOME	4	76,670	81,715
Net trading income	5	2,912	3,334
Net loss on financial assets and liabilities designated at fair value through profit or loss	6	(3)	(253)
Net gain on financial investments	7	634	2,565
Other operating income, net	8	5,604	7,340
OPERATING INCOME		336,739	328,981
Operating expenses	9	(80,270)	(90,594)
Impairment losses on:			
Loans and advances to customers	20	(61,001)	(43,891)
Others	10	(342)	(542)
OPERATING PROFIT		195,126	193,954
Share of profits of associates and joint ventures		1,372	1,121
PROFIT BEFORE TAXATION		196,498	195,075
Income tax expense	11	(42,811)	(44,419)
PROFIT FOR THE PERIOD		153,687	150,656
Attributable to:			
Equity holders of the parent company		152,995	150,217
Non-controlling interests		692	439
		153,687	150,656
EARNINGS PER SHARE			
— Basic (RMB yuan)	13	0.43	0.42
— Diluted (RMB yuan)	13	0.43	0.42

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

The notes on pages 91 to 176 form part of this interim financial report.

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

For the six months ended 30 June 2017
(In RMB millions, unless otherwise stated)

		Six months ended 30 June	
	Notes	2017 (unaudited)	2016 (unaudited)
Profit for the period		153,687	150,656
Other comprehensive income (after tax, net):	36		
Items that will not be reclassified to profit or loss:			
Share of the other comprehensive income of investees accounted for using equity method which will not be reclassified to profit or loss		(11)	(5)
Others		1	(10)
Items that may be reclassified subsequently to profit or loss:			
Net loss from change in fair value of available-for-sale financial assets		(18,245)	(5,135)
Effective hedging portion of gains or losses arising from cash flow hedging instruments		104	(236)
Share of the other comprehensive income of investees accounted for using equity method which may be reclassified subsequently to profit or loss		(180)	(601)
Foreign currency translation differences		(2,980)	5,773
Others		(29)	–
Subtotal of other comprehensive income for the period		(21,340)	(214)
Total comprehensive income for the period		132,347	150,442
Total comprehensive income attributable to:			
Equity holders of the parent company		132,046	150,245
Non-controlling interests		301	197
		132,347	150,442

The notes on pages 91 to 176 form part of this interim financial report.

Unaudited Interim Consolidated Statement of Financial Position

As at 30 June 2017
(In RMB millions, unless otherwise stated)

	Notes	30 June 2017 (unaudited)	31 December 2016 (audited)
ASSETS			
Cash and balances with central banks	14	3,542,773	3,350,788
Due from banks and other financial institutions	15	957,239	797,473
Financial assets held for trading	16	141,395	189,331
Financial assets designated at fair value through profit or loss	17	362,149	285,144
Derivative financial assets	18	57,569	94,452
Reverse repurchase agreements	19	840,658	755,627
Loans and advances to customers	20	13,549,396	12,767,334
Financial investments	21	5,066,449	5,006,699
Investments in associates and joint ventures	22	32,220	30,077
Property and equipment	23	245,699	246,209
Deferred income tax assets	24	34,839	28,398
Other assets	25	683,660	585,733
TOTAL ASSETS		**25,514,046**	**24,137,265**
LIABILITIES			
Due to central banks		511	545
Financial liabilities designated at fair value through profit or loss	26	455,303	366,752
Derivative financial liabilities	18	52,436	89,960
Due to banks and other financial institutions	27	1,815,045	2,016,799
Repurchase agreements	28	681,925	589,306
Certificates of deposit	29	228,097	218,427
Due to customers	30	19,021,171	17,825,302
Income tax payable		39,058	52,640
Deferred income tax liabilities	24	582	604
Debt securities issued	31	413,016	357,937
Other liabilities	32	776,268	637,830
TOTAL LIABILITIES		**23,483,412**	**22,156,102**
EQUITY			
Equity attributable to equity holders of the parent company			
Share capital	33	356,407	356,407
Other equity instruments	34	86,051	86,051
Reserves	35	566,401	586,630
Retained profits		1,009,436	940,663
		2,018,295	1,969,751
Non-controlling interests		12,339	11,412
TOTAL EQUITY		**2,030,634**	**1,981,163**
TOTAL EQUITY AND LIABILITIES		**25,514,046**	**24,137,265**

Yi Huiman
Chairman

Gu Shu
Vice Chairman and President

Zhang Wenwu
General Manager of Finance and Accounting Department

The notes on pages 91 to 176 form part of this interim financial report.

Unaudited Interim Consolidated Statement of Changes in Equity

For the six months ended 30 June 2017
(In RMB millions, unless otherwise stated)

	Attributable to equity holders of the parent company													
			Reserves											
	Issued share capital	Other equity instruments	Capital reserve	Surplus reserve	General reserve	Investment revaluation reserve	Foreign currency translation reserve	Cash flow hedging reserve	Other reserves	Subtotal	Retained profits	Total	Non-controlling interests	Total equity
Balance as at 1 January 2017	356,407	86,051	152,043	205,021	251,349	1,133	(18,050)	(4,645)	(221)	586,630	940,663	1,969,751	11,412	1,981,163
Profit for the period	–	–	–	–	–	–	–	–	–	–	152,995	152,995	692	153,687
Other comprehensive income (note 36)	–	–	–	–	–	(17,997)	(2,804)	69	(217)	(20,949)	–	(20,949)	(391)	(21,340)
Total comprehensive income	–	–	–	–	–	(17,997)	(2,804)	69	(217)	(20,949)	152,995	132,046	301	132,347
Dividends – ordinary shares 2016 final (note 12)	–	–	–	–	–	–	–	–	–	–	(83,506)	(83,506)	–	(83,506)
Appropriation to surplus reserve (i)	–	–	–	292	–	–	–	–	–	292	(292)	–	–	–
Appropriation to general reserve (ii)	–	–	–	–	424	–	–	–	–	424	(424)	–	–	–
Capital injection by non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	–	–	792	792
Dividends or interests to non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	–	–	(166)	(166)
Others	–	–	–	–	–	–	–	–	4	4	–	4	–	4
Balance as at 30 June 2017 (unaudited)	**356,407**	**86,051**	**152,043**	**205,313**	**251,773**	**(16,864)**	**(20,854)**	**(4,576)**	**(434)**	**566,401**	**1,009,436**	**2,018,295**	**12,339**	**2,030,634**

(i) Includes the appropriation made by overseas branches and subsidiaries in the amounts of RMB49 million and RMB243 million, respectively.

(ii) Includes the appropriation made by overseas branches and subsidiaries in the amounts of RMB21 million and RMB403 million, respectively.

The notes on pages 91 to 176 form part of this interim financial report.

(In RMB millions, unless otherwise stated)

	Attributable to equity holders of the parent company												Non-controlling interests	Total equity
			Reserves											
	Issued share capital	Other equity instruments	Capital reserve	Surplus reserve	General reserve	Investment revaluation reserve	Foreign currency translation reserve	Cash flow hedging reserve	Other reserves	Subtotal	Retained profits	Total		
Balance as at 1 January 2016	356,407	79,375	152,026	178,040	246,356	29,956	(31,432)	(3,926)	684	571,704	781,988	1,789,474	11,045	1,800,519
Profit for the period	–	–	–	–	–	–	–	–	–	–	150,217	150,217	439	150,656
Other comprehensive income (note 36)	–	–	–	–	–	(4,881)	5,726	(201)	(616)	28	–	28	(242)	(214)
Total comprehensive income	–	–	–	–	–	(4,881)	5,726	(201)	(616)	28	150,217	150,245	197	150,442
Dividends – ordinary shares 2015 final (note 12)	–	–	–	–	–	–	–	–	–	–	(83,150)	(83,150)	–	(83,150)
Appropriation to surplus reserve (i)	–	–	–	400	–	–	–	–	–	400	(400)	–	–	–
Appropriation to general reserve (ii)	–	–	–	–	123	–	–	–	–	123	(123)	–	–	–
Change in shareholding in subsidiaries	–	–	8	–	–	–	–	–	–	8	–	8	12	20
Dividends to non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	–	–	(70)	(70)
Others	–	–	–	–	–	–	–	–	16	16	–	16	–	16
Balance as at 30 June 2016 (unaudited)	**356,407**	**79,375**	**152,034**	**178,440**	**246,479**	**25,075**	**(25,706)**	**(4,127)**	**84**	**572,279**	**848,532**	**1,856,593**	**11,184**	**1,867,777**

(i) Includes the appropriation made by overseas branches and subsidiaries in the amounts of RMB73 million and RMB327 million, respectively.

(ii) Includes the appropriation made by subsidiaries in the amount of RMB123 million.

The notes on pages 91 to 176 form part of this interim financial report.

(In RMB millions, unless otherwise stated)

	Attributable to equity holders of the parent company													
			Reserves											
	Issued share capital	Other equity instruments	Capital reserve	Surplus reserve	General reserve	Investment revaluation reserve	Foreign currency translation reserve	Cash flow hedging reserve	Other reserves	Subtotal	Retained profits	Total	Non-controlling interests	Total equity
Balance as at 1 January 2016	356,407	79,375	152,026	178,040	246,356	29,956	(31,432)	(3,926)	684	571,704	781,988	1,789,474	11,045	1,800,519
Profit for the year	–	–	–	–	–	–	–	–	–	–	278,249	278,249	857	279,106
Other comprehensive income	–	–	–	–	–	(28,823)	13,382	(719)	(923)	(17,083)	–	(17,083)	(432)	(17,515)
Total comprehensive income	–	–	–	–	–	(28,823)	13,382	(719)	(923)	(17,083)	278,249	261,166	425	261,591
Dividends – ordinary shares 2015 final	–	–	–	–	–	–	–	–	–	–	(83,150)	(83,150)	–	(83,150)
Dividends – preference shares	–	–	–	–	–	–	–	–	–	–	(4,450)	(4,450)	–	(4,450)
Appropriation to surplus reserve (i)	–	–	–	26,981	–	–	–	–	–	26,981	(26,981)	–	–	–
Appropriation to general reserve (ii)	–	–	–	–	4,993	–	–	–	–	4,993	(4,993)	–	–	–
Capital injection by other equity holders	–	6,676	–	–	–	–	–	–	–	–	–	6,676	–	6,676
Change in share holding in subsidiaries	–	–	8	–	–	–	–	–	–	8	–	8	13	21
Dividends to non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	–	–	(71)	(71)
Others	–	–	9	–	–	–	–	–	18	27	–	27	–	27
Balance as at 31 December 2016 (audited)	**356,407**	**86,051**	**152,043**	**205,021**	**251,349**	**1,133**	**(18,050)**	**(4,645)**	**(221)**	**586,630**	**940,663**	**1,969,751**	**11,412**	**1,981,163**

(i) Includes the appropriation made by overseas branches and subsidiaries in the amounts of RMB84 million and RMB669 million, respectively.

(ii) Includes the appropriation made by subsidiaries in the amount of RMB194 million.

The notes on pages 91 to 176 form part of this interim financial report.

Unaudited Interim Consolidated Cash Flow Statement

For the six months ended 30 June 2017
(In RMB millions, unless otherwise stated)

	Notes	Six months ended 30 June 2017 (unaudited)	2016 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		196,498	195,075
Adjustments for:			
Share of profits of associates and joint ventures		(1,372)	(1,121)
Depreciation		9,365	9,380
Amortisation	9	1,006	1,073
Amortisation of financial investments		13,762	(3,907)
Impairment losses on loans and advances to customers	20	61,001	43,891
Impairment losses on assets other than loans and advances to customers	10	342	542
Unrealised loss/(gain) on foreign exchange		2,634	(14,008)
Interest expense on debt securities issued		7,736	6,844
Accreted interest on impaired loans	3	(1,632)	(2,648)
Gain on disposal of available-for-sale financial assets, net	7	(520)	(2,461)
Net trading (gain)/loss on equity investments	5	(231)	47
Net loss on financial assets and liabilities designated at fair value through profit or loss	6	3	253
Net gain on disposal and overage of property and equipment and other assets (other than repossessed assets)		(720)	(378)
Dividend income	7	(114)	(104)
		287,758	232,478
Net (increase)/decrease in operating assets:			
Due from central banks		(140,013)	(162,821)
Due from banks and other financial institutions		(5,595)	118,833
Financial assets held for trading		49,206	(44,629)
Financial assets designated at fair value through profit or loss		(75,970)	(49,032)
Reverse repurchase agreements		(22,890)	(9,721)
Loans and advances to customers		(877,588)	(761,127)
Other assets		(102,190)	(178,183)
		(1,175,040)	(1,086,680)
Net increase/(decrease) in operating liabilities:			
Financial liabilities designated at fair value through profit or loss		88,314	43,436
Due to central banks		(34)	170
Due to banks and other financial institutions		(186,068)	(34,695)
Repurchase agreements		92,619	7,838
Certificates of deposit		14,580	12,929
Due to customers		1,225,931	1,066,410
Other liabilities		55,294	129,769
		1,290,636	1,225,857
Net cash flows from operating activities before tax		403,354	371,655
Income tax paid		(56,812)	(74,023)
Net cash flows from operating activities		346,542	297,632

The notes on pages 91 to 176 form part of this interim financial report.

(In RMB millions, unless otherwise stated)

	Notes	Six months ended 30 June 2017 (unaudited)	Six months ended 30 June 2016 (unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property and equipment and other assets		(6,485)	(12,489)
Proceeds from disposal of property and equipment and other assets (other than repossessed assets)		1,476	428
Purchases of financial investments		(1,150,318)	(1,395,585)
Proceeds from sale and redemption of financial investments		1,037,197	980,624
Investments in associates and joint ventures		(1,510)	(426)
Dividends received		730	548
Net cash flows from investing activities		(118,910)	(426,900)
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital injection by non-controlling shareholders		792	1,520
Proceeds from issuance of debt securities		407,043	458,522
Interest paid on debt securities		(6,271)	(5,617)
Repayment of debt securities		(350,054)	(450,724)
Dividends or interests paid to non-controlling shareholders		(166)	–
Net cash flows from financing activities		51,344	3,701
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		278,976	(125,567)
Cash and cash equivalents at beginning of the period		1,189,368	1,441,298
Effect of exchange rate changes on cash and cash equivalents		(10,654)	15,786
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	38	1,457,690	1,331,517
NET CASH FLOWS FROM OPERATING ACTIVITIES INCLUDE:			
Interest received		446,317	390,728
Interest paid		(163,140)	(155,513)

The notes on pages 91 to 176 form part of this interim financial report.

Notes to the Unaudited Interim Financial Report

For the six months ended 30 June 2017
(In RMB millions, unless otherwise stated)

1. CORPORATE INFORMATION

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

The Bank obtained its finance permit No. B0001H111000001 from the China Banking Regulatory Commission (the "CBRC") of the PRC. The Bank obtained its business license with unified social credit code 91100000100003962T from the State Administration for Industry and Commerce of the PRC. The legal representative is Yi Huiman and the registered office is located at No. 55 Fuxingmennei Avenue, Xicheng District, Beijing, the PRC.

The Bank's A Shares and H Shares are listed on the Shanghai Stock Exchange and the Stock Exchange of Hong Kong Limited and the stock codes are 601398 and 1398, respectively. The Bank's offshore preference shares are listed on the Stock Exchange of Hong Kong Limited and the stock codes are 4603, 4604 and 84602, respectively. The Bank's domestic preference shares are listed on the Shanghai Stock Exchange and the stock code is 360011.

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

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of preparation

The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, and compliance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*, issued by the International Accounting Standards Board. It was authorised for issue on 30 August 2017.

The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs"), and should be read in conjunction with the Group's last annual financial report for the year ended 31 December 2016.

The interim financial report has been reviewed by the Bank's auditors, KPMG, in accordance with International Standard on *Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, issued by International Auditing and Assurance Standards Boards ("IAASB").

Accounting judgements and estimates

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

The significant judgements made by management in applying the Group's accounting policies and key sources of uncertainty were the same as those applied in the preparation of the consolidated financial statements for the year ended 31 December 2016.

(In RMB millions, unless otherwise stated)

Basis of consolidation

The interim financial report comprises the financial statements of the Bank and its subsidiaries for the six months ended 30 June 2017. The financial statements of the subsidiaries are prepared for the same reporting period as the Bank, using consistent accounting policies.

The Group controls an entity if it is exposed, or has rights, to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether it has control if there are changes to one or more of the elements of control. This includes circumstances in which protective rights held (e.g. those resulting from a lending relationship) become substantive and lead to the Group having power over an entity.

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

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

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

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

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

Name	Percentage of equity interest %		Voting rights %	Nominal value of issued share/ paid-in capital	Amount invested by the Bank	Place of incorporation/ registration and operations	Principal activities
	30 June 2017	31 December 2016	30 June 2017	30 June 2017			
Industrial and Commercial Bank of China (Asia) Limited ("ICBC Asia")	100	100	100	HKD36,379 million	HKD46,930 million	Hong Kong, the PRC	Commercial banking
ICBC International Holdings Limited ("ICBC International")	100	100	100	HKD4,882 million	HKD4,882 million	Hong Kong, the PRC	Investment banking
Industrial and Commercial Bank of China (Almaty) Joint Stock Company	100	100	100	KZT8,933 million	KZT8,933 million	Almaty, Kazakhstan	Commercial banking
ICBC (London) PLC ("ICBC London")	100	100	100	USD200 million	USD200 million	London, United Kingdom	Commercial banking
ICBC Credit Suisse Asset Management Co., Ltd. *	80	80	80	RMB200 million	RMB433 million	Beijing, the PRC	Fund management
Industrial and Commercial Bank of China (Europe) S.A.	100	100	100	EUR437 million	EUR437 million	Luxembourg	Commercial banking
PT. Bank ICBC Indonesia ("ICBC Indonesia")	98.61	98.61	98.61	IDR3,692 billion	USD361 million	Jakarta, Indonesia	Commercial banking
Bank ICBC (Joint stock company)	100	100	100	RUB10,810 million	RUB10,810 million	Moscow, Russia	Commercial banking
ICBC Financial Leasing Co.,Ltd.* ("ICBC Leasing")	100	100	100	RMB11,000 million	RMB11,000 million	Tianjin, the PRC	Leasing

(In RMB millions, unless otherwise stated)

Name	Percentage of equity interest % 30 June 2017	Percentage of equity interest % 31 December 2016	Voting rights % 30 June 2017	Nominal value of issued share/ paid-in capital 30 June 2017	Amount invested by the Bank	Place of incorporation/ registration and operations	Principal activities
Industrial and Commercial Bank of China (Macau) Limited ("ICBC Macau")	89.33	89.33	89.33	MOP589 million	MOP12,064 million	Macau, the PRC	Commercial banking
Zhejiang Pinghu ICBC Rural Bank Co., Ltd. *	60	60	60	RMB200 million	RMB120 million	Zhejiang, the PRC	Commercial banking
Chongqing Bishan ICBC Rural Bank Co., Ltd. *	100	100	100	RMB100 million	RMB100 million	Chongqing, the PRC	Commercial banking
Industrial and Commercial Bank of China (Canada)	80	80	80	CAD158 million	CAD178.66 million	Toronto, Canada	Commercial banking
Industrial and Commercial Bank of China (Malaysia) Berhad	100	100	100	MYR833 million	MYR833 million	Kuala Lumpur, Malaysia	Commercial banking
Industrial and Commercial Bank of China (Thai) Public Company Limited ("ICBC Thai")	97.86	97.86	97.86	THB20,132 million	THB23,711 million	Bangkok, Thailand	Commercial banking
Industrial and Commercial Bank of China Financial Services LLC	100	100	100	USD50 million	USD50.25 million	Delaware and New York United States	Broker dealer
ICBC-AXA Assurance Co., Ltd. *	60	60	60	RMB8,705 million	RMB5,700 million	Shanghai, the PRC	Insurance
Industrial and Commercial Bank of China (USA) NA	80	80	80	USD309 million	USD258 million	New York, United States	Commercial banking
Industrial and Commercial Bank of China (Argentina) S.A. ("ICBC Argentina")	80	80	80	ARS1,345 million	ARS3,505 million	Buenos Aires, Argentina	Commercial banking
ICBC PERU BANK	100	100	100	USD50 million	USD50 million	Lima, Peru	Commercial banking
Industrial and Commercial Bank of China (Brasil) S.A.	100	100	100	Real202 million	Real202 million	Sao Paulo, Brazil	Commercial and investment banking
Industrial and Commercial Bank of China (New Zealand) Limited ("ICBC New Zealand")	100	100	100	NZD145 million	NZD145 million	Auckland, New Zealand	Commercial banking
Industrial and Commercial Bank of China Mexico S.A.	100	100	100	MXN664 million	MXN664 million	Mexico City, Mexico	Commercial banking
ICBC Turkey Bank Anonim Şirketi ("ICBC Turkey")	92.84	92.8169	92.84	TRY860 million	USD425 million	Istanbul, Turkey	Commercial banking
ICBC Standard Bank PLC ("ICBC Standard")	60	60	60	USD1,083 million	USD839 million	London, United Kingdom	Banking

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

The above table lists the principal subsidiaries of the Bank. To give details of other subsidiaries would, in the opinion of the management, result in particulars of excessive length.

There is no subsidiary of the Group which has material non-controlling interests during the reporting period.

Significant accounting policies

The accounting policies adopted in the preparation of the interim financial report are consistent with those followed in the preparation of the Group's annual financial report for the year ended 31 December 2016, except for the accounting policy changes that are expected to be reflected in the 2017 annual financial statements. The principal effects of new and revised International Financial Reporting Standards ("IFRSs", including International Accounting Standards ("IASs")) are as follows:

Amendments to IAS 12, Income taxes "Recognition of deferred tax assets for unrealised losses"

The amendments stemmed from a request to clarify the requirements on recognition of deferred tax assets for unrealised losses on debt instruments measured at fair value. However, the amendments address a broader area of accounting for deferred tax assets in general.

The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset.

The amendments also provide guidance on how an entity should determine future taxable profits to support the recognition of a deferred tax asset arising from a deductible temporary difference.

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

Annual Improvements to IFRSs 2014–2016 Cycle- Amendments to IFRS 12, Disclosure of interests in other entities

The amendments to IFRS 12 clarify that the disclosure requirements of IFRS 12, other than the requirements to disclose summarised financial information, also apply to an entity's interests in other entities classified as held for sale or discontinued operations in accordance with IFRS 5.

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

The Group does not adopt any issued but not yet effective international financial reporting standards, interpretation and amendments.

(In RMB millions, unless otherwise stated)

3. NET INTEREST INCOME

	Six months ended 30 June	
	2017	2016
Interest income on:		
Loans and advances to customers (i)		
— Corporate loans and advances	180,089	182,513
— Personal loans	88,968	77,768
— Discounted bills	8,986	10,468
Financial investments (ii)	90,927	87,675
Due from central banks	23,018	21,730
Due from banks and other financial institutions	26,365	15,074
	418,353	395,228
Interest expense on:		
Due to customers	(127,754)	(129,967)
Due to banks and other financial institutions	(30,198)	(22,598)
Debt securities issued	(9,479)	(8,383)
	(167,431)	(160,948)
Net interest income	250,922	234,280

The above interest income and expense are related to financial instruments which are not at fair value through profit or loss.

(i) Included in interest income on loans and advances to customers for the period is an amount of RMB1,632 million (six months ended 30 June 2016: RMB2,648 million) with respect to the accreted interest on impaired loans.

(ii) Included in interest income on financial investments for the period is an amount of RMB6 million (six months ended 30 June 2016: RMB18 million) with respect to interest income on impaired debt securities.

4. NET FEE AND COMMISSION INCOME

	Six months ended 30 June	
	2017	2016
Bank card business	18,792	18,859
Personal wealth management and private banking services (i)	17,421	20,877
Investment banking business	14,729	16,109
Settlement, clearing business and cash management	14,076	13,787
Corporate wealth management services (i)	10,103	11,276
Guarantee and commitment business	4,290	3,195
Asset custody business (i)	3,487	3,965
Trust and agency services (i)	1,088	1,105
Others	1,416	1,643
Fee and commission income	85,402	90,816
Fee and commission expense	(8,732)	(9,101)
Net fee and commission income	76,670	81,715

(i) Included in personal wealth management and private banking services, corporate wealth management services, asset custody business and trust and agency services above for the period is an amount of RMB10,848 million (six months ended 30 June 2016: RMB11,610 million) with respect to trust and other fiduciary activities.

(In RMB millions, unless otherwise stated)

5. NET TRADING INCOME

	Six months ended 30 June	
	2017	2016
Debt securities	1,569	2,534
Equity investments	231	(47)
Derivatives and others	1,112	847
	2,912	3,334

The above amounts mainly include gains and losses arising from the buying and selling of, interest income and expense on, and changes in the fair value of financial assets and liabilities held for trading.

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

	Six months ended 30 June	
	2017	2016
Financial assets	5,025	5,095
Financial liabilities	(5,028)	(5,348)
	(3)	(253)

The above amounts represent gains and losses arising from the buying and selling of, interest income and expense on, and changes in the fair value of financial assets and liabilities designated at fair value through profit or loss upon initial recognition.

7. NET GAIN ON FINANCIAL INVESTMENTS

	Six months ended 30 June	
	2017	2016
Dividend income from unlisted investments	80	70
Dividend income from listed investments	34	34
Dividend income	114	104
Gain on available-for-sale financial assets, net	520	2,461
	634	2,565

8. OTHER OPERATING INCOME, NET

	Six months ended 30 June	
	2017	2016
Net premium income	21,717	26,299
Operating cost of insurance business	(21,650)	(26,361)
(Loss)/gain from foreign exchange and foreign exchange products, net	(145)	2,242
Leasing income	3,414	2,850
Net gain on disposal of property and equipment, repossessed assets and others	789	469
Sundry bank charge income	53	57
Others	1,426	1,784
	5,604	7,340

(In RMB millions, unless otherwise stated)

9. OPERATING EXPENSES

	Six months ended 30 June	
	2017	2016
Staff costs:		
Salaries and bonuses	31,742	31,456
Staff benefits	10,196	10,178
Post-employment benefits-defined contribution plans (i)	7,256	7,689
	49,194	49,323
Premises and equipment expenses:		
Depreciation	7,051	7,394
Lease payments under operating leases in respect of land and buildings	3,933	3,949
Repairs and maintenance charges	1,090	1,053
Utility expenses	998	1,120
	13,072	13,516
Amortisation	1,006	1,073
Other administrative expenses	8,154	8,021
Taxes and surcharges	3,908	13,467
Others	4,936	5,194
	80,270	90,594

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

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

		Six months ended 30 June	
	Notes	2017	2016
Charge/(reversal) of impairment losses on:			
Due from banks and other financial institutions	15	(68)	(139)
Financial investments:			
Held-to-maturity investments	21(d)	6	(1)
Available-for-sale financial assets	21(c)(i), (d)	(31)	143
Others		435	539
		342	542

(In RMB millions, unless otherwise stated)

11. INCOME TAX EXPENSE

(a) Income tax

	Six months ended 30 June	
	2017	2016
Current income tax expense:		
Mainland China	40,701	36,794
Hong Kong and Macau	994	868
Overseas	1,556	1,412
	43,251	39,074
Adjustments in respect of income tax of prior years	(22)	(189)
Deferred income tax expense	(418)	5,534
	42,811	44,419

(b) Reconciliation between income tax and accounting profit

PRC income tax has been provided at the statutory rate of 25% in accordance with the relevant tax laws in Mainland China during the period. Taxes on profits assessable elsewhere have been calculated at the applicable rates of tax prevailing in the countries/regions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof. A reconciliation of the income tax expense applicable to profit before taxation at the PRC statutory income tax rate to income tax expense at the Group's effective income tax rate is as follows:

	Six months ended 30 June	
	2017	2016
Profit before taxation	196,498	195,075
Tax at the PRC statutory income tax rate (25%)	49,125	48,769
Effects of different applicable rates of tax prevailing in other countries/regions	(453)	(344)
Non-deductible expenses (i)	3,736	2,389
Non-taxable income (ii)	(10,448)	(6,490)
Profits attributable to associates and joint ventures	(343)	(280)
Adjustment in respect of income tax of prior years	(22)	(189)
Others	1,216	564
Income tax expense	42,811	44,419

(i) The non-deductible expenses mainly represent non-deductible impairment provision and write-offs.

(ii) The non-taxable income mainly represents interest income arising from the PRC government bonds and municipal debts, which is exempted from income tax.

12. DIVIDENDS

	Six months ended 30 June	
	2017	2016
Dividends on ordinary shares declared and paid or proposed:		
Final dividend on ordinary shares for 2016: RMB0.2343 per share (2015: RMB0.2333 per share)	83,506	83,150

13. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2017	2016
Earnings:		
Profit for the period attributable to ordinary equity holders of the parent company	152,995	150,217
Shares:		
Weighted average number of ordinary shares in issue (in million shares)	356,407	356,407
Basic and diluted earnings per share (RMB yuan)	0.43	0.42

Basic and diluted earnings per share was calculated as the profit for the period attributable to ordinary equity holders of the parent company divided by the weighted average number of ordinary shares in issue.

14. CASH AND BALANCES WITH CENTRAL BANKS

	30 June 2017	31 December 2016
Cash and unrestricted balances with central banks:		
Cash on hand	76,765	84,572
Surplus reserves with the PBOC (i)	20,955	7,125
Unrestricted balances with central banks of overseas countries or regions	151,930	105,981
	249,650	197,678
Restricted balances with central banks:		
Mandatory reserves with the PBOC (ii)	2,894,067	2,793,933
Fiscal deposits with the PBOC	308,350	238,604
Other restricted balances with the PBOC (ii)	68,992	77,570
Mandatory reserves with central banks of overseas countries or regions (ii)	21,714	43,003
	3,293,123	3,153,110
	3,542,773	3,350,788

(i) Surplus reserves with the PBOC include funds for the purpose of cash settlement and other kinds of unrestricted deposits.

(ii) The Group is required to place mandatory reserve deposits and other restricted deposits with the PBOC and certain central banks of overseas countries or regions where it has operations. Mandatory reserve deposits with central banks and other restricted deposits are not available for use in the Group's daily operations. Mandatory reserve deposits mainly consist of deposits placed with the PBOC. As at 30 June 2017, the mandatory deposit reserve ratios of the domestic branches of the Bank in respect of customer deposits denominated in RMB and in foreign currencies were consistent with the requirements of the PBOC. The amounts of mandatory reserve deposits placed with the central banks of those countries or regions outside Mainland China were determined by local jurisdictions.

(In RMB millions, unless otherwise stated)

15. DUE FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	30 June 2017	31 December 2016
Due from banks and other financial institutions:		
Banks operating in Mainland China	361,975	223,884
Other financial institutions operating in Mainland China	3,570	1,071
Banks and other financial institutions operating outside Mainland China	82,166	45,430
	447,711	270,385
Less: Allowance for impairment losses	(263)	(327)
	447,448	270,058
Placements with banks and other financial institutions:		
Banks operating in Mainland China	123,791	105,798
Other financial institutions operating in Mainland China	238,557	301,776
Banks and other financial institutions operating outside Mainland China	147,557	119,959
	509,905	527,533
Less: Allowance for impairment losses	(114)	(118)
	509,791	527,415
	957,239	797,473

As at 30 June 2017, the amount of the placements from the Group with non-principal guaranteed wealth management products sponsored by the Group is RMB23,530 million (31 December 2016: RMB94,914 million). During the reporting period, the maximum exposure of the placements from the Group with non-principal guaranteed wealth management products sponsored by the Group is RMB112,725 million (2016: RMB163,062 million). The transactions were conducted in the ordinary course of business under normal terms and conditions.

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

	Due from banks and other financial institutions	Placements with banks and other financial institutions	Total
At 1 January 2016	329	39	368
(Reversal)/charge for the year	(2)	79	77
At 31 December 2016 and 1 January 2017	327	118	445
Reversal for the period	(64)	(4)	(68)
At 30 June 2017	263	114	377

16. FINANCIAL ASSETS HELD FOR TRADING

	30 June 2017	31 December 2016
Debt securities	134,593	183,315
Equity investments	6,802	6,016
	141,395	189,331
Debt securities analysed into:		
Listed in Hong Kong	4,105	1,248
Listed outside Hong Kong	14,469	7,598
Unlisted	116,019	174,469
	134,593	183,315

(In RMB millions, unless otherwise stated)

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

	30 June 2017	31 December 2016
Debt securities	51,504	40,873
Other debt instruments:		
Banks and other financial institutions	23,000	25,706
Others	287,645	218,565
	362,149	285,144
Analysed into:		
Listed in Hong Kong	223	231
Listed outside Hong Kong	9,657	9,920
Unlisted	352,269	274,993
	362,149	285,144

18. DERIVATIVE FINANCIAL INSTRUMENTS

A derivative is a financial instrument, the value of which changes in response to the changes in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other similar variables. The Group uses derivative financial instruments including forwards, swaps and options.

The notional amount of a derivative represents the amount of an underlying asset upon which the value of the derivative is based. It indicates the volume of business transacted by the Group but does not reflect the risk.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in any orderly transaction between market participants at measured date.

In accordance with accounting policy for offsetting, the Group offsets derivative assets and derivative liabilities which meet the criteria for offsetting, and presents a net amount in the financial statements. As at 30 June 2017, derivative assets and derivative liabilities which meet the criteria for offsetting were RMB39,901 million and RMB39,668 million respectively, and the net derivative assets and net derivative liabilities were RMB23,933 million and RMB23,699 million respectively.

(In RMB millions, unless otherwise stated)

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

	30 June 2017						
	Notional amounts with remaining life of					Fair values	
	Within three months	Over three months but within one year	Over one year but within five years	Over five years	Total	Assets	Liabilities
Exchange rate contracts:							
Forward and swap contracts	1,530,956	1,381,927	109,140	2,878	3,024,901	26,917	(27,992)
Option contracts purchased	30,501	79,367	2,765	122	112,755	1,413	–
Option contract written	36,526	62,460	4,638	–	103,624	–	(416)
	1,597,983	1,523,754	116,543	3,000	3,241,280	28,330	(28,408)
Interest rate contracts:							
Swap contracts	114,246	317,161	678,986	183,304	1,293,697	17,107	(16,046)
Forward contracts	101,597	215,613	244,740	–	561,950	20	(207)
Option contracts purchased	–	4,992	3,804	163	8,959	250	–
Option contracts written	1,153	1,127	12,080	105	14,465	–	(69)
	216,996	538,893	939,610	183,572	1,879,071	17,377	(16,322)
Commodity derivatives and others	704,415	336,215	61,641	8,170	1,110,441	11,862	(7,706)
	2,519,394	2,398,862	1,117,794	194,742	6,230,792	57,569	(52,436)

	31 December 2016						
	Notional amounts with remaining life of					Fair values	
	Within three months	Over three months but within one year	Over one year but within five years	Over five years	Total	Assets	Liabilities
Exchange rate contracts:							
Forward and swap contracts	1,577,351	1,433,229	115,797	4,383	3,130,760	56,972	(58,600)
Option contracts purchased	33,722	69,728	3,444	125	107,019	1,306	–
Option contracts written	37,213	45,126	3,061	–	85,400	–	(1,617)
	1,648,286	1,548,083	122,302	4,508	3,323,179	58,278	(60,217)
Interest rate contracts:							
Swap contracts	195,268	279,975	683,648	180,059	1,338,950	20,456	(20,196)
Forward contracts	116,445	138,559	161,887	–	416,891	44	(212)
Option contracts purchased	1,390	1,157	6,626	167	9,340	109	–
Option contracts written	1,390	1,046	12,216	17	14,669	–	(62)
	314,493	420,737	864,377	180,243	1,779,850	20,609	(20,470)
Commodity derivatives and others	632,245	273,591	50,171	3,283	959,290	15,565	(9,273)
	2,595,024	2,242,411	1,036,850	188,034	6,062,319	94,452	(89,960)

(In RMB millions, unless otherwise stated)

Cash flow hedges

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

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

	30 June 2017						
	Notional amounts with remaining life of					Fair values	
	Within three months	Over three months but within one year	Over one year but within five years	Over five years	Total	Assets	Liabilities
Interest rate swap contracts	–	4,034	7,046	2,167	13,247	212	(27)
Currency swap contracts	23,643	2,358	12,141	1,093	39,235	272	(2,695)
Currency forward contracts	6	6	–	–	12	–	–
Equity derivatives	51	49	56	–	156	20	(9)
	23,700	6,447	19,243	3,260	52,650	504	(2,731)

	31 December 2016						
	Notional amounts with remaining life of					Fair values	
	Within three months	Over three months but within one year	Over one year but within five years	Over five years	Total	Assets	Liabilities
Interest rate swap contracts	–	4,213	9,415	2,108	15,736	245	(20)
Currency swap contracts	211	35,304	748	–	36,263	10	(2,257)
Currency forward contracts	–	4	–	–	4	2	–
Equity derivatives	64	53	44	–	161	14	(5)
	275	39,574	10,207	2,108	52,164	271	(2,282)

There was no ineffectiveness recognised in profit or loss that arose from the cash flow hedge for the current period (six months ended 30 June 2016: Nil).

Fair value hedges

Fair value hedges are used by the Group to protect against changes in the fair value of financial assets and financial liability due to movements in market interest rates. Interest rate swaps are used as hedging instruments to hedge the interest risk of financial assets and financial liabilities, respectively.

The effectiveness of hedges based on changes in fair value of the derivatives and the hedged items attributable to the hedged risk recognised in the statement of profit or loss during the period is presented as follows:

	Six months ended 30 June	
	2017	2016
(Loss)/gain arising from fair value hedges, net:		
— Hedging instruments	(264)	34
— Hedged items attributable to the hedged risk	238	(75)
	(26)	(41)

(In RMB millions, unless otherwise stated)

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

	30 June 2017						
	Notional amounts with remaining life of					Fair values	
	Within three months	Over three months but within one year	Over one year but within five years	Over five years	Total	Assets	Liabilities
Interest rate swap contracts	2,712	10,167	31,708	11,280	55,867	550	(184)
	2,712	10,167	31,708	11,280	55,867	550	(184)

	31 December 2016						
	Notional amounts with remaining life of					Fair values	
	Within three months	Over three months but within one year	Over one year but within five years	Over five years	Total	Assets	Liabilities
Interest rate swap contracts	1,302	14,801	31,715	6,620	54,438	777	(147)
	1,302	14,801	31,715	6,620	54,438	777	(147)

Net investment hedges

The Group's consolidated statement of financial position is affected by exchange differences between the functional currency of the Bank and functional currencies of its branches and subsidiaries. The Group hedges such exchange exposures only in limited circumstances. Hedging is undertaken using deposits taken in the same currencies as the functional currencies of related branches and subsidiaries which are accounted for as hedges of certain net investment in foreign operations.

For the year ended 30 June 2017, a net loss from the hedging instrument of RMB102 million was recognised in "Other comprehensive income" on net investment hedges (six months ended 30 June 2016: Nil), and there was no ineffectiveness in profit or loss that arises from the net investment hedges for the current period (six months ended 30 June 2016: Nil).

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

	30 June 2017	31 December 2016
Counterparty credit default risk-weighted assets	56,140	61,333
Currency derivatives	28,283	32,381
Interest rate derivatives	3,305	6,149
Credit derivatives	228	25
Commodity derivatives and others	13,033	10,843
Netting settled credit default risk-weighted assets	11,291	11,935
Credit valuation adjustment risk-weighted assets	30,149	31,541
Central counterparties credit risk-weighted assets	1,844	2,478
	88,133	95,352

The credit risk-weighted assets represent the counterparty credit risk associated with derivative financial instruments and were calculated with reference to Regulation Governing Capital of Commercial Banks (Provisional) promulgated by the CBRC. The credit risk-weighted assets of the Group's derivative financial instruments include counterparty credit default risk-weighted assets, credit valuation adjustment risk-weighted assets and central counterparties credit risk-weighted assets.

(In RMB millions, unless otherwise stated)

19. REVERSE REPURCHASE AGREEMENTS

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

	30 June 2017	31 December 2016
Reverse repurchase agreements (i)	767,647	700,280
Cash advanced as collateral on securities borrowing	73,011	55,347
	840,658	755,627
Reverse repurchase agreements analysed by counterparty:		
Banks	303,231	338,797
Other financial institutions	464,416	361,483
	767,647	700,280
Reverse repurchase agreements analysed by collateral:		
Securities	652,110	511,254
Bills	115,537	189,026
	767,647	700,280

(i) In accordance with master repurchase agreements and related supplementary agreements, the Group offsets reverse repurchase agreements and repurchase agreements which meet the criteria for offsetting, and presents net positive (or negative) amounts as reverse repurchase agreements (or repurchase agreements) in the financial statements. As at 30 June 2017, reverse repurchase agreements and repurchase agreements which meet the criteria for offsetting were RMB676,383 million (31 December 2016: RMB633,828 million) and RMB705,092 million (31 December 2016: RMB659,969 million), respectively, and the net reverse repurchase agreements and net repurchase agreements were RMB170,690 million (31 December 2016: RMB177,649 million) and RMB199,399 million (31 December 2016: RMB203,790 million), respectively.

(ii) As at 30 June 2017, the amount of the placements through reverse repurchase agreements from the Group with non-principal guaranteed wealth management products sponsored by the Group is RMB250,151 million (31 December 2016: RMB126,706 million). During the reporting period, the maximum exposure of the placements through reverse repurchase agreements from the Group with non-principal guaranteed wealth management products sponsored by the Group is RMB250,151 million (2016: RMB126,706 million). The transactions were conducted in the ordinary course of business under normal terms and conditions and at market rates.

(iii) As part of the reverse repurchase agreements, the Group has received securities that it is allowed to sell or repledge in the absence of default by their owners. At 30 June 2017, the Group had received securities with a fair value of approximately RMB179,315 million on such terms (31 December 2016: RMB183,262 million). Of these, securities with a fair value of approximately RMB172,162 million have been repledged under repurchase agreements (31 December 2016: RMB181,959 million). The Group has an obligation to return the securities to its counterparties. If the collateral received declines in value, the Group may, in certain circumstances, require additional collateral.

(In RMB millions, unless otherwise stated)

20. LOANS AND ADVANCES TO CUSTOMERS

	30 June 2017	31 December 2016
Corporate loans and advances	8,927,631	8,140,684
Personal loans	4,575,191	4,196,169
Discounted bills	363,087	719,993
	13,865,909	13,056,846
Less: Allowance for impairment losses	(316,513)	(289,512)
	13,549,396	12,767,334

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

	Individually assessed	Collectively assessed	Total
At 1 January 2016	51,499	229,155	280,654
Impairment loss:	83,966	2,172	86,138
— impairment allowances charged	112,578	152,299	264,877
— reversal of impairment allowances	(28,612)	(150,127)	(178,739)
Accreted interest on impaired loans	(5,135)	–	(5,135)
Write-offs	(65,999)	(8,145)	(74,144)
Recoveries of loans and advances previously written off	1,226	773	1,999
At 31 December 2016 and 1 January 2017	65,557	223,955	289,512
Impairment loss:	54,652	6,349	61,001
— impairment allowances charged	77,906	80,806	158,712
— reversal of impairment allowances	(23,254)	(74,457)	(97,711)
Accreted interest on impaired loans (note 3)	(1,632)	–	(1,632)
Write-offs	(25,453)	(7,889)	(33,342)
Recoveries of loans and advances previously written off	606	368	974
At 30 June 2017	93,730	222,783	316,513

(In RMB millions, unless otherwise stated)

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

	Corporate loans and advances and discounted bills	Personal loans	Total
At 1 January 2016	187,487	93,167	280,654
Impairment loss:	73,050	13,088	86,138
— impairment allowances charged	194,365	70,512	264,877
— reversal of impairment allowances	(121,315)	(57,424)	(178,739)
Accreted interest on impaired loans	(5,135)	–	(5,135)
Write-offs	(65,999)	(8,145)	(74,144)
Recoveries of loans and advances previously written off	1,226	773	1,999
At 31 December 2016 and 1 January 2017	190,629	98,883	289,512
Impairment loss:	57,045	3,956	61,001
— impairment allowances charged	129,514	29,198	158,712
— reversal of impairment allowances	(72,469)	(25,242)	(97,711)
Accreted interest on impaired loans (note 3)	(1,632)	–	(1,632)
Write-offs	(25,453)	(7,889)	(33,342)
Recoveries of loans and advances previously written off	606	368	974
At 30 June 2017	221,195	95,318	316,513

	30 June 2017	31 December 2016
Loans and advances for which allowance for impairment losses are:		
Individually assessed	170,111	160,469
Collectively assessed	13,695,798	12,896,377
	13,865,909	13,056,846
Less: Allowance for impairment losses:		
Individually assessed	(93,730)	(65,557)
Collectively assessed	(222,783)	(223,955)
	(316,513)	(289,512)
Net loans and advances for which allowance for impairment losses are:		
Individually assessed	76,381	94,912
Collectively assessed	13,473,015	12,672,422
	13,549,396	12,767,334
Identified impaired loans and advances	217,072	211,801
Percentage of impaired loans and advances	1.57%	1.62%

(In RMB millions, unless otherwise stated)

21. FINANCIAL INVESTMENTS

		30 June 2017	31 December 2016
Receivables	(a)	343,822	291,370
Held-to-maturity investments	(b)	3,090,298	2,973,042
Available-for-sale financial assets	(c)	1,632,329	1,742,287
		5,066,449	5,006,699

(a) Receivables

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

		30 June 2017	31 December 2016
Huarong bonds	(i)	94,249	94,249
Special government bond	(ii)	85,000	85,000
Others	(iii)	164,573	112,121
		343,822	291,370

	30 June 2017	31 December 2016
Analysed into:		
Listed outside Hong Kong	7,744	33,781
Unlisted	336,078	257,589
	343,822	291,370

(i) The Huarong bonds are a series of long term bonds issued by China Huarong Asset Management Co., Ltd ("Huarong") in 2000 to 2001 to the Bank, with an aggregate amount of RMB312,996 million. The proceeds from the issuance of the bonds were used to purchase non-performing loans of the Bank. The bonds are non-negotiable, with a tenure of 10 years and bear interest at a fixed rate of 2.25% per annum. In 2010, the Bank received a notice from the MOF that the maturity dates of the Huarong bonds are extended for another ten years and the interest rate remains unchanged. Besides, the MOF will continue providing funding in support of the repayment of the principal and interest of the bonds. As at 30 June 2017, the Bank received accumulated early repayment amounting to RMB218,747 million.

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

(iii) Others include financial and corporate bonds, debt investment plans, asset backed securities, asset management plans and wealth management products with fixed or determined payments. They will mature from July 2017 to July 2027 and bear interest rates ranging from 3.00% to 9.50% per annum. During the reporting period, the amounts which have been matured have been repaid without overdue history.

(In RMB millions, unless otherwise stated)

(b) Held-to-maturity investments

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

	30 June 2017	31 December 2016
Debt securities	3,090,410	2,973,149
Less: Allowance for impairment losses	(112)	(107)
	3,090,298	2,973,042

	30 June 2017	31 December 2016
Analysed into:		
Listed in Hong Kong	33,374	24,732
Listed outside Hong Kong	117,816	86,594
Unlisted	2,939,108	2,861,716
	3,090,298	2,973,042
Market value of listed debt securities	151,190	111,326

The Group disposed of securities classified as held-to-maturity investments with a total carrying amount of RMB12,507 million prior to their maturity with remaining maturity more than three months for the period (six months ended 30 June 2016: RMB11,555 million). The carrying amount of held-to-maturity securities sold accounted for 0.40% of the total amount of the Group's held-to-maturity investments (30 June 2016: 0.37%).

(In RMB millions, unless otherwise stated)

(c) Available-for-sale financial assets

Available-for-sale financial assets comprise the following:

	30 June 2017	31 December 2016
Debt securities, at fair value (i)	1,613,323	1,720,630
Other debt instruments, at fair value	4,378	8,804
Equity investments:		
At fair value (i)	12,760	11,452
At cost (ii)	1,868	1,401
Debt for equity swaps	973	973
Others	1,571	1,106
Less: Allowance for impairment losses of equity investments, at cost	(676)	(678)
	1,632,329	1,742,287
Debt securities analysed into:		
Listed in Hong Kong	68,030	63,010
Listed outside Hong Kong	236,513	169,339
Unlisted	1,308,780	1,488,281
	1,613,323	1,720,630
Equity investments analysed into:		
Listed in Hong Kong	577	677
Listed outside Hong Kong	2,312	2,451
Unlisted	11,739	9,725
	14,628	12,853
Market value of listed securities:		
Debt securities	304,543	232,349
Equity investments	2,889	3,128
	307,432	235,477

(i) When impairment of an available-for-sale investment measured at fair value occurs, any impairment loss recognised is recorded in the carrying amount directly. As at 30 June 2017, the available-for-sale financial assets measured at fair value include impaired debt securities whose carrying amount was RMB106 million (31 December 2016: RMB70 million), and impaired equity investments whose carrying amount was RMB38 million (31 December 2016: RMB65 million) with the reversal of impairment loss recognised in profit or loss for the period of RMB56 million (six months ended 30 June 2016: the accrual of impairment loss of RMB143 million) on available-for-sale debt securities, and the accrual of impairment loss recognised in profit or loss for the period of RMB25 million (six months ended 30 June 2016: Nil) on available-for-sale equity investments.

(ii) Certain available-for-sale unlisted equity investments which do not have any quoted market prices and whose fair values cannot be measured reliably are stated at cost less any impairment losses. There is no active market for these investments and it is the Group's intention to dispose of them as opportunities arise. During the six months ended 30 June 2017, the Group did not dispose any of these equity investments (six months ended 30 June 2016: Nil).

(In RMB millions, unless otherwise stated)

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

	Held-to-maturity investments	Available-for-sale equity investments	Total
At 1 January 2016	95	673	768
Charge for the year	13	–	13
Reversals	(7)	–	(7)
Others	6	5	11
At 31 December 2016 and 1 January 2017	107	678	785
Charge for the period	6	–	6
Others	(1)	(2)	(3)
At 30 June 2017	112	676	788

22. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

Investments in associates and joint ventures are as follows:

		30 June 2017	31 December 2016
Interest in associates	(a)	28,097	27,443
Interest in joint ventures	(b)	4,123	2,634
		32,220	30,077

	30 June 2017	31 December 2016
Share of net assets	21,605	19,663
Goodwill	10,963	10,762
	32,568	30,425
Less: Allowance for impairment losses	(348)	(348)
	32,220	30,077

(In RMB millions, unless otherwise stated)

(a) Interest in associates

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

Name	Percentage of equity interest % 30 June 2017	Percentage of equity interest % 31 December 2016	Voting rights % 30 June 2017	Place of incorporation/ registration	Principal activities
Standard Bank Group Limited ("Standard Bank") (i)	20.08	20.08	20.08	Johannesburg, Republic of South Africa	Commercial banking

(i) Standard Bank, a listed commercial bank in Republic of South Africa and a strategic partner for the Group, enables the Group to widen its customer base in Africa.

The market value of the Group's investment in Standard Bank is RMB24,238 million as at 30 June 2017 (31 December 2016: RMB25,067 million).

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

	30 June 2017	31 December 2016
Gross amounts of the associate		
Assets	1,011,059	993,396
Liabilities	915,875	902,225
Net assets	95,184	91,171
Revenue	25,794	48,603
Profit from continuing operations	6,452	10,808
Other comprehensive income	(937)	(5,512)
Total comprehensive income	5,515	5,296
Dividends received from the associate	3,712	5,579
Reconciled to the Group's interests in the associate		
Gross amounts of net assets of the associate attribute to the parent company	81,200	78,814
Group's effective interest	20.08%	20.08%
Group's share of net assets of the associate	16,306	15,825
Goodwill	10,927	10,726
Carrying amount of the Group's interest in Standard Bank in the consolidated financial statements	27,233	26,551

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

	Six months ended 30 June 2017	2016
Aggregate amounts of the Group's share of those associates:		
Profit from continuing operations	7	29
Other comprehensive income	–	306
Total comprehensive income	7	335

(In RMB millions, unless otherwise stated)

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

	30 June 2017	31 December 2016
Carrying amount of material associates — Standard Bank	27,233	26,551
Carrying amount of individually immaterial associates	1,212	1,240
Less: Allowance for impairment losses	(348)	(348)
Interest in associates in the consolidated financial statements	28,097	27,443

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

(b) Interest in joint ventures

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

	30 June 2017	31 December 2016
Aggregate carrying amount of individually immaterial joint ventures in the consolidated financial statements	4,123	2,634

	Six months ended 30 June 2017	2016
Aggregate amounts of the Group's share of those joint ventures:		
Profit from continuing operations	75	405
Other comprehensive income	(6)	21
Total comprehensive income	69	426

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

(In RMB millions, unless otherwise stated)

23. PROPERTY AND EQUIPMENT

	Properties and buildings	Construction in progress	Leasehold improvements	Office equipment and motor vehicles	Aircraft and vessels	Total
Cost:						
At 1 January 2016	134,233	26,142	9,509	71,175	92,785	333,844
Additions	1,076	6,849	762	6,911	38,252	53,850
CIP transfer in/(out)	5,359	(9,741)	–	404	3,978	–
Disposals	(830)	(241)	(198)	(2,497)	(12,508)	(16,274)
At 31 December 2016 and 1 January 2017	139,838	23,009	10,073	75,993	122,507	371,420
Additions	101	4,360	151	433	9,378	14,423
CIP transfer in/(out)	756	(1,414)	–	12	646	–
Disposals	(626)	(30)	(61)	(4,192)	(4,447)	(9,356)
At 30 June 2017	140,069	25,925	10,163	72,246	128,084	376,487
Accumulated depreciation and impairment:						
At 1 January 2016	45,667	41	6,585	50,103	7,022	109,418
Depreciation charge for the year	5,646	–	1,067	7,947	5,101	19,761
Impairment charge for the year	–	–	–	–	492	492
Disposals	(499)	–	(169)	(2,453)	(1,339)	(4,460)
At 31 December 2016 and 1 January 2017	50,814	41	7,483	55,597	11,276	125,211
Depreciation charge for the period	2,836	–	486	3,729	2,314	9,365
Disposals	(428)	–	(37)	(2,268)	(1,055)	(3,788)
At 30 June 2017	53,222	41	7,932	57,058	12,535	130,788
Carrying amount:						
At 31 December 2016	89,024	22,968	2,590	20,396	111,231	246,209
At 30 June 2017	86,847	25,884	2,231	15,188	115,549	245,699

As at 30 June 2017, the process of obtaining the legal titles for the Group's properties and buildings with an aggregate carrying value of RMB12,934 million (31 December 2016: RMB13,342 million) was still in progress. Management is of the view that the aforesaid matter would neither affect the rights of the Group to these assets nor have any significant impact on the business operation of the Group.

As at 30 June 2017, the carrying value of aircraft and vessels leased out by the Group under operating leases was RMB115,549 million (31 December 2016: RMB111,231 million).

As at 30 June 2017, the carrying value of aircraft and vessels owned by the Group that have been pledged as security for liabilities due to banks and other financial institutions was RMB73,598 million (31 December 2016: RMB34,174 million).

(In RMB millions, unless otherwise stated)

24. DEFERRED INCOME TAX ASSETS AND LIABILITIES

(a) Analysed by nature

Deferred income tax assets:

	As at 30 June 2017		As at 31 December 2016	
	Deductible/ (taxable) temporary differences	Deferred income tax assets/ (liabilities)	Deductible/ (taxable) temporary differences	Deferred income tax assets/ (liabilities)
Allowance for impairment losses	130,471	32,541	114,765	28,616
Change in fair value of available-for-sale financial assets	19,804	5,020	(4,005)	(973)
Change in fair value of financial instruments at fair value through profit or loss	(10,013)	(2,498)	(9,544)	(2,385)
Accrued staff costs	20,460	5,115	28,104	7,026
Others	(21,772)	(5,339)	(15,847)	(3,886)
	138,950	34,839	113,473	28,398

Deferred income tax liabilities:

	As at 30 June 2017		As at 31 December 2016	
	Taxable/ (deductible) temporary differences	Deferred income tax liabilities/ (assets)	Taxable/ (deductible) temporary differences	Deferred income tax liabilities/ (assets)
Allowance for impairment losses	(2,075)	(511)	(1,460)	(365)
Change in fair value of available-for-sale financial assets	706	122	563	120
Others	3,858	971	3,368	849
	2,489	582	2,471	604

(b) Movements of deferred income tax

Deferred income tax assets:

	As at 1 January 2017	Recognised in profit or loss	Recognised in equity	As at 30 June 2017
Allowance for impairment losses	28,616	3,925	–	32,541
Change in fair value of available-for-sale financial assets	(973)	–	5,993	5,020
Change in fair value of financial instruments at fair value through profit or loss	(2,385)	(113)	–	(2,498)
Accrued staff costs	7,026	(1,911)	–	5,115
Others	(3,886)	(1,507)	54	(5,339)
	28,398	394	6,047	34,839

(In RMB millions, unless otherwise stated)

Deferred income tax assets:

	As at 1 January 2016	Recognised in profit or loss	Recognised in equity	As at 31 December 2016
Allowance for impairment losses	28,443	173	–	28,616
Change in fair value of available-for-sale financial assets	(9,670)	–	8,697	(973)
Change in fair value of financial instruments at fair value through profit or loss	(790)	(1,595)	–	(2,385)
Accrued staff costs	7,174	(148)	–	7,026
Others	(4,091)	175	30	(3,886)
	21,066	(1,395)	8,727	28,398

Deferred income tax liabilities:

	As at 1 January 2017	Recognised in profit or loss	Recognised in equity	As at 30 June 2017
Allowance for impairment losses	(365)	(146)	–	(511)
Change in fair value of available-for-sale financial assets	120	–	2	122
Others	849	122	–	971
	604	(24)	2	582

Deferred income tax liabilities:

	As at 1 January 2016	Recognised in profit or loss	Recognised in equity	As at 31 December 2016
Allowance for impairment losses	(296)	(69)	–	(365)
Change in fair value of available-for-sale financial assets	595	–	(475)	120
Others	696	153	–	849
	995	84	(475)	604

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

(In RMB millions, unless otherwise stated)

25. OTHER ASSETS

	30 June 2017	31 December 2016
Interest receivable	120,374	112,298
Precious metals	225,726	220,091
Land use rights	18,581	19,264
Advance payments	10,410	10,680
Settlement accounts	255,302	182,118
Goodwill	9,288	9,480
Repossessed assets	8,802	8,273
Others	35,177	23,529
	683,660	585,733

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

		30 June 2017	31 December 2016
Wealth management products	(1)	346,537	270,831
Structured deposits	(2)(a)	23,529	17,797
Financial liabilities related to precious metals	(2)(b)	62,304	59,192
Debt securities	(2)(c)	13,263	13,377
Others		9,670	5,555
		455,303	366,752

(1) The principal-guaranteed wealth management products issued by the Group and the financial assets in which the aforesaid products invest form part of a group of financial instruments that are managed together on a fair value basis, and are classified as financial liabilities and financial assets designated at fair value through profit or loss, respectively. As at 30 June 2017, the fair value of the wealth management products was higher than the amount that the Group would be contractually required to pay to the holders of the wealth management products upon maturity by RMB736 million (31 December 2016: RMB510 million higher).

(2) Structured deposits: Certain financial liabilities related to precious metals and debt securities have been matched with derivative instruments or precious metals as part of a documented risk management strategy of the Group to mitigate market risk, such as interest rate risk. An accounting mismatch would arise if these financial liabilities were accounted for at amortised cost, whereas the related derivative instruments or precious metals were measured at fair value with movements in the fair value taken through the statement of profit or loss. By designating these financial liabilities at fair value through profit or loss, the movement in their fair values is recorded in the statement of profit or loss.

(a) As at 30 June 2017, the fair value of structured deposits was as the amount that the Group would be contractually required to pay to the holders of these structured deposits upon maturity approximately the same (31 December 2016: approximately the same).

(b) As at 30 June 2017, the fair value of the financial liabilities related to precious metals was approximately the same as the amount that the Group would be contractually required to pay to the holders (31 December 2016: approximately the same).

(c) The debt securities and notes issued by the Singapore Branch in 2012 and 2014 at fixed rates, the London Branch in 2015 at fixed rates, the Sydney Branch in 2016 at floating and fixed rates classified as financial liabilities designated at fair value through profit or loss. As at 30 June 2017, the fair value of the debt securities is lower than the amount that the Group would be contractually required to pay to the holders of these debt securities upon maturity by RMB343 million (31 December 2016: RMB555 million lower).

There were no significant changes in the credit spread of the Group and therefore the amounts of changes in fair value of the financial liabilities arising from changes in credit risk were not considered significant during the period of six months ended at 30 June 2017 and the year of 2016. The changes in fair value of the financial liabilities were mainly attributable to changes in other market factors.

(In RMB millions, unless otherwise stated)

27. DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS

	30 June 2017	31 December 2016
Deposits:		
Banks and other financial institutions operating in Mainland China	1,220,450	1,437,462
Banks and other financial institutions operating outside Mainland China	98,956	79,230
	1,319,406	1,516,692
Money market takings:		
Banks and other financial institutions operating in Mainland China	105,782	134,736
Banks and other financial institutions operating outside Mainland China	389,857	365,371
	495,639	500,107
	1,815,045	2,016,799

28. REPURCHASE AGREEMENTS

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

	30 June 2017	31 December 2016
Repurchase (note 19(i))	636,967	561,031
Cash received as collateral on securities lending	44,958	28,275
	681,925	589,306
Repurchase analysed by counterparty:		
Banks	454,958	366,384
Other financial institutions	182,009	194,647
	636,967	561,031
Repurchase analysed by collateral:		
Securities	626,496	553,278
Bills	10,471	7,753
	636,967	561,031

29. CERTIFICATES OF DEPOSIT

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

30. DUE TO CUSTOMERS

	30 June 2017	31 December 2016
Demand deposits:		
Corporate customers	5,749,174	5,271,686
Personal customers	3,791,001	3,720,374
Time deposits:		
Corporate customers	4,583,355	4,176,834
Personal customers	4,698,735	4,419,907
Others	198,906	236,501
	19,021,171	17,825,302

31. DEBT SECURITIES ISSUED

		30 June 2017	31 December 2016
Subordinated bonds and Tier 2 Capital Notes issued by	(1)		
The Bank		181,682	181,999
Subsidiaries		12,486	12,812
		194,168	194,811
Other debt securities issued by	(2)		
The Bank		143,992	97,447
Subsidiaries		74,856	65,679
		218,848	163,126
		413,016	357,937

As at 30 June 2017, the amount of debt securities issued due within one year was RMB35,611 million (31 December 2016: RMB28,277 million).

(1) Subordinated bonds and Tier 2 Capital Notes

The Bank:

As approved by the PBOC and the CBRC, the Bank issued callable subordinated bonds through open market bidding in 2009, 2010, 2011, 2012 and 2014. Approved by the PBOC, these subordinated bonds were traded in the bond market among banks. The relevant information on these subordinated bonds is set out below:

Name	Issue date	Issue price (In RMB)	Amount (In RMB)	Ending balance (In RMB)	Coupon rate	Value date	Maturity date	Circulation date	Notes
			(million)	(million)					
09 ICBC 02 Bond	16/07/2009	100 Yuan	24,000	24,000	4.00%	20/07/2009	20/07/2024	20/08/2009	(i)
10 ICBC 02 Bond	10/09/2010	100 Yuan	16,200	16,200	4.10%	14/09/2010	14/09/2025	03/11/2010	(ii)
11 ICBC 01 Bond	29/06/2011	100 Yuan	38,000	38,000	5.56%	30/06/2011	30/06/2031	30/08/2011	(iii)
11 ICBC 02 Bond	29/12/2011	100 Yuan	50,000	50,000	5.50%	30/12/2011	30/12/2026	17/01/2012	(iv)
12 ICBC 01 Bond	11/06/2012	100 Yuan	20,000	20,000	4.99%	13/06/2012	13/06/2027	13/07/2012	(v)
14 ICBC 01 Bond	04/08/2014	100 Yuan	20,000	20,000	5.80%	05/08/2014	05/08/2024	24/09/2014	(vi)

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

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

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

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

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

(vi) The Bank has the option to redeem all of the bonds on 5 August 2019 upon the approval of the relevant regulatory authorities

In 2015, the Bank issued Tier 2 Capital Notes denominated in USD. Approved by the Stock Exchange of Hong Kong Limited for listing and dealing, the Notes are listed on the Stock Exchange of Hong Kong Limited. The relevant information is set out below:

Name	Issue date	Currency	Issue price	Amount (original currency)	Ending balance (In RMB)	Coupon rate	Value date	Maturity date	Circulation date	Note
				(million)	(million)					
15 USD Tier 2 Capital Notes	15/09/2015	USD	99.189	2,000	13,600	4.875%	21/09/2015	21/09/2025	22/09/2015	(vii)

(vii) On 15 September 2015, the Bank issued Tier 2 Capital Notes with an aggregate nominal amount of USD2,000 million, bearing a fixed interest rate of 4.875% per annum. The listing and permission to deal in the Stock Exchange of Hong Kong Limited became effective on 22 September 2015. The Notes were issued at the price fixed at 99.189% of the nominal amount with maturity due on 21 September 2025 and cannot be redeemed before maturity.

The Bank has not had any defaults of principal or interest or other breaches with respect to the subordinated bonds during the period (six months ended 30 June 2016: Nil).

Subsidiaries:

On 30 November 2010, ICBC Asia issued a subordinated bond with an aggregate nominal amount of USD500 million, bearing a fixed interest rate of 5.125% per annum. The bond was issued at the price fixed at 99.737% of the nominal amount with maturity due on 30 November 2020.

On 10 October 2013, ICBC Asia issued a subordinated bond with an aggregate nominal amount of USD500 million, bearing a fixed interest rate of 4.5% per annum. The bond was issued at the price fixed at 99.463% of the nominal amount with maturity due on 10 October 2023.

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

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

The above subordinated bonds and notes are separately listed on the Stock Exchange of Hong Kong Limited and the London Stock Exchange Plc. ICBC Asia, ICBC Macau and ICBC Standard have not had any defaults of principal or interest or other breaches with respect to the subordinated bonds and notes during the period (six months ended 30 June 2016: Nil).

(2) Other debt securities issued

As at 30 June 2017, the Group's other debt securities issued include:

The Bank:

(i) Sydney Branch issued debt securities amounting to RMB14,927 million denominated in AUD, CHF, RMB, EUR, HKD and USD with maturities between the second half of 2017 and 2024 at fixed or floating interest rates. Of which, in 2017, Sydney Branch issued debt securities amounting to RMB2,604 million denominated in AUD with maturity in 2018 and 2020 at floating interest rates.

(ii) Singapore Branch issued debt securities amounting to RMB29,183 million denominated in RMB and USD with maturities between 2018 and 2022 at fixed or floating interest rates. Of which, in 2017, Singapore Branch issued notes amounting to RMB13,562 million denominated USD with maturity in 2022 at floating interest rates.

(iii) Tokyo Branch issued debt securities or notes amounting to RMB2,258 million denominated in JPY and RMB with maturities in the second half of 2017 and 2019 at fixed interest rates. Of which, in 2017, Tokyo Branch issued notes amounting to RMB848 million denominated in JPY with maturities in the second half of 2017 at fixed interest rates.

(iv) New York Branch issued debt securities or notes amounting to RMB40,412 million denominated in USD with maturities between the second half of 2017 and 2021 at fixed or floating interest rates. Of which, in 2017, New York Branch issued notes amounting to RMB7,309 million denominated in USD with maturities in the second half of 2017 and 2018 at fixed interest rates.

(v) Luxembourg Branch issued notes amounting to RMB16,687 million denominated in USD with maturities between the second half of 2017 and 2019 at fixed or floating interest rates. Of which, in 2017, Luxembourg Branch issued debt securities amounting to RMB1,112 million denominated in USD with maturities in the second half of 2017 and 2018 at fixed or floating interest rates.

(vi) Dubai (DIFC) Branch issued debt securities amounting to RMB16,285 million denominated in EUR and USD with maturities between 2019 and 2022 at fixed or floating interest rates. Of which, in 2017, Dubai (DIFC) Branch issued debt securities amounting to RMB8,851 million denominated in EUR and USD with maturity in 2020 and 2022 at floating interest rates.

(vii) Hong Kong Branch issued debt securities amounting to RMB21,643 million denominated in USD with maturities between 2019 and 2022 at fixed or floating interest rates. Of which, in 2017, Hong Kong Branch issued debt securities amounting to RMB18,267 million denominated in USD with maturity in 2020 and 2022 at fixed or floating interest rates.

(viii) The Head Office issued debt securities in London and Hong Kong amounting to RMB1,199 million denominated in RMB with maturity in 2018 and 2019 at fixed interest rates.

(ix) In 2017, the Head Office issued interbank deposits amounting to RMB1,398 million denominated in RMB with maturities in the second half of 2017 at fixed interest rates.

Subsidiaries:

(i) ICBC Asia issued notes amounting to RMB870 million denominated in HKD and RMB with maturities between the second half of 2017 and 2020 at fixed interest rates. Of which, in 2017, ICBC Asia issued interbank deposits amounting to RMB290 million denominated in RMB with maturities in 2018 at fixed interest rates.

(ii) ICBC Financial Leasing issued medium-term debt securities amounting to RMB57,118 million denominated in RMB and USD with maturities between 2018 and 2026 at fixed or floating interest rates.

Of which, Skysea International Capital Management Limited ("Skysea International"), which is controlled by the Group, issued guaranteed notes of USD750 million with a fixed interest rate of 4.875% in 2011. As at 30 June 2017, Skysea International has redeemed USD153 million and the carrying amount of the Notes were RMB4,038 million. The Notes were guaranteed by Hong Kong Branch and were issued at the price fixed at 97.708% of the nominal amount with maturities due on 7 December 2021. By satisfying certain conditions, Skysea International has the option to redeem all of the notes at any time. The Notes were listed on the Stock Exchange of Hong Kong Limited.

ICBCIL Finance Co. Ltd, which is controlled by the Group, issued medium-term notes amounting to RMB51,905 million denominated in RMB and USD, with maturities between 2018 and 2026 at fixed or floating interest rates. Of which, in 2017, ICBCIL Finance Co. Ltd issued medium-term notes amounting to RMB13,272 million denominated in USD, with maturities in 2020 and 2022 at fixed interest rates. By satisfying certain conditions, ICBCIL Finance Co. Ltd has the option to redeem all of the notes at any time. Above notes were guaranteed by ICBC Financial Leasing Co. Ltd and listed on the Irish Stock Exchange and the Stock Exchange of Hong Kong Limited respectively.

Hai Jiao 1400 limited, which is controlled by the Group, issued a private placement bond amounting to RMB1,175 million denominated in USD with maturity in 2025 at a fixed interest rate. The bond was guaranteed by The Export-Import Bank of Korea.

(iii) ICBC Thai issued debt securities or notes amounting to RMB6,023 million denominated in THB with maturities between the second half of 2017 and 2026 at fixed interest rates. Of which, in 2017, ICBC Thai issued debt securities or notes amounting to RMB1,658 million denominated in THB with maturities between the second half of 2017 and 2021 at fixed interest rates.

(iv) ICBC International issued medium-term bonds amounting to RMB9,087 million denominated in USD with maturity in 2019 and 2020 at a fixed interest rate. Of which, in 2017, ICBC International issued medium-term bond amounting to RMB4,373 million denominated in USD with maturities in 2020 at fixed interest rate.

(v) ICBC New Zealand issued medium-term bonds amounting to RMB1,468 million denominated in NZD, AUD and USD with maturities between the second half of 2017 and 2021 at fixed or floating interest rates. Of which, in 2017, ICBC New Zealand issued medium-term bonds amounting to RMB958 million denominated in NZD and AUD with maturity in the second half of 2017 and 2021 at a fixed or floating interest rates.

32. OTHER LIABILITIES

	30 June 2017	31 December 2016
Interest payable	241,085	243,064
Settlement accounts	228,216	220,899
Dividend payable	83,506	–
Salaries, bonuses, allowances and subsidies payables (i)	18,390	24,924
Early retirement benefits	2,009	2,739
Sundry tax payables	13,019	10,916
Promissory notes	735	2,438
Others	189,308	132,850
	776,268	637,830

(i) There was no overdue payment for staff salaries, bonuses, allowances, subsidies payables as at 30 June 2017 (31 December 2016: Nil).

(ii) As at 30 June 2017, the amount of other liabilities due within one year was RMB687,614 million (31 December 2016: RMB514,673 million).

33. SHARE CAPITAL

	30 June 2017		31 December 2016	
	Number of shares (millions)	Nominal value	Number of shares (millions)	Nominal value
Issued and fully paid:				
H shares of RMB1 Yuan each	86,795	86,795	86,795	86,795
A shares of RMB1 Yuan each	269,612	269,612	269,612	269,612
	356,407	356,407	356,407	356,407

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

34. OTHER EQUITY INSTRUMENTS

(1) Preference shares

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

Financial instrument outstanding	Issue date	Accounting classification	Dividend rate	Issue price	Amount (million shares)	In original currency (million)	In RMB (million)	Maturity	Conversion condition	Conversion
Overseas Preference Shares in:										
USD	2014-12-10	Equity	6.00%	20USD/Share	147	2,940	17,991	None	Mandatory	No
EUR	2014-12-10	Equity	6.00%	15EUR/Share	40	600	4,558	None	Mandatory	No
RMB	2014-12-10	Equity	6.00%	100RMB/Share	120	12,000	12,000	None	Mandatory	No
Domestic Preference Shares in:										
RMB	2015-11-18	Equity	4.50%	100RMB/Share	450	45,000	45,000	None	Mandatory	No
Total					757		79,549			
Less: Issue fees							174			
Book value							79,375			

(b) Main Clauses

(1) Overseas preference shares

a. Dividend

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

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

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

Dividends will be paid annually.

b. Conditions to distribution of dividends

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

c. Dividend stopper

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

d. Order of distribution and liquidation method

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

e. Mandatory conversion trigger events

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

Upon the occurrence of a Non-Viability Trigger Event (Earlier of the two situations: (1) CBRC has determined that the Group would become non-viable if there is no conversion or write-down of capital; or (2) the relevant authorities have determined that a public sector injection of capital or equivalent support is necessary, without which the Group would become non-viable), the Group shall have the right to convert all Preference Shares into H shares. If Preference Shares were converted to H shares, they may not be converted to Preference Shares again.

f. Redemption

Under the premise of obtaining the approval of the CBRC and condition of redemption, the Group has right to redeem all or some of overseas preference shares in first call date and subsequent any dividend payment date (redemption price is equal to issue price plus accrued dividend in current period).

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

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

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

g. Dividend setting mechanism

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

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

The Group shall distribute dividends for the Preference Shares in cash, based on the total amount of the issued and outstanding Preference Shares on the corresponding times (i.e. the product of the issue price of preference shares and the number of the issued and outstanding preference shares). Interest method of the Preference Shares of the Group is once a year.

(2) Domestic preference shares

a. Dividend

Fixed rate for a certain period (5 years) after issuance.

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

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

Dividends will be paid annually.

b. Conditions to distribution of dividends

The Group could pay dividends while the Group still has distributable after-tax profit after making up previous years' losses, contributing to the statutory reserve and making general provisions, and the Group's capital adequacy ratio meets regulatory requirements. The paying order of domestic preference shares is equal to overseas preference shares. Preference shareholders of the Group are senior to the ordinary shareholders on the right to dividends. The Group may elect to cancel any dividend, but such cancellation will require a shareholder's resolution to be passed.

c. Dividend stopper

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

d. Order of distribution and liquidation method

The Domestic Preference Shareholders as well as Overseas Preference Shareholders will rank equally for payment. The Preference Shareholders will be subordinated to the depositors, ordinary creditors, holders of subordinated debt, holders of convertible bonds, holders of Tier 2 capital bonds and holders of other Tier 2 capital instruments of the Group, but will be senior to the ordinary shareholders.

e. Mandatory conversion trigger events

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

Upon the occurrence of a Non-Viability Trigger Event (Earlier of the two situations: (1) CBRC has determined that the Group would become non-viable if there is no conversion or write-down of capital; or (2) the relevant authorities have determined that a public sector injection of capital or equivalent support is necessary, without which the Group would become non-viable), the Group shall have the right to convert all Preference Shares into A shares. If Preference Shares were converted to A shares, they may not be converted to Preference Shares again.

f. Redemption

After five years have elapsed since the date of issuance (18 November 2015), under the premise of obtaining the approval of the CBRC and compliance with regulatory requirements, the Group has right to redeem all or some of domestic preference shares. The redemption period of preference shares ranges from the start date of redemption to the date of full redemption or conversion (redemption price is equal to book value plus accrued dividend in current period).

g. Dividend setting mechanism

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

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

The Group shall distribute dividends for the Preference Shares in cash, based on the total amount of the issued and outstanding Preference Shares on the corresponding times (i.e. the product of the issue price of preference shares and the number of the issued and outstanding preference shares). Interest method of the Preference Shares of the Group is once a year.

(c) Changes in preference shares outstanding

		Preference Shares				
		Overseas			Domestic	
Financial instrument outstanding		USD	EUR	RMB	RMB	Total
1 January 2017	Amount (million shares)	147	40	120	450	757
and	In original currency (million)	2,940	600	12,000	45,000	N/A
30 June 2017	In RMB (million)	17,991	4,558	12,000	45,000	79,549

Note: The RMB amounts of offshore preference shares in U.S. dollar and Euro on 30 June 2017 are translated at the spot exchange rate on issuance date.

(2) Perpetual Bond

(a) Perpetual bond outstanding at the end of the period

Financial instrument outstanding	Issue date	Accounting classification	Interest rate	Issue price	Amount (million pieces)	In original currency (million)	In RMB (million)	Maturity	Conversion condition	Conversion
USD Perpetual bond	2016-07-21	Equity	4.25%	1,000USD/Piece	1	1,000	6,691	None	None	No
Total					1		6,691			
Less: Issue fees							15			
Book value							6,676			

Note: USD perpetual bond was issued by ICBC Asia, a subsidiary of the Bank.

(b) Main Clauses

On 21 July 2016, ICBC Asia issued Basel III-compliant Non-Cumulative Subordinated Additional Tier 1 Capital Securities (hereinafter referred to as "Perpetual Bond") in the aggregate amount of US$1 billion (equivalent to approximately RMB6,676 million net of related issuance costs). Fixed rate for the first 5 years after issuance of the bond is 4.25%. If perpetual bonds are not called, distribution will be reset based on the then prevailing 5-year USA national bonds yield plus a fixed initial spread (3.135 per cent. Per annum) every 5 years.

The distribution shall be payable semi-annually, with the first distribution payment date being 21 January 2017. ICBC Asia has the right to cancel distribution payment (subject to the requirement as set out in the terms and conditions of the perpetual bond) and the distribution cancelled shall not be cumulative.

The perpetual bond will be written off up to the amount as directed by the Hong Kong Monetary Authority (hereinafter referred to as "HKMA") if the HKMA notifies ICBC Asia that in the opinion of the HKMA or a relevant government body, ICBC Asia would become non-viable if there is no written off of the principal. The perpetual bond also contain Hong Kong Bail-in Power. Each holder of the perpetual bond shall be subject to the exercise by the Hong Kong Resolution Authority to any or a combination of the following:

(1) reduction or cancellation of all or a part of the principal and/or distribution of the perpetual bond;

(2) the conversion of all or a part of the principal and/or distribution of the perpetual bond into shares of ICBC Asia or another person; and/or

(3) the amendment of the maturity, distribution payment date and/or the distribution amount of the perpetual bond.

ICBC Asia has a call option to redeem all the outstanding perpetual bond from 21 July 2021 or any subsequent distribution payment date thereafter.

(c) Changes in perpetual bond outstanding

	1 January 2017			Movement during the period			30 June 2017		
Financial instrument outstanding	Amount (million pieces)	In original currency (million)	In RMB (million)	Amount (million pieces)	In original currency (million)	In RMB (million)	Amount (million pieces)	In original currency (million)	In RMB (million)
USD Perpetual bond	1	1,000	6,691	–	–	–	1	1,000	6,691
Total	1	1,000	6,691	–	–	–	1	1,000	6,691

Note: The RMB amount of perpetual bond on 30 June 2017 is translated at the spot exchange rate on issuance date.

(3) Interests attributable to equity instruments' holders

Equity instrument	1 January 2017	30 June 2017
1. Total equity attributable to equity holders of the parent company	1,969,751	2,018,295
(1) Equity attributable to ordinary equity holders of the parent company	1,883,700	1,932,244
(2) Equity attributable to other equity holders of the parent company	86,051	86,051
2. Total equity attributable to non-controlling interests	11,412	12,339
(1) Equity attributable to non-controlling interests of ordinary shares	11,412	12,339
(2) Equity attributable to non-controlling interests of other equity instruments	–	–

35. RESERVES

(a) Capital reserve

Capital reserve mainly includes share premium arising from the issuance of new shares at prices in excess of par value.

(b) Surplus reserves

(i) Statutory surplus reserve

The Bank is required to appropriate 10% of its profit for the year pursuant to the Company Law of the People's Republic of China and the Articles to the statutory surplus reserve until the reserve balance reaches 50% of its registered capital.

Subject to the approval of the shareholders, the statutory surplus reserve may be used to offset accumulated losses of the Bank, if any, and may also be converted into capital of the Bank, provided that the balance of the statutory surplus reserve after such capitalisation is not less than 25% of the registered capital immediately before capitalisation.

(ii) Discretionary surplus reserve

After making the appropriation to the statutory surplus reserve, the Bank may also appropriate its profit for the year determined under PRC GAAP to the discretionary surplus reserve upon approval by the shareholders in general meetings. Subject to the approval by the shareholders, the discretionary surplus reserve may be used to offset accumulated losses of the Bank, if any, and may be converted into capital.

(iii) Other surplus reserve

The Bank's overseas entities appropriate their profits to the surplus reserve in accordance with the relevant regulations promulgated by the local regulatory bodies.

(c) General reserve

From 1 July 2012, the Bank is required by the MOF to maintain a general reserve within equity, through the appropriation of profit, which should not be less than 1.5% of the year-end balance of its risk assets.

The Bank's subsidiaries appropriate their profits to the general reserve according to the applicable local regulations.

(d) Investment revaluation reserve

The investment revaluation reserve records the fair value changes of available-for-sale financial assets.

(e) Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of the subsidiaries and branches incorporated outside Mainland China.

(f) Cash flow hedging reserve

The cash flow hedge reserve comprises the effective portion of the gain or loss on the hedging instrument.

(g) Other reserves

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

(h) Distributable profits

The Bank's distributable profits are based on the retained profits of the Bank as determined under PRC GAAP and IFRSs, whichever is lower. The amount that the Bank's subsidiaries can legally distribute is determined by reference to their profits as reflected in their financial statements prepared in accordance with the accounting regulations and principles promulgated by the local regulatory bodies of the respective countries/regions. These profits may differ from those dealt with in these financial statements, which are prepared in accordance with IFRSs.

(In RMB millions, unless otherwise stated)

36. OTHER COMPREHENSIVE INCOME

	Six months ended 30 June	
	2017	2016
Items that will not be reclassified to profit or loss:		
Share of the other comprehensive income of investees accounted for using equity method which will not be reclassified to profit or loss	(11)	(5)
Others	1	(10)
Items that may be reclassified subsequently to profit or loss:		
Net loss from change in fair value of available-for-sale financial assets	(24,022)	(5,600)
Less: Transfer to profit or loss arising from disposal/impairment	(214)	(1,326)
Income tax effect	5,991	1,791
	(18,245)	(5,135)
Effective hedging portion of gains or losses arising from cash flow hedging instruments:		
Gains/(losses) during the period	50	(288)
Less: Income tax effect	54	52
	104	(236)
Share of the other comprehensive income of investees accounted for using equity method which may be reclassified subsequently to profit or loss	(180)	(601)
Foreign currency translation differences	(2,980)	5,773
Others	(29)	–
	(21,340)	(214)

37. INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES

(a) Structured entities sponsored by third party institutions in which the Group holds an interest

The Group holds an interest in some structured entities sponsored by third party institutions through investments in the notes issued by these structured entities. Such structured entities include investment funds, wealth management products, segregated asset management plans, trust plans and asset-backed securities and the Group does not consolidate these structured entities. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of investors and are financed through the issue of notes to investors.

The following table sets out an analysis of the carrying amounts of interests held by the Group as at 30 June 2017 in the structured entities sponsored by third party institutions:

	30 June 2017		31 December 2016	
	Carrying amount	Maximum exposure	Carrying amount	Maximum exposure
Investment funds	10,566	10,566	8,570	8,570
Wealth management products	989	989	6,189	6,189
Segregated asset management plan	321,327	321,327	243,722	243,722
Trust plan	15,052	15,052	12,560	12,560
Asset-backed securities	10,873	10,873	11,214	11,214
	358,807	358,807	282,255	282,255

(In RMB millions, unless otherwise stated)

The following table sets out an analysis of the line items in the statement of financial position as at 30 June 2017 in which assets are recognised relating to the Group's interests in structured entities sponsored by third party institutions:

	30 June 2017			
	Held-to-maturity investments	Available-for-sale financial assets	Financial assets designated at fair value through profit or loss	Receivables
Investment funds	–	8,514	552	1,500
Wealth management products	–	289	–	700
Segregated asset management plans	–	4,088	233,424	83,815
Trust plans	–	–	–	15,052
Asset-backed securities	111	9,713	–	1,049
	111	22,604	233,976	102,116

	31 December 2016			
	Held-to-maturity investments	Available-for-sale financial assets	Financial assets designated at fair value through profit or loss	Receivables
Investment funds	–	7,070	–	1,500
Wealth management products	–	4,125	–	2,064
Segregated asset management plans	–	4,679	207,963	31,080
Trust plans	–	–	–	12,560
Asset-backed securities	179	9,367	619	1,049
	179	25,241	208,582	48,253

The maximum exposures to loss in the above investment funds, wealth management products, segregated asset management plans, trust plans and asset-backed securities are the amortised cost or fair value of the assets held by the Group at the reporting date in accordance with the line items of these assets recognised in the statement of financial positions.

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

The types of unconsolidated structured entities sponsored by the Group include investment funds and non-principal-guaranteed wealth management products. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of investors. These structured entities are financed through the issue of notes to investors. Interest held by the Group includes investments in notes issued by these structured entities and fees charged by providing management services. As at 30 June 2017, the carrying amounts of the investments in the notes issued by these structured entities and fee receivables being recognised are not material in the statement of financial positions.

As at 30 June 2017, the amount of assets held by the unconsolidated non-principal-guaranteed wealth management products and investment funds, which are sponsored by the Group, were RMB2,363,113 million (31 December 2016: RMB2,423,950 million) and RMB1,394,137 million (31 December 2016: RMB1,127,964 million) respectively.

(In RMB millions, unless otherwise stated)

(c) Unconsolidated structured entities sponsored by the Group during the period which the Group does not have an interest in as at 30 June 2017

During the reporting period, the amount of fee and commission income received from such category of non-principal-guaranteed wealth management products by the Group was RMB1,652 million (six months ended 30 June 2016: RMB529 million).

During the reporting period, the amount of income received from such category of investment funds was RMB20 million (six months ended 30 June 2016: RMB0.5 million).

The aggregated amount of the non-principal-guaranteed wealth management products sponsored and issued by the Group after 1 January 2017 but matured before 30 June 2017 was RMB431,749 million (The aggregated amount of the non-principal-guaranteed wealth management products sponsored and issued by the Group after 1 January 2016 but matured before 30 June 2016 was RMB93,806 million).

The aggregated amount of the investment funds sponsored and issued by the Group after 1 January 2017 but matured before 30 June 2017 was RMB28,680 million (The aggregated amount of the investment funds sponsored and issued by the Group after 1 January 2016 but matured before 30 June 2016 was RMB3,863 million).

38. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Analysis of balances of cash and cash equivalents

	Note	30 June 2017	30 June 2016
Cash on hand	14	76,765	77,763
Balances with central banks other than restricted deposits	14	172,885	211,544
Nostro accounts with banks and other financial institutions with original maturity of three months or less		287,045	125,719
Placements with banks and other financial institutions with original maturity of three months or less		202,667	295,923
Reverse repurchase agreements with original maturity of three months or less		718,328	620,568
		1,457,690	1,331,517

39. TRANSFERRED FINANCIAL ASSETS

The Group enters into transactions in the normal course of business by which it transfers recognised financial assets to third parties or to structured entities. In some cases where these transfers may give rise to full or partial derecognition of the financial assets concerned. In other cases where the transferred assets do not qualify for derecognition as the Group has retained substantially all the risks and rewards of these assets, the Group continued to recognise the transferred assets.

Repurchase transactions and securities lending transactions

Transferred financial assets that do not qualify for derecognition mainly include debt securities held by counterparties as collateral under repurchase agreements and debt securities lent to counterparties under securities lending agreements. The counterparties are allowed to sell or repledge those securities sold under repurchase agreements in the absence of default by the Group, but has an obligation to return the securities at the maturity of the contract. If the securities increase or decrease in value, the Group may require or be required to pay additional cash collateral in certain circumstances. The Group has determined that it retains substantially all the risks and rewards of these securities and therefore has not derecognised them. In addition, it recognises a financial liability for cash received as collateral.

(In RMB millions, unless otherwise stated)

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

	30 June 2017		31 December 2016	
	Carrying amount of transferred assets	Carrying amount of associated liabilities	Carrying amount of transferred assets	Carrying amount of associated liabilities
Repurchase agreements	29,023	28,894	25,228	25,160
Securities lending agreements	95,538	–	75,081	–
	124,561	28,894	100,309	25,160

Securitisation transactions

The Group enters into securitisation transactions in the normal course of business by which it transfers credit assets to structured entities which issue asset-backed securities to investors.

As the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset and it has retained control of them, the Group retains interests in the form of subordinated tranches which would give rise to the Group's continuing involvement in the transferred assets. Those financial assets are recognised on the balance sheet to the extent of the Group's continuing involvement. The extent of the Group's continuing involvement is the extent to which the Group is exposed to changes in the value of the transferred assets. As of 30 June 2017, loans with an original carrying amount of RMB49,296 million (31 December 2016: RMB45,290million) have been securitised by the Group under arrangements in which the Group retains a continuing involvement in such assets in the form of subordinated tranches. As at 30 June 2017, the carrying amount of assets that the Group continues to recognise was RMB2,181 million (31 December 2016: RMB2,107million).

With respect to the securitisation of financial assets that do not qualify for derecognition, the relevant financial assets are not derecognised, and the consideration paid by third parties are recorded as a financial liability. As of 30 June 2017, the Group does not have carrying amount of transferred assets that did not qualify for derecognition and carrying amount of their associated liabilities (31 December 2016: Nil).

(In RMB millions, unless otherwise stated)

40. SHARE APPRECIATION RIGHTS PLAN

The Bank's share appreciation rights plan was approved in 2006, which allows share appreciation rights to be granted to eligible participants including directors, supervisors, senior management and other key personnel designated by the board of directors. The share appreciation rights will be granted and exercised based on the price of the Bank's H shares and will be valid for 10 years. As at the approval date of these financial statements, no share appreciation rights have been granted.

41. COMMITMENTS AND CONTINGENT LIABILITIES

(a) Capital commitments

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

	30 June 2017	31 December 2016
Authorised, but not contracted for	615	535
Contracted, but not provided for	34,678	27,833
	35,293	28,368

(b) Operating lease commitments

At the end of the reporting period, the Group leased certain of its office properties under operating lease arrangements, and the total future minimum lease payments in respect of non-cancellable operating leases were as follows:

	30 June 2017	31 December 2016
Within one year	5,312	5,455
Over one year but within five years	9,287	9,899
Over five years	1,210	2,266
	15,809	17,620

(c) Credit commitments

At any given time, the Group has outstanding commitments to extend credit. These commitments are in the form of approved loans and undrawn credit card limits.

The Group provides letters of credit and financial guarantees to guarantee the performance of customers to third parties.

Bank acceptances comprise undertakings by the Group to pay bills of exchange drawn on customers. The Group expects most acceptances to be settled simultaneously with the reimbursement from the customers.

The contractual amounts of credit commitments by category are set out below. The amounts disclosed in respect of loan commitments and undrawn credit card limit are under the assumption that the amounts will be fully advanced. The amounts for bank acceptances, letters of credit and guarantees represent the maximum potential losses that would be recognised at the end of the reporting period had the counterparties failed to perform as contracted.

	30 June 2017	31 December 2016
Bank acceptances	254,378	271,691
Guarantees issued		
Financing letters of guarantees	154,730	137,076
Non-financing letters of guarantees	317,985	295,471
Sight letters of credit	31,404	45,752
Usance letters of credit and other commitments	147,379	143,393
Loan commitments		
With an original maturity of under one year	239,801	173,392
With an original maturity of one year or over	1,213,182	1,064,189
Undrawn credit card limit	794,090	647,448
	3,152,949	2,778,412

(In RMB millions, unless otherwise stated)

	30 June 2017	31 December 2016
Credit risk-weighted assets of credit commitments (i)	1,410,082	1,231,376

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

(d) Legal proceedings

As at 30 June 2017, there were a number of legal proceedings outstanding against the Bank and/or its subsidiaries with a claimed amount of RMB5,483 million (31 December 2016: RMB5,515 million).

In the opinion of management, the Group has made adequate allowance for any probable losses based on the current facts and circumstances, and the ultimate outcome of these lawsuits will not have a material impact on the financial position or operations of the Group.

(e) Redemption commitments of government bonds

As an underwriting agent of the Government, the Bank underwrites certain PRC government bonds and sells the bonds to the general public, in which the Bank is obliged to redeem these bonds at the discretion of the holders at any time prior to maturity. The redemption price for the bonds is based on the nominal value of the bonds plus any interest accrued up to the redemption date. As at 30 June 2017, the Bank had underwritten and sold bonds with an accumulated amount of RMB87,089 million (31 December 2016: RMB97,646 million) to the general public, and these government bonds have not yet matured nor been redeemed. Management expects that the amount of redemption of these government bonds through the Bank prior to maturity will not be material.

The MOF will not provide funding for the early redemption of these government bonds on a back-to-back basis but is obliged to repay the principal and the respective interest upon maturity.

(f) Underwriting obligations

As at 30 June 2017, the Group had no unexpired securities underwriting obligations (31 December 2016: Nil).

42. DESIGNATED FUNDS AND LOANS

	30 June 2017	31 December 2016
Designated funds	1,230,146	1,170,264
Designated loans	1,229,572	1,169,979

The designated funds represent the funding that the trustors have instructed the Group to use to make loans to third parties as designated by them. The credit risk remains with the trustors.

The designated loans represent the loans granted to specific borrowers designated by the trustors on their behalf according to the entrust agreements signed by the Group and the trustors. The Group does not bear any risk.

43. ASSETS PLEDGED

Financial assets of the Group including securities, bills and loans have been pledged as collateral for liabilities or contingent liabilities, mainly repurchase agreements and derivative contracts. As at 30 June 2017, the carrying value of the Group's financial assets pledged as collateral amounted to approximately RMB467,867 million (31 December 2016: RMB341,593 million).

44. FIDUCIARY ACTIVITIES

The Group provides custody, trust and asset management services to third parties. Revenue from such activities is included in "net fee and commission income" set out in note 4. Those assets held in a fiduciary capacity are not included in the Group's consolidated statement of financial position.

(In RMB millions, unless otherwise stated)

45. RELATED PARTY DISCLOSURES

In addition to the transactions detailed elsewhere in this interim financial report, the Group had the following transactions with related parties during the period:

(a) Shareholders with significant influence

(i) The MOF

The MOF is a ministry under the State Council, primarily responsible for, among others, state fiscal revenues, expenses and taxation policies. As at 30 June 2017, the MOF directly owned approximately 34.60% (31 December 2016: approximately 34.60%) of the issued share capital of the Bank. The Group enters into banking transactions with the MOF in its normal course of business, including the subscription and redemption of government bonds issued by the MOF. Details of the material transactions are as follows:

	30 June 2017	31 December 2016
Balances at end of the period/year:		
The PRC government bonds and the special government bond	849,231	847,923

	Six months ended 30 June	
	2017	2016
Transactions during the period:		
Subscription of the PRC government bonds	162,071	55,603
Redemption of the PRC government bonds	94,864	31,152
Interest income on the PRC government bonds	15,082	14,044
Interest rate ranges during the period are as follows:	%	%
Bond investments	2.10 to 6.15	2.16 to 6.34

As at 30 June 2017, the Group holds a series of long term bonds issued by Huarong, which is under the control of the MOF, with an aggregate amount of RMB94,249 million (31 December 2016: RMB94,249 million). The details of Huarong bonds are included in note 21.

Other related party transactions between the Group and enterprises under the control or joint control of the MOF are disclosed in note 45(g) "transactions with state-owned entities in the PRC".

(ii) Huijin

As at 30 June 2017, Central Huijin Investment Ltd. ("Huijin") directly owned approximately 34.71% (31 December 2016: approximately 34.71%) of the issued share capital of the Bank. Huijin is a state-owned investment company established on 16 December 2003 under the Company Law of the PRC. Huijin has a total registered and paid-in capital of RMB828,209 million. Huijin is a wholly-owned subsidiary of China Investment Corporation, and in accordance with the authorisation by the State, Huijin makes equity investments in the key state-owned financial institutions, and shall, to the extent of its capital contribution, exercise the rights and perform the obligations as an investor on behalf of the State in accordance with applicable laws to achieve the goal of preserving and enhancing the value of state-owned financial assets. Huijin does not engage in other business activities, and does not intervene in the day-to-day business operations of the key state-owned financial institutions it controls.

As at 30 June 2017, Huijin Bonds held by the Bank had an aggregate face value of RMB16.91 billion (31 December 2016: RMB16.91 billion), with terms ranging from 3 to 30 years and coupon rates ranging from 3.16% to 4.20% per annum. The Huijin Bonds are government-backed and the Bank's subscription of the Huijin Bonds was conducted in the ordinary course of business, in compliance with relevant regulatory requirements and the corporate governance of the Bank.

(In RMB millions, unless otherwise stated)

The Group entered into banking transactions with Huijin in the ordinary course of business under normal commercial terms and at the market rates. Details of the material transactions are as follows:

	30 June 2017	31 December 2016
Balances at end of the period/year:		
Debt securities purchased	16,568	16,786
Interest receivable	510	200
Loans and advances to customers	17,000	–
Due to customers	2,335	5
Interest payable	0	50
Financial liabilities designated at fair value through profit or loss	–	2,800

	Six months ended 30 June	
	2017	2016
Transactions during the period:		
Interest income on debt securities purchased	303	312
Interest income on loans and advances to customers	83	–
Interest expense on due to customers	38	30
Net loss on financial liabilities designated at fair value through profit or loss	26	136
Interest rate ranges during the period are as follows:	%	%
Debt securities purchased	3.16 to 4.20	3.16 to 4.20
Loans and advances to customers	3.92	–
Due to customers	0.30 to 1.76	0.30 to 2.17

Huijin has equity interests in certain other banks and financial institutions under the direction of the Government. The Group enters into transactions with these banks and financial institutions in the ordinary course of business under normal commercial terms. Management considers that these banks and financial institutions are competitors of the Group. Significant transactions during the period conducted with these banks and financial institutions, and the corresponding balances as at 30 June 2017 are as follows:

	30 June 2017	31 December 2016
Balances at end of the period/year:		
Debt securities purchased	623,627	781,753
Due from banks and other financial institutions	62,596	59,283
Loans and advances to customers	400	702
Derivative financial assets	1,537	2,329
Due to banks and other financial institutions	127,549	140,601
Derivative financial liabilities	1,413	2,533
Due to customers	12,840	18,317
Credit commitments	16,688	13,530

	Six months ended 30 June	
	2017	2016
Transactions during the period:		
Interest income on debt securities purchased	11,966	14,822
Interest income on amounts due from banks and other financial institutions	138	115
Interest income on loans and advances to customers	7	48
Interest expense on due to customers	140	196
Interest expense on amounts due to banks and other financial institutions	821	898
Interest rate ranges during the period are as follows:	%	%
Debt securities purchased	0.13 to 7.67	1.05 to 6.15
Due from banks and other financial institutions	0 to 10.55	0 to 6.21
Loans and advances to customers	4.35 to 5.40	1.44 to 3.80
Due to customers	0.30 to 2.00	0.01 to 2.00
Due to banks and other financial institutions	0 to 5.55	0 to 7.50

(In RMB millions, unless otherwise stated)

The interest rates disclosed above vary across product groups and transactions depending on the maturity date, credit risk of counterparty and currency. In particular, given local market conditions, the spread of certain significant or long dated transactions can vary across the market.

(b) Subsidiaries

	30 June 2017	31 December 2016
Balances at end of the period/year:		
Debt securities purchased	23,787	25,971
Due from banks and other financial institutions	384,222	427,149
Loans and advances to customers	14,162	15,442
Derivative financial assets	2,735	8,757
Due to banks and other financial institutions	387,589	435,283
Derivative financial liabilities	4,176	3,643
Reverse repurchase agreements	7,317	18,456
Repurchase agreements	8,825	21,328
Financial investments	4,563	3,599
Credit commitments	120,513	103,473

	Six months ended 30 June	
	2017	2016
Transactions during the period:		
Interest income on debt securities purchased	132	58
Interest income on amounts due from banks and other financial institutions	870	343
Interest income on loans and advances to customers	698	135
Interest expense on amounts due to banks and other financial institutions	540	337
Fee and commission income	1,109	922
Interest rate ranges during the period are as follows:	%	%
Debt securities purchased	0.72 to 4.50	0.90 to 4.50
Due from banks and other financial institutions	0 to 105.00	0 to 3.50
Loans and advances to customers	0.25 to 6.15	0.70 to 6.61
Due to banks and other financial institutions	0 to 40.00	0 to 6.30

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

(In RMB millions, unless otherwise stated)

(c) Associates and affiliates

	30 June 2017	31 December 2016
Balances at end of the period/year:		
Due from banks and other financial institutions	277	1,714
Loans and advances to customers	1,653	1,802
Derivative financial assets	1,021	1,151
Due to banks and other financial institutions	10,936	8,588
Due to customers	227	7
Derivative financial liabilities	676	941
Credit commitments	68	43

	Six months ended 30 June	
	2017	2016
Transactions during the period:		
Interest income on amounts due from banks and other financial institutions	0	41
Interest income on loans and advances to customers	22	144
Interest expense on amounts due to banks and other financial institutions	53	51
Interest expense on due to customers	1	–
Interest rate ranges during the period are as follows:	%	%
Due from banks and other financial institutions	0 to 0.35	0 to 9.81
Loans and advances to customers	0.50 to 4.28	1.46 to 13.00
Due to banks and other financial institutions	0 to 0.72	0 to 4.47
Due to customers	0 to 1.79	0 to 0.30

The major transactions between the Group and the associates and their affiliates mainly comprised due from banks and other financial institutions, loans and advances to customers and due to banks and other financial institutions and the corresponding interest income and interest expense. In the opinion of management, the transactions between the Group and the associates and their affiliates were conducted under normal commercial terms and conditions.

(d) Joint ventures and affiliates

	30 June 2017	31 December 2016
Balances at end of the period/year:		
Loans and advances to customers	64	–
Due to customers	216	227

	Six months ended 30 June	
	2017	2016
Transactions during the period:		
Interest income on loans and advances to customers	1	–
Interest expense on due to customers	3	–
Interest rate ranges during the period are as follows:	%	%
Loans and advances to customers	3.03	–
Due to customers	0.01 to 1.30	0.30

In the opinion of management, the transactions between the Group and the aforementioned parties were conducted in the ordinary course of business under normal terms and conditions and at market rates.

(e) Key management personnel

The key management personnel are those persons who have the authority and responsibility to plan, direct and control the activities of the Group, directly or indirectly, including members of the board of directors, the supervisory board and executive officers.

The aggregate compensation for the period is as follows:

	Six months ended 30 June	
	2017 In RMB'000	2016 In RMB'000
Short term employment benefits	5,254	4,594
Post-employment benefits	291	206
	5,545	4,800

Companies or corporations of which the key management of the Group or their close relatives are shareholders or key management personnel who are able to exercise control directly or indirectly are also considered as related parties of the Group.

The transactions between the Group and the aforementioned parties for the period are as follows:

	30 June 2017 RMB'000	31 December 2016 RMB'000
Loans	–	2,693

For the six months ended 30 June 2017, there were no material transactions and balances with key management personnel on an individual basis. The Group enters into banking transactions with key management personnel in the normal course of business.

The aggregated balance of loans and credit card overdrafts to the persons which are considered as related parties according to the relevant rules of Shanghai Stock Exchange was RMB36.75 million as at 30 June 2017 (31 December 2016: RMB28.58 million).

In the opinion of management, the transactions between the Group and the aforementioned parties were conducted in the ordinary course of business under normal terms and conditions and at market rates.

(f) Annuity Fund

In addition to the obligations for defined contributions to the Annuity Fund, Annuity Fund does not hold any share or bond issued by the Group as at 30 June 2017 (31 December 2016: Nil).

(g) Transactions with state-owned entities in the PRC

The Group operates in an economic environment predominated by enterprises directly or indirectly owned and/or controlled by the Government through its authorities, affiliates or other organisations (collectively the "state-owned entities"). During the reporting period, the Group entered into extensive banking transactions with these state-owned entities including, but not limited to, lending and deposit taking, taking and placing of interbank balances, entrusted lending and the provision of intermediary services, the sale, purchase, underwriting and redemption of bonds issued by other state-owned entities, and the sale, purchase, and leasing of properties and other assets.

Management considers that transactions with state-owned entities are activities conducted in the ordinary course of business, and that the dealings of the Group have not been significantly or unduly affected by the fact that the Group and those state-owned entities are ultimately controlled or owned by the Government. The Group has also established market pricing policies for products and services and such pricing policies do not depend on whether or not the customers are state-owned entities.

46. SEGMENT INFORMATION

(a) Operating segments

For management purposes, the Group is organised into different operating segments, namely corporate banking, personal banking and treasury operations, based on internal organisational structure, management requirement and internal reporting system.

Corporate banking

The corporate banking segment covers the provision of financial products and services to corporations, government agencies and financial institutions. The products and services include corporate loans, trade financing, deposit-taking activities, corporate wealth management services, custody activities and various types of corporate intermediary services, etc.

Personal banking

The personal banking segment covers the provision of financial products and services to individual customers. The products and services include personal loans, deposit-taking activities, card business, personal wealth management services and various types of personal intermediary services, etc.

Treasury operations

The treasury operations segment covers the Group's treasury operations which include money market transactions, investment securities, foreign exchange transactions and the holding of derivative positions, for its own accounts or on behalf of customers, etc.

Others

This segment covers the Group's assets, liabilities, income and expenses that are not directly attributable or cannot be allocated to a segment on a reasonable basis.

Management monitors the operating results of the Group's business units separately for the purpose of making decisions about resources allocation and performance assessment. Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting this interim financial report of the Group.

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

(In RMB millions, unless otherwise stated)

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

	Six months ended 30 June 2017				
	Corporate banking	Personal banking	Treasury operations	Others	Total
External net interest income	123,129	25,386	102,407	–	250,922
Internal net interest (expense)/income	(2,710)	62,314	(59,604)	–	–
Net fee and commission income	44,385	32,139	146	–	76,670
Other income, net (i)	3,748	21	3,365	2,013	9,147
Operating income	168,552	119,860	46,314	2,013	336,739
Operating expenses	(30,936)	(39,005)	(7,856)	(2,473)	(80,270)
Impairment (losses)/reversal on:					
Loans and advances to customers	(57,045)	(3,956)	–	–	(61,001)
Others	(252)	(62)	78	(106)	(342)
Operating profit/(loss)	80,319	76,837	38,536	(566)	195,126
Share of profits of associates and joint ventures	–	–	–	1,372	1,372
Profit before taxation	80,319	76,837	38,536	806	196,498
Income tax expense					(42,811)
Profit for the period					153,687
Other segment information:					
Depreciation	3,107	2,578	1,223	143	7,051
Amortisation	461	328	190	27	1,006
Capital expenditure	6,498	5,368	2,547	302	14,715

	As at 30 June 2017				
	Corporate banking	Personal banking	Treasury operations	Others	Total
Segment assets	9,359,769	4,640,695	11,356,649	156,933	25,514,046
Including: Investments in associates and joint ventures	–	–	–	32,220	32,220
Property and equipment	97,039	80,290	37,988	30,382	245,699
Other non-current assets (ii)	19,883	7,087	4,299	11,197	42,466
Segment liabilities	10,967,016	8,721,836	3,533,373	261,187	23,483,412
Other segment information:					
Credit commitments	2,358,859	794,090	–	–	3,152,949

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

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

(In RMB millions, unless otherwise stated)

	Six months ended 30 June 2016				
	Corporate banking	Personal banking	Treasury operations	Others	Total
External net interest income	125,951	11,606	96,723	–	234,280
Internal net interest (expense)/income	(12,384)	73,885	(61,501)	–	–
Net fee and commission income	45,615	35,891	209	–	81,715
Other income/(expense), net (i)	3,128	(101)	8,189	1,770	12,986
Operating income	162,310	121,281	43,620	1,770	328,981
Operating expenses	(38,149)	(41,922)	(8,170)	(2,353)	(90,594)
Impairment losses on:					
Loans and advances to customers	(37,688)	(6,203)	–	–	(43,891)
Others	(35)	–	(453)	(54)	(542)
Operating profit/(loss)	86,438	73,156	34,997	(637)	193,954
Share of profits of associates and joint ventures	–	–	–	1,121	1,121
Profit before taxation	86,438	73,156	34,997	484	195,075
Income tax expense					(44,419)
Profit for the period					150,656
Other segment information:					
Depreciation	3,306	2,642	1,294	152	7,394
Amortisation	494	341	208	30	1,073
Capital expenditure	7,206	5,693	2,810	339	16,048

	As at 31 December 2016				
	Corporate banking	Personal banking	Treasury operations	Others	Total
Segment assets	8,914,597	4,245,097	10,840,773	136,798	24,137,265
Including: Investments in associates and joint ventures	–	–	–	30,077	30,077
Property and equipment	99,810	79,878	39,045	27,476	246,209
Other non-current assets (ii)	19,817	7,189	4,547	11,390	42,943
Segment liabilities	10,088,166	8,376,975	3,536,514	154,447	22,156,102
Other segment information:					
Credit commitments	2,130,964	647,448	–	–	2,778,412

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

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

(In RMB millions, unless otherwise stated)

(b) Geographical information

The Group operates principally in Mainland China, and also has branches and subsidiaries operating outside Mainland China (including: Hong Kong, Macau, Singapore, Frankfurt, Luxembourg, Seoul, Tokyo, London, Almaty, Jakarta, Moscow, Doha, Dubai, Abu Dhabi, Sydney, Toronto, Kuala Lumpur, Hanoi, Bangkok, New York, Karachi, Mumbai, Phnom Penh, Vientiane, Lima, Buenos Aires, Sao Paulo, Auckland, Kuwait City, Mexico City, Yangon, Riyadh, Istanbul and Prague, etc.).

The distribution of the geographical areas is as follows:

Mainland China (Head Office and domestic branches):

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

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

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

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

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

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

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

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

	Six months ended 30 June 2017									
	Mainland China (HO and domestic branches)									
	Head Office	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central China	Western China	Northeastern China	Overseas and others	Eliminations	Total
External net interest income	99,978	24,080	22,949	14,404	23,808	34,778	7,277	23,648	–	250,922
Internal net interest (expense)/income	(66,296)	13,940	6,639	33,401	6,858	4,091	3,843	(2,476)	–	–
Net fee and commission income	3,259	19,665	13,282	12,997	10,292	10,822	2,642	3,723	(12)	76,670
Other (expense)/income, net (i)	(1,178)	394	587	3,497	78	407	(81)	5,463	(20)	9,147
Operating income	35,763	58,079	43,457	64,299	41,036	50,098	13,681	30,358	(32)	336,739
Operating expenses	(8,040)	(11,348)	(8,868)	(13,212)	(11,540)	(13,192)	(5,158)	(8,944)	32	(80,270)
Impairment (losses)/reversal on:										
Loans and advances to customers	(5,730)	(8,408)	(9,411)	(15,306)	(9,239)	(9,201)	(2,440)	(1,266)	–	(61,001)
Others	144	(35)	103	(42)	(370)	(76)	(6)	(60)	–	(342)
Operating profit	22,137	38,288	25,281	35,739	19,887	27,629	6,077	20,088	–	195,126
Share of profits of associates and joint ventures	–	–	–	–	–	–	–	1,372	–	1,372
Profit before taxation	22,137	38,288	25,281	35,739	19,887	27,629	6,077	21,460	–	196,498
Income tax expense										(42,811)
Profit for the period										153,687
Other segment information:										
Depreciation	871	974	668	1,055	1,241	1,454	583	205	–	7,051
Amortisation	258	116	97	81	143	177	42	92	–	1,006
Capital expenditure	207	1,477	70	157	196	200	92	12,316	–	14,715

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

(In RMB millions, unless otherwise stated)

	As at 30 June 2017									
	Mainland China (HO and domestic branches)									
	Head Office	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central China	Western China	Northeastern China	Overseas and others	Eliminations	Total
Assets by geographical areas	8,884,314	4,430,752	2,745,895	3,377,829	2,313,616	2,877,100	995,183	3,639,021	(3,784,503)	25,479,207
Including: Investments in associates and joint ventures	–	–	–	–	–	–	–	32,220	–	32,220
Property and equipment	12,282	29,182	10,447	16,861	18,149	22,084	9,837	126,857	–	245,699
Other non-current assets (i)	10,890	5,804	3,584	3,791	5,506	7,523	1,402	3,966	–	42,466
Unallocated assets										34,839
Total assets										25,514,046
Liabilities by geographical areas	7,244,610	4,644,922	2,800,710	5,156,992	2,593,157	2,989,066	1,118,726	680,092	(3,784,503)	23,443,772
Unallocated liabilities										39,640
Total liabilities										23,483,412
Other segment information:										
Credit commitments	813,772	500,937	416,563	510,024	200,918	259,914	76,007	374,814	–	3,152,949

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

	Six months ended 30 June 2016									
	Mainland China (HO and domestic branches)									
	Head Office	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central China	Western China	Northeastern China	Overseas and others	Eliminations	Total
External net interest income	102,998	22,942	20,848	11,184	21,579	34,265	7,269	13,195	–	234,280
Internal net interest (expense)/income	(69,559)	14,288	6,509	33,932	7,890	3,573	3,941	(574)	–	–
Net fee and commission income	2,219	21,598	13,035	14,431	11,821	11,751	3,701	3,338	(179)	81,715
Other income, net (i)	1,422	449	498	2,963	230	682	70	6,672	–	12,986
Operating income	37,080	59,277	40,890	62,510	41,520	50,271	14,981	22,631	(179)	328,981
Operating expenses	(10,550)	(13,617)	(9,864)	(14,691)	(13,247)	(15,080)	(5,764)	(7,960)	179	(90,594)
Impairment (losses)/reversal on:										
Loans and advances to customers	(4,556)	(8,663)	(6,591)	(7,211)	(5,917)	(8,408)	(799)	(1,746)	–	(43,891)
Others	182	(37)	(286)	(90)	(81)	(60)	(5)	(165)	–	(542)
Operating profit	22,156	36,960	24,149	40,518	22,275	26,723	8,413	12,760	–	193,954
Share of profits of associates and joint ventures	–	–	–	–	–	–	–	1,121	–	1,121
Profit before taxation	22,156	36,960	24,149	40,518	22,275	26,723	8,413	13,881	–	195,075
Income tax expense										(44,419)
Profit for the period										150,656
Other segment information:										
Depreciation	941	1,042	715	1,090	1,296	1,513	583	214	–	7,394
Amortisation	325	117	94	76	138	187	35	101	–	1,073
Capital expenditure	633	305	87	240	294	359	161	13,969	–	16,048

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

(In RMB millions, unless otherwise stated)

	As at 31 December 2016									
	Mainland China (HO and domestic branches)									
	Head Office	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central China	Western China	Northeastern China	Overseas and others	Eliminations	Total
Assets by geographical areas	8,368,773	5,194,868	3,096,641	3,626,559	2,275,456	2,827,331	1,068,632	3,129,868	(5,479,261)	24,108,867
Including: Investments in associates and joint ventures	–	–	–	–	–	–	–	30,077	–	30,077
Property and equipment	13,020	28,803	11,072	17,791	19,263	23,418	10,391	122,451	–	246,209
Other non-current assets (i)	10,561	5,811	3,557	3,985	5,691	7,563	1,358	4,417	–	42,943
Unallocated assets										28,398
Total assets										24,137,265
Liabilities by geographical areas	6,820,411	5,453,036	3,318,068	5,242,654	2,384,189	2,771,987	1,074,621	517,154	(5,479,261)	22,102,859
Unallocated liabilities										53,243
Total liabilities										22,156,102
Other segment information:										
Credit commitments	662,510	441,169	314,846	485,726	158,583	249,912	67,703	397,963	–	2,778,412

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

47. FINANCIAL INSTRUMENT RISK MANAGEMENT

A description and analysis of the major risks faced by the Group are as follows:

The board of directors (the "Board") has the ultimate responsibility for the risk management and oversees the Group's risk management functions through the Risk Management Committee and the Audit Committee of the Board.

The President supervises the Group's risk management strategies and reports directly to the Board. He chairs two management committees including the Risk Management Committee and the Asset and Liability Management Committee. These two committees formulate and make recommendations in respect of risk management strategies and policies through the President to the Risk Management Committee of the Board. The Chief Risk Officer assists the President to supervise and manage various risks.

The Group has also assigned departments to monitor financial risks within the Group, including the Credit Management Department to monitor credit risk, the Risk Management Department together with the Asset and Liability Management Department to monitor market and liquidity risks, and the Internal Control and Compliance Department to monitor operational risk. The Risk Management Department is primarily responsible for coordinating and establishing a comprehensive risk management framework, preparing consolidated reports on credit risk, market risk and operational risk and reporting directly to the Chief Risk Officer.

The Bank maintains a dual-reporting line structure at the branch level for risk management purposes. Under this structure, the risk management departments of the branches report to risk management departments of both the Head Office and the management of the relevant branches.

(a) Credit risk

Credit risk is the risk of loss arising from a borrower's or counterparty's inability to meet its obligations. Credit risk can also arise from operational failures that result in an unauthorised or inappropriate guarantee, commitment or investment of funds. The Group is exposed to credit risk primarily due to loans, guarantees and other credit related commitments.

The principal features of the Group's credit risk management function include:

- Centralised credit management procedures;
- Risk management rules and procedures that focus on risk control throughout the entire credit business process, including customer investigation and credit rating, granting of credit limits, loan evaluation, loan review and approval, granting of loan and post-disbursement loan monitoring;
- Stringent qualification system for the loan approval officers; and
- Information management systems designed to enable a real time risk monitoring.

To enhance credit risk management practices, the Group also hold training programs periodically for credit officers at different levels.

In addition to the credit risk exposures on credit-related assets and amounts due from or lending to banks and other financial institutions, credit risk also arises in other areas. For instance, credit risk exposure also arises from derivative financial instruments which are, however, limited to those with positive fair values, as recorded in the statement of financial position. In addition, the Group also makes available to its customers guarantees which may require the Group to make payments on their behalf. Such payments are collected from customers based on the terms of the agreements signed. They expose the Group to similar risks as loans and these are mitigated by the same control processes and policies.

The Group will normally sign an International Swaps and Derivatives Association ("ISDA") Master Agreement, a China Interbank Market Financial Derivatives Master Agreement ("NAFMII master agreement") with its counterparties for documenting over-the-counter derivatives activities. Each of these master agreements provides the contractual framework within which derivatives dealing activities are conducted. Under each of these master agreements, close-out netting shall be applied across all outstanding transactions covered by the agreement if either party defaults.

Risk concentration

Credit risk is often greater when counterparties are concentrated in one single industry or geographical location or have comparable economic characteristics.

Impairment assessment

The main considerations for the loan impairment assessment include whether any payments of principal or interest are overdue or whether there are any liquidity problems of counterparties, credit rating downgrades, or infringement of the original terms of the contract. The Group addresses impairment assessment in two areas: individually assessed impairment and collectively assessed impairment.

Individually assessed loans

All corporate loans and discounted bills are individually reviewed for objective evidence of impairment and classified based on a five-tier classification system. Corporate loans and discounted bills that are classified as substandard, doubtful or loss are assessed individually for impairment.

(a) Credit risk (continued)

If there is objective evidence that an impairment loss on a loan or advance has incurred on an individual basis, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The allowance for impairment loss is deducted in the carrying amount. The impairment loss is recognised in the statement of profit or loss. In determining allowances on an individual basis, the following factors are considered:

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

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

Collectively assessed loans

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

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

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

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

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

Homogenous groups of loans not considered individually significant

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

(a) Credit risk (continued)

Individually assessed loans with no objective evidence of impairment

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

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

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

Collateral

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

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

Corporate loans are mainly collateralised by properties or other assets. As at 30 June 2017, the carrying value of corporate loans amounted to RMB9,290,718 million (31 December 2016: RMB8,860,677 million), of which credit exposure of corporate loans covered by collateral amounted to RMB3,457,660 million (31 December 2016: RMB3,771,915 million).

Personal loans are mainly collateralised by residential properties. As at 30 June 2017, the carrying value of personal loans amounted to RMB4,575,191 million (31 December 2016: RMB4,196,169 million), of which credit exposure of personal loans covered by collateral amounted to RMB4,021,439 million (31 December 2016: RMB3,666,608 million).

The Group prefers more liquid collateral with relatively stable market value and does not accept collateral that is illiquid, with difficulties in registration or high fluctuations in market value. The value of collateral should be assessed and confirmed by the Group or valuation agents identified by the Group. The value of collateral should adequately cover the outstanding balance of a loan. The loan-to-value ratio depends on types of collateral, usage condition, liquidity, price volatility and realisation cost. All collateral has to be registered in accordance with the relevant laws and regulations. The credit officers inspect the collateral and assess the changes in the value of collateral regularly.

Although collateral can be an important mitigation of credit risk, the Group grants loans based on the assessment of the borrowers' ability to meet obligations out of their cash flow, instead of the value of collateral. The necessity of a collateral is dependent on the nature of the loan. In the event of default, the Group might sell the collateral for repayment. The fair value of collateral of past due but not impaired loans and impaired loans are disclosed in note 47(a)(iii).

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

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

(In RMB millions, unless otherwise stated)

(a) Credit risk (continued)

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

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

	30 June 2017	**31 December 2016**
Balances with central banks	3,466,008	3,266,216
Due from banks and other financial institutions	957,239	797,473
Financial assets held for trading	134,593	183,315
Financial assets designated at fair value through profit or loss	362,149	285,144
Derivative financial assets	57,569	94,452
Reverse repurchase agreements	840,658	755,627
Loans and advances to customers	13,549,396	12,767,334
Financial investments		
— Receivables	343,822	291,370
— Held-to-maturity investments	3,090,298	2,973,042
— Available-for-sale financial assets	1,617,701	1,729,434
Others	390,042	315,725
	24,809,475	23,459,132
Credit commitments	3,152,949	2,778,412
Total maximum credit risk exposure	27,962,424	26,237,544

(ii) Risk concentrations

Credit risk is often greater when counterparties are concentrated in one single industry or geographic location or have comparable economic features. In addition, different geographic areas and industrial sectors have their unique characteristics in terms of economic development, and could present a different credit risk.

(In RMB millions, unless otherwise stated)

(a) Credit risk (continued)

By geographical distribution

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

30 June 2017

	Head Office	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central China	Western China	North eastern China	Overseas and others	Total
Balances with central banks	2,974,444	64,032	61,073	113,143	19,186	40,904	11,205	182,021	3,466,008
Due from banks and other financial institutions	526,740	9,400	1,179	902	2,289	1,680	248	414,801	957,239
Financial assets held for trading	95,129	–	–	–	–	–	–	39,464	134,593
Financial assets designated at fair value through profit or loss	302,319	483	317	44,178	224	309	85	14,234	362,149
Derivative financial assets	14,851	2,715	2,069	1,300	328	613	137	35,556	57,569
Reverse repurchase agreements	530,799	–	–	–	–	–	–	309,859	840,658
Loans and advances to customers	550,769	2,484,503	1,789,770	2,241,688	1,900,018	2,381,676	701,986	1,498,986	13,549,396
Financial investments									
— Receivables	285,422	124	494	2,626	3,600	300	240	51,016	343,822
— Held-to-maturity investments	2,759,506	33,965	16,364	20,544	30,378	49,658	9,750	170,133	3,090,298
— Available-for-sale financial assets	920,386	49,073	26,933	212,595	19,585	26,098	2,336	360,695	1,617,701
Others	172,726	28,257	28,708	34,668	19,545	21,944	4,760	79,434	390,042
	9,133,091	2,672,552	1,926,907	2,671,644	1,995,153	2,523,182	730,747	3,156,199	24,809,475
Credit commitments	813,772	500,937	416,563	510,024	200,918	259,914	76,007	374,814	3,152,949
Total maximum credit risk exposure	9,946,863	3,173,489	2,343,470	3,181,668	2,196,071	2,783,096	806,754	3,531,013	27,962,424

The compositions of each geographical distribution above are set out in note 46(b).

31 Dec 2016

	Head Office	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central China	Western China	North eastern China	Overseas and others	Total
Balances with central banks	2,860,191	44,528	50,706	84,806	23,158	29,242	9,372	164,213	3,266,216
Due from banks and other financial institutions	529,573	11,524	1,347	449	1,970	1,089	162	251,359	797,473
Financial assets held for trading	135,775	–	–	–	–	–	–	47,540	183,315
Financial assets designated at fair value through profit or loss	119	259	182	270,197	193	205	46	13,943	285,144
Derivative financial assets	40,803	3,107	2,255	1,634	178	640	416	45,419	94,452
Reverse repurchase agreements	483,320	–	–	–	–	–	–	272,307	755,627
Loans and advances to customers	534,225	2,361,303	1,704,380	2,112,523	1,783,466	2,264,366	691,375	1,315,696	12,767,334
Financial investments									
— Receivables	236,101	153	494	2,756	3,800	312	240	47,514	291,370
— Held-to-maturity investments	2,678,442	35,640	17,402	16,551	27,706	39,190	9,607	148,504	2,973,042
— Available-for-sale financial assets	1,083,560	51,435	29,902	227,690	20,845	26,833	2,408	286,761	1,729,434
Others	170,596	15,449	13,374	18,327	13,000	14,371	3,130	67,478	315,725
	8,752,705	2,523,398	1,820,042	2,734,933	1,874,316	2,376,248	716,756	2,660,734	23,459,132
Credit commitments	662,510	441,169	314,846	485,726	158,583	249,912	67,703	397,963	2,778,412
Total maximum credit risk exposure	9,415,215	2,964,567	2,134,888	3,220,659	2,032,899	2,626,160	784,459	3,058,697	26,237,544

The compositions of each geographical distribution above are set out in note 46(b).

(In RMB millions, unless otherwise stated)

(a) Credit risk (continued)

By industry distribution

The credit risk exposures of the Group mainly comprise loans and advances to customers and investments in securities. Details of the composition of the Group's investments in debt securities are set out in note 47(a)(iv) to the financial statements. The composition of the Group's gross loans and advances to customers by industry is analysed as follows:

	30 June 2017	31 December 2016
Transportation, storage and postal services	1,780,868	1,640,498
Manufacturing	1,707,198	1,550,544
Leasing and commercial services	958,633	828,686
Production and supply of electricity, heating, gas and water	956,424	891,870
Wholesale and retail	801,450	776,739
Real estate	714,595	642,423
Water, environment and public utility management	667,613	536,718
Finance	292,336	251,733
Mining	280,914	274,273
Construction	240,496	212,450
Science, education, culture and sanitation	138,484	136,799
Others	388,620	397,951
Subtotal of corporate loans and advances	8,927,631	8,140,684
Personal mortgage and business loans	3,845,409	3,497,110
Others	729,782	699,059
Subtotal of personal loans	4,575,191	4,196,169
Discounted bills	363,087	719,993
Total loans and advances to customers	13,865,909	13,056,846

(iii) Loans and advances to customers

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

	30 June 2017	31 December 2016
Neither past due nor impaired	13,549,323	12,706,016
Past due but not impaired	99,514	139,029
Impaired	217,072	211,801
	13,865,909	13,056,846
Less: Allowance for impairment losses	(316,513)	(289,512)
	13,549,396	12,767,334

(In RMB millions, unless otherwise stated)

(a) Credit risk (continued)

Neither past due nor impaired

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

	30 June 2017			31 December 2016		
	Pass	Special Mention	Total	Pass	Special Mention	Total
Unsecured loans	4,022,329	59,654	4,081,983	3,445,069	60,195	3,505,264
Guaranteed loans	1,855,146	142,975	1,998,121	1,676,309	137,312	1,813,621
Loans secured by mortgages	5,919,367	226,991	6,146,358	5,561,633	227,619	5,789,252
Pledged loans	1,304,126	18,735	1,322,861	1,570,704	27,175	1,597,879
	13,100,968	448,355	13,549,323	12,253,715	452,301	12,706,016

Past due but not impaired

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

	30 June 2017			31 December 2016		
	Corporate loans and advances	Personal loans	Total	Corporate loans and advances	Personal loans	Total
Past due for:						
Less than one month	47,354	16,208	63,562	57,540	17,324	74,864
One to two months	11,014	6,471	17,485	13,414	7,437	20,851
Two to three months	10,365	8,102	18,467	33,458	9,856	43,314
Total	68,733	30,781	99,514	104,412	34,617	139,029
Fair value of collateral held	66,265	62,450	128,715	103,327	67,707	171,034

Impaired

Impaired loans and advances are defined as those loans and advances having objective evidence of impairment as a result of one or more events that occur after initial recognition and that event has an impact on the estimated future cash flows of loans and advances that can be reliably estimated. These loans and advances include corporate loans and personal loans which are graded as "Substandard", "Doubtful" or "Loss".

The fair values of collateral that the Group hold relating to loans individually determined to be impaired as at 30 June 2017 amounted to RMB34,967 million (31 December 2016: RMB42,046 million). The collateral mainly consists of land and buildings, equipment and others.

(In RMB millions, unless otherwise stated)

(a) Credit risk (continued)

Renegotiated loans and advances to customers

The Group has formulated a set of loan restructuring policies to renegotiate the contractual terms with customers, to maximise the collectability of loans and to manage customer relationships.

The carrying amount of renegotiated loans and advances to customers is as follows:

	30 June 2017	31 December 2016
Renegotiated loans and advances to customers	5,996	5,541
Impaired loans and advances to customers included in the above	2,720	2,085

Collateral repossessed

During the reporting period, the Group took possession of collateral held as security with a carrying amount of RMB846 million (six months ended 30 June 2016: RMB810 million). Such collateral mainly comprises land and buildings, equipment and others.

(iv) Debt securities

The credit risk of debt securities mainly arises from the risk that the issuer might default on a payment or go into liquidation. Debt securities by different types of issuers are generally subject to different degrees of credit risk.

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

30 June 2017

	Receivables	Held-to-maturity investments	Available-for-sale financial assets	Financial assets held for trading	Financial assets designated at fair value through profit or loss	Total
Neither past due nor impaired:						
Governments and central banks	85,000	2,128,553	550,859	21,971	–	2,786,383
Policy banks	–	844,862	288,369	3,167	24,701	1,161,099
Public sector entities	2,220	21,579	139,046	6,310	2,798	171,953
Banks and other financial institutions	133,262	64,990	331,488	40,662	16,470	586,872
Corporate entities	20,974	30,334	303,455	62,483	7,535	424,781
Subtotal	241,456	3,090,318	1,613,217	134,593	51,504	5,131,088
Less: Collective allowance for impairment losses	–	(20)	–	–	–	(20)
Subtotal	241,456	3,090,298	1,613,217	134,593	51,504	5,131,068
Impaired (*):						
Banks and other financial institutions	–	67	–	–	–	67
Corporate entities	–	25	344	–	–	369
	–	92	344	–	–	436
Less: Individual allowance for impairment losses	–	(92)	(238)	–	–	(330)
Subtotal	–	–	106	–	–	106
Total	241,456	3,090,298	1,613,323	134,593	51,504	5,131,174

(In RMB millions, unless otherwise stated)

(a) Credit risk (continued)

31 December 2016

	Receivables	Held-to-maturity investments	Available-for-sale financial assets	Financial assets held for trading	Financial assets designated at fair value through profit or loss	Total
Neither past due nor impaired:						
Governments and central banks	85,000	1,897,917	545,382	14,188	–	2,542,487
Policy banks	–	969,849	334,477	4,548	10,576	1,319,450
Public sector entities	2,200	22,236	141,405	10,938	2,212	178,991
Banks and other financial institutions	134,579	47,724	369,938	107,963	21,277	681,481
Corporate entities	22,386	35,329	329,358	45,678	6,808	439,559
Subtotal	244,165	2,973,055	1,720,560	183,315	40,873	5,161,968
Less: Collective allowance for impairment losses	–	(13)	–	–	–	(13)
Subtotal	244,165	2,973,042	1,720,560	183,315	40,873	5,161,955
Impaired (*):						
Banks and other financial institutions	–	68	–	–	–	68
Corporate entities	–	26	427	–	–	453
	–	94	427	–	–	521
Less: Individual allowance for impairment losses	–	(94)	(357)	–	–	(451)
Subtotal	–	–	70	–	–	70
Total	244,165	2,973,042	1,720,630	183,315	40,873	5,162,025

(*) Impaired debt securities above were mainly individually assessed. In determining whether a debt security was impaired, the Group considers the evidence of a loss event and the decreases in estimated future cash flows. No collateral was held by the Group as security of the impaired debt securities.

(b) Liquidity risk

Liquidity risk is the risk that capital will not be sufficient or funds will not be raised at a reasonable cost in a timely manner to meet the need of asset growth or repayment of debts due, although the Group remains solvent. This may arise from amount or maturity mismatches of assets and liabilities.

The Group manages its liquidity risk through the Asset and Liability Management Department and aims at:

- Optimising the structure of assets and liabilities;
- Maintaining the stability of the deposit base;
- Projecting cash flows and evaluating the level of current assets; and
- In terms of liquidity of the branches, maintaining an efficient internal fund transfer mechanism.

(In RMB millions, unless otherwise stated)

(b) Liquidity risk (continued)

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

The Group expected the remaining maturity of its financial instruments may vary significantly from the following analysis. For example, demand deposits from customers are expected to maintain a stable or increasing balance although they have been classified as repayable on demand in the following tables.

30 June 2017

	Overdue/ repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	More than five years	Undated (***)	Total
Assets:								
Cash and balances with central banks	558,000	10,516	8,186	50,109	–	–	2,915,962	3,542,773
Due from banks and other financial institutions (*)	235,572	918,880	318,051	254,135	71,217	42	–	1,797,897
Financial assets held for trading	–	28,679	54,903	34,893	8,806	7,304	6,810	141,395
Financial assets designated at fair value through profit or loss	2,365	431	7,376	218,996	101,326	25,920	5,735	362,149
Derivative financial assets	456	6,343	9,797	25,749	11,118	4,106	–	57,569
Loans and advances to customers	65,766	757,980	795,479	2,710,816	2,404,040	6,694,920	120,395	13,549,396
Financial investments	–	116,104	200,467	530,484	2,587,963	1,616,698	14,733	5,066,449
Investments in associates and joint ventures	–	–	–	–	–	–	32,220	32,220
Property and equipment	–	–	–	–	–	–	245,699	245,699
Others	424,577	76,424	30,046	64,525	40,716	41,502	40,709	718,499
Total assets	1,286,736	1,915,357	1,424,305	3,889,707	5,225,186	8,390,492	3,382,263	25,514,046
Liabilities:								
Due to central banks	–	–	30	68	413	–	–	511
Financial liabilities designated at fair value through profit or loss	66,511	116,071	187,774	68,496	14,935	1,516	–	455,303
Derivative financial liabilities	808	6,126	9,893	20,124	10,206	5,279	–	52,436
Due to banks and other financial institutions (**)	1,143,675	618,455	257,091	404,112	21,014	52,623	–	2,496,970
Certificates of deposit	–	51,494	68,366	95,893	12,101	243	–	228,097
Due to customers	10,338,690	990,386	1,092,990	4,093,702	2,502,084	3,319	–	19,021,171
Debt securities issued	–	6,699	3,704	25,208	185,009	192,396	–	413,016
Others	363,490	163,110	61,982	138,922	66,241	22,163	–	815,908
Total liabilities	11,913,174	1,952,341	1,681,830	4,846,525	2,812,003	277,539	–	23,483,412
Net liquidity gap	(10,626,438)	(36,984)	(257,525)	(956,818)	2,413,183	8,112,953	3,382,263	2,030,634

(*) Includes reverse repurchase agreements.

(**) Includes repurchase agreements.

(***) Includes loans and advances to customers and bond investments that are impaired or not impaired but overdue for more than one month.

(In RMB millions, unless otherwise stated)

(b) Liquidity risk (continued)

31 December 2016

	Overdue/ repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	More than five years	Undated (***)	Total
Assets:								
Cash and balances with central banks	436,282	11,639	18,517	47,281	–	–	2,837,069	3,350,788
Due from banks and other financial institutions (*)	158,433	849,479	244,926	228,917	71,304	41	–	1,553,100
Financial assets held for trading	–	46,100	25,488	102,658	935	8,134	6,016	189,331
Financial assets designated at fair value through profit or loss	1,448	206	14,260	36,078	205,253	23,791	4,108	285,144
Derivative financial assets	254	14,989	20,320	39,732	14,489	4,668	–	94,452
Loans and advances to customers	62,087	874,345	774,633	2,785,447	2,970,082	5,144,336	156,404	12,767,334
Financial investments	–	70,726	185,303	610,237	2,534,397	1,593,183	12,853	5,006,699
Investments in associates and joint ventures	–	–	–	–	–	–	30,077	30,077
Property and equipment	–	–	–	–	–	–	246,209	246,209
Others	377,080	44,195	28,506	53,039	33,428	35,983	41,900	614,131
Total assets	1,035,584	1,911,679	1,311,953	3,903,389	5,829,888	6,810,136	3,334,636	24,137,265
Liabilities:								
Due to central banks	–	–	–	118	427	–	–	545
Financial liabilities designated at fair value through profit or loss	59,279	75,000	168,142	46,949	15,144	2,238	–	366,752
Derivative financial liabilities	409	10,099	21,143	36,924	15,687	5,698	–	89,960
Due to banks and other financial institutions (**)	1,283,492	816,224	191,175	239,314	24,320	51,580	–	2,606,105
Certificates of deposit	–	29,968	67,031	103,774	17,201	453	–	218,427
Due to customers	9,783,195	859,223	1,286,200	3,705,472	2,185,850	5,362	–	17,825,302
Debt securities issued	–	6,006	8,318	13,953	136,514	193,146	–	357,937
Others	300,535	72,155	60,357	135,012	70,885	52,130	–	691,074
Total liabilities	11,426,910	1,868,675	1,802,366	4,281,516	2,466,028	310,607	–	22,156,102
Net liquidity gap	(10,391,326)	43,004	(490,413)	(378,127)	3,363,860	6,499,529	3,334,636	1,981,163

(*) Includes reverse repurchase agreements.

(**) Includes repurchase agreements.

(***) Includes loans and advances to customers and bond investments that are impaired or not impaired but overdue for more than one month.

(ii) Maturity analysis of contractual undiscounted cash flows

The tables below summarise the maturity profile of the Group's financial instruments based on the contractual undiscounted cash flows. The balances of some items in the tables below are different from the balances on the statement of financial position as the tables incorporate all cash flows relating to both principal and interest. The Group's expected cash flows on these instruments may vary significantly from the following analysis. For example, demand deposits from customers are expected to maintain a stable or increasing balance although they have been classified as repayable on demand in the following tables.

(In RMB millions, unless otherwise stated)

(b) Liquidity risk (continued)

30 June 2017

	Overdue/ repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	More than five years	Undated (***)	Total
Non-derivative cash flows:								
Financial assets:								
Cash and balances with central banks	558,000	10,516	12,123	50,109	–	–	2,915,962	3,546,710
Due from banks and other financial institutions (*)	235,588	920,903	320,984	264,813	73,936	49	–	1,816,273
Financial assets held for trading	–	28,687	55,299	35,842	10,290	8,713	6,810	145,641
Financial assets designated at fair value through profit or loss	2,365	451	7,402	219,186	103,702	26,163	5,735	365,004
Loans and advances to customers (**)	66,646	822,597	956,271	3,281,676	4,530,516	9,924,951	253,024	19,835,681
Financial investments	–	118,300	205,126	551,472	2,689,330	1,673,303	14,733	5,252,264
Others	403,723	69,175	6,455	8,736	3,864	297	1,843	494,093
	1,266,322	1,970,629	1,563,660	4,411,834	7,411,638	11,633,476	3,198,107	31,455,666

(*) Includes reverse repurchase agreements.

(**) The maturity profile of the renegotiated loans' contractual undiscounted cash flows is determined according to the negotiated terms.

(***) Includes loans and advances to customers and bond investments that are impaired or not impaired but overdue for more than one month.

30 June 2017

	Overdue/ repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	More than five years	Undated	Total
Non-derivative cash flows:								
Financial liabilities:								
Due to central banks	–	–	30	68	413	–	–	511
Financial liabilities designated at fair value through profit or loss	66,511	116,432	191,663	74,634	23,409	2,037	–	474,686
Due to banks and other financial institutions (*)	1,144,077	1,100,148	285,691	414,625	23,080	62,385	–	3,030,006
Certificates of deposit	–	51,654	68,693	96,231	12,447	263	–	229,288
Due to customers	10,339,983	998,650	1,108,299	4,131,606	2,630,829	3,678	–	19,213,045
Debt securities issued	–	7,874	6,705	36,464	242,344	246,837	–	540,224
Others	323,447	29,994	8,550	19,427	18,377	7,473	–	407,268
	11,874,018	2,304,752	1,669,631	4,773,055	2,950,899	322,673	–	23,895,028
Derivative cash flows:								
Derivative financial instruments settled on net basis	–	(2,069)	116	862	448	3	–	(640)
Derivative financial instruments settled on gross basis								
— Cash inflow	104,355	1,203,316	953,296	1,688,648	179,124	20,048	–	4,148,787
— Cash outflow	(104,197)	(1,202,091)	(951,506)	(1,679,254)	(176,961)	(19,305)	–	(4,133,314)
	158	1,225	1,790	9,394	2,163	743	–	15,473

(*) Includes repurchase agreements.

(In RMB millions, unless otherwise stated)

(b) Liquidity risk (continued)

31 December 2016

	Overdue/ repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	More than five years	Undated (***)	Total
Non-derivative cash flows:								
Financial assets:								
Cash and balances with central banks	436,282	11,639	22,347	47,281	–	–	2,837,069	3,354,618
Due from banks and other financial institutions (*)	158,439	851,293	247,894	235,908	74,923	50	–	1,568,507
Financial assets held for trading	–	46,188	25,796	105,143	3,398	13,085	6,016	199,626
Financial assets designated at fair value through profit or loss	1,448	219	14,536	36,907	206,982	24,149	4,108	288,349
Loans and advances to customers (**)	62,950	937,939	924,671	3,313,707	4,824,943	7,560,269	263,899	17,888,378
Financial investments	–	72,261	191,060	632,463	2,621,704	1,642,179	12,853	5,172,520
Others	373,172	27,824	4,295	6,061	6,614	416	3,249	421,631
	1,032,291	1,947,363	1,430,599	4,377,470	7,738,564	9,240,148	3,127,194	28,893,629

(*) Includes reverse repurchase agreements.

(**) The maturity profile of the renegotiated loans' contractual undiscounted cash flows is determined according to the negotiated terms.

(***) Includes loans and advances to customers and bond investments that are impaired or not impaired but overdue for more than one month.

31 December 2016

	Overdue/ repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	More than five years	Undated	Total
Non-derivative cash flows:								
Financial liabilities:								
Due to central banks	–	–	–	119	427	–	–	546
Financial liabilities designated at fair value through profit or loss	59,943	75,114	169,503	48,348	16,141	2,277	–	371,326
Due to banks and other financial institutions (*)	1,283,844	817,628	192,176	242,106	27,095	68,179	–	2,631,028
Certificates of deposit	–	30,075	67,511	105,233	17,590	480	–	220,889
Due to customers	9,791,273	861,958	1,316,461	3,777,425	2,305,827	6,017	–	18,058,961
Debt securities issued	–	6,035	9,400	28,511	186,995	245,210	–	476,151
Others	293,113	8,894	4,237	5,340	13,900	10,383	–	335,867
	11,428,173	1,799,704	1,759,288	4,207,082	2,567,975	332,546	–	22,094,768
Derivative cash flows:								
Derivative financial instruments settled on net basis	–	(52)	(137)	(181)	115	182	–	(73)
Derivative financial instruments settled on gross basis								
— Cash inflow	15,916	1,009,201	1,107,223	1,724,950	171,304	17,675	–	4,046,269
— Cash outflow	(15,820)	(1,005,076)	(1,103,824)	(1,714,270)	(166,880)	(17,001)	–	(4,022,871)
	96	4,125	3,399	10,680	4,424	674	–	23,398

(*) Includes repurchase agreements.

(In RMB millions, unless otherwise stated)

(b) Liquidity risk (continued)

(iii) Analysis of credit commitments by contractual expiry date

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

30 June 2017

	Repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	More than five years	Total
Credit commitments	903,569	143,124	202,563	666,590	936,904	300,199	3,152,949

31 December 2016

	Repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	More than five years	Total
Credit commitments	756,778	105,676	230,641	611,356	760,743	313,218	2,778,412

(c) Market risk

Market risk is the risk of loss, in respect of the Group's on and off-balance sheet activities, arising from adverse movements in market rates including interest rates, foreign exchange rates, commodity prices and stock prices. Market risk arises from both the Group's trading and non-trading businesses.

The Group is primarily exposed to structural interest rate risk arising from commercial banking and position risk arising from treasury transactions. Interest rate risk is inherent in many of its businesses and largely arises from mismatches between the repricing dates of interest-generating assets and interest-bearing liabilities.

The Group's currency risk mainly results from the risk arising from exchange rate fluctuations on its foreign exchange exposures. Foreign exchange exposures include the mismatch of foreign exchange assets and liabilities, and off-balance sheet foreign exchange positions arising from derivative transactions.

The Group considers the market risk arising from stock prices fluctuations in respect of its investment portfolios as immaterial.

Sensitivity analysis, interest rate repricing gap analysis and foreign exchange risk concentration analysis are the major market risk management tools used by the Group. The Bank monitors market risk separately in respect of trading and other non-trading portfolios. The Value-at-risk ("VaR") analysis is a major tool used by the Bank to measure and monitor the market risk of its trading portfolios. The following sections include a VaR analysis by risk type of the Group's trading portfolios of the parent company and a sensitivity analysis based on the Group's currency risk exposure and interest rate risk exposure (both trading and non-trading portfolios).

(In RMB millions, unless otherwise stated)

(c) Market risk (continued)

(i) VaR

VaR analysis is a statistical technique which estimates the potential maximum losses that could occur on risk positions taken due to movements in interest rates, foreign exchange rates or prices over a specified time horizon and at a specified level of confidence. The Bank adopts a historical simulation model to calculate and monitor trading portfolio VaR with 250 days' historical market data (with a 99% confidence level, and one-day holding period) on a daily basis.

A summary of VaR by risk type of the Group's trading portfolios is as follows:

	Six months ended 30 June 2017			
	30 June 2017	Average	Highest	Lowest
Interest rate risk	42	81	120	40
Currency risk	91	127	314	78
Commodity risk	31	27	43	10
Total portfolio VaR	108	165	360	106

	Six months ended 30 June 2016			
	30 June 2016	Average	Highest	Lowest
Interest rate risk	49	57	67	45
Currency risk	232	140	258	65
Commodity risk	21	22	54	5
Total portfolio VaR	267	159	284	76

VaR for each risk factor is the derived largest potential loss due to fluctuations solely in that risk factor. As there is a diversification effect due to the correlation amongst the risk factors, the individual VaR does not add up to the total portfolio VaR.

Although VaR is an important tool for measuring market risk under normal market environment, the assumptions on which the model of VaR is based do give rise to some limitations, mainly including the following:

(1) VaR does not reflect liquidity risk. In the VaR model, a one-day holding period assumes that it is possible to hedge or dispose of positions within that period without restriction, the price of the financial instruments will fluctuate in the given range, and the correlation between these market prices will remain unchanged. This may not fully reflect the market risk arising at times of severe illiquidity, when a one-day holding period may be insufficient to liquidate or hedge all positions fully;

(2) Even though positions may change throughout the day, VaR only represents the risk of the portfolios at the close of each business day, and it does not account for any losses that may occur beyond the 99% confidence level; and

(3) VaR relies heavily on historical data to provide information and may not clearly predict the future changes and modifications of the risk factors, especially those of an exceptional nature due to significant market moves.

(In RMB millions, unless otherwise stated)

(c) Market risk (continued)

(ii) Interest rate risk

The Group's interest rate risk mainly arises from the mismatches between the repricing dates of interest-generating assets and interest-bearing liabilities. The Group's interest-generating assets and interest-bearing liabilities are mainly denominated in RMB.

The Group manages its interest rate risk by:

- Regularly monitoring the macroeconomic factors that may have impact on the PBOC benchmark interest rates;
- Optimising the differences in timing between contractual repricing (maturities) of interest-generating assets and interest-bearing liabilities; and
- Managing the deviation of the pricing of interest-generating assets and interest-bearing liabilities from the PBOC benchmark interest rates.

A principal part of the Group's management of interest rate risk is to monitor the sensitivity of projected net interest income under varying interest rate scenarios (simulation modeling). The Group aims to mitigate the impact of prospective interest rate movements which could reduce future net interest income, while balancing the cost of such hedging on the current revenue.

The following tables demonstrate the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's net interest income and equity.

The effect on the net interest income is the effect of the assumed changes in interest rates on the net interest income, arising from the financial assets and financial liabilities held at period/year end that are subject to repricing within the coming year, including the effect of hedging instruments. The effect on equity is the effect of the assumed changes in interest rates on other comprehensive income, calculated by revaluing fixed rate available-for-sale financial assets held at period/year end, including the effect of any associated hedges.

Group

30 June 2017

	Increased by 100 basis points		Decreased by 100 basis points	
Currency	Effect on net interest income	Effect on equity	Effect on net interest income	Effect on equity
RMB	(24,238)	(41,908)	24,238	45,016
USD	71	(5,128)	(71)	5,131
HKD	66	–	(66)	–
Others	263	(724)	(263)	724
Total	(23,838)	(47,760)	23,838	50,871

31 December 2016

	Increased by 100 basis points		Decreased by 100 basis points	
Currency	Effect on net interest income	Effect on equity	Effect on net interest income	Effect on equity
RMB	(8,885)	(46,604)	8,885	50,242
USD	(178)	(4,450)	178	4,453
HKD	139	(8)	(139)	8
Others	467	(635)	(467)	635
Total	(8,457)	(51,697)	8,457	55,338

(In RMB millions, unless otherwise stated)

(c) Market risk (continued)

The interest rate sensitivities set out in the tables above are for illustration only and are based on simplified scenarios. The figures represent the effect of the pro forma movements in net interest income and equity based on the projected yield curve scenarios and the Group's current interest rate risk profile. This effect, however, does not incorporate actions that would be taken by management to mitigate the impact of interest rate risk. The projections above also assume that interest rates of all maturities move by the same amount and, therefore, do not reflect the potential impact on net interest income and equity in the case where some rates change while others remain unchanged.

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

30 June 2017

	Less than three months	Three months to one year	One to five years	More than five years	Non-interest-bearing	Total
Assets:						
Cash and balances with central banks	3,088,847	–	–	–	453,926	3,542,773
Due from banks and other financial institutions (*)	1,442,408	254,135	71,217	42	30,095	1,797,897
Financial assets held for trading	86,199	34,933	6,779	6,674	6,810	141,395
Financial assets designated at fair value through profit or loss	8,873	218,997	100,258	25,921	8,100	362,149
Derivative financial assets	–	–	–	–	57,569	57,569
Loans and advances to customers	4,636,224	8,552,753	185,038	109,324	66,057	13,549,396
Financial investments	474,070	521,561	2,454,453	1,601,632	14,733	5,066,449
Investments in associates and joint ventures	–	–	–	–	32,220	32,220
Property and equipment	–	–	–	–	245,699	245,699
Others	7,073	159	–	–	711,267	718,499
Total assets	9,743,694	9,582,538	2,817,745	1,743,593	1,626,476	25,514,046
Liabilities:						
Due to central banks	30	68	413	–	–	511
Financial liabilities designated at fair value through profit or loss	294,280	65,458	9,672	–	85,893	455,303
Derivative financial liabilities	–	–	–	–	52,436	52,436
Due to banks and other financial institutions (**)	2,015,040	400,371	17,288	52,623	11,648	2,496,970
Certificates of deposit	134,656	90,512	2,686	243	–	228,097
Due to customers	12,177,094	4,090,540	2,500,664	3,319	249,554	19,021,171
Debt securities issued	69,998	16,776	139,385	186,857	–	413,016
Others	3,437	–	–	650	811,821	815,908
Total liabilities	14,694,535	4,663,725	2,670,108	243,692	1,211,352	23,483,412
Interest rate mismatch	(4,950,841)	4,918,813	147,637	1,499,901	N/A	N/A

(*) Includes reverse repurchase agreements.

(**) Includes repurchase agreements.

(In RMB millions, unless otherwise stated)

(c) Market risk (continued)

31 December 2016

	Less than three months	Three months to one year	One to five years	More than five years	Non-interest-bearing	Total
Assets:						
Cash and balances with central banks	2,950,175	–	–	–	400,613	3,350,788
Due from banks and other financial institutions (*)	1,281,652	175,706	65,244	41	30,457	1,553,100
Financial assets held for trading	73,827	102,259	4,126	3,103	6,016	189,331
Financial assets designated at fair value through profit or loss	16,157	40,807	203,561	19,063	5,556	285,144
Derivative financial assets	–	–	–	–	94,452	94,452
Loans and advances to customers	8,042,786	4,331,521	154,613	139,700	98,714	12,767,334
Financial investments	403,284	637,160	2,375,341	1,578,061	12,853	5,006,699
Investments in associates and joint ventures	–	–	–	–	30,077	30,077
Property and equipment	–	–	–	–	246,209	246,209
Others	9,294	209	–	–	604,628	614,131
Total assets	12,777,175	5,287,662	2,802,885	1,739,968	1,529,575	24,137,265
Liabilities:						
Due to central banks	–	118	427	–	–	545
Financial liabilities designated at fair value through profit or loss	247,084	45,217	9,870	–	64,581	366,752
Derivative financial liabilities	–	–	–	–	89,960	89,960
Due to banks and other financial institutions (**)	2,285,839	270,853	12,912	10,200	26,301	2,606,105
Certificates of deposit	118,407	93,236	6,331	453	–	218,427
Due to customers	11,660,480	3,705,066	2,166,979	5,362	287,415	17,825,302
Debt securities issued	34,242	16,039	116,722	190,934	–	357,937
Others	8,569	382	2,264	1,584	678,275	691,074
Total liabilities	14,354,621	4,130,911	2,315,505	208,533	1,146,532	22,156,102
Interest rate mismatch	(1,577,446)	1,156,751	487,380	1,531,435	N/A	N/A

(*) Includes reverse repurchase agreements.

(**) Includes repurchase agreements.

(In RMB millions, unless otherwise stated)

(c) Market risk (continued)

(iii) Currency risk

The Group conducts it businesses mainly in RMB, with certain transactions denominated in USD, HKD, to a lesser extent in other currencies. Transactions in foreign currencies mainly arise from the Group's treasury operations, foreign exchange dealings and overseas investments.

The exchange rate of RMB to USD is managed under a floating exchange rate system. The HKD exchange rate is pegged to the USD and therefore the exchange rate of RMB to HKD has fluctuated in line with the changes in the exchange rate of RMB to USD.

The Group manages its currency risk through various methods, including limitation management and risk hedging to hedge foreign exchange risk, and performing currency risk sensitivity analysis and stress testing regularly.

The tables below indicate a sensitivity analysis of exchange rate changes of the currencies to which the Group had significant exposure on its monetary assets and liabilities and its forecasted cash flows. The analysis calculates the effect of a possible movement in the currency rates against RMB, with all other variables held constant, on profit before tax and equity. A negative amount in the table reflects a potential net reduction in profit before tax or equity, while a positive amount reflects a potential net increase. This effect, however, is based on the assumption that the Group's foreign exchange exposures as at the period/year end are kept unchanged and, therefore, have not incorporated actions that would be taken by the Group to mitigate the adverse impact of this foreign exchange risk.

		Effect on profit before tax		Effect on equity	
Currency	Change in currency rate	30 June 2017	31 December 2016	30 June 2017	31 December 2016
USD	-1%	(73)	66	(341)	(313)
HKD	-1%	233	275	(982)	(929)

While the table above indicates the effect on profit before tax and equity of 1% depreciation of USD and HKD, there will be an opposite effect with the same amount if the currencies appreciate by the same percentage.

(In RMB millions, unless otherwise stated)

(c) Market risk (continued)

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

30 June 2017

	RMB	USD (equivalent to RMB)	HKD (equivalent to RMB)	Others (equivalent to RMB)	Total
Assets:					
Cash and balances with central banks	3,260,376	189,962	23,039	69,396	3,542,773
Due from banks and other financial institutions (*)	1,184,674	559,498	7,075	46,650	1,797,897
Financial assets held for trading	121,609	8,067	–	11,719	141,395
Financial assets designated at fair value through profit or loss	347,913	9,197	1,685	3,354	362,149
Derivative financial assets	22,013	20,441	5,667	9,448	57,569
Loans and advances to customers	12,149,954	880,041	242,523	276,878	13,549,396
Financial investments	4,694,528	271,904	17,466	82,551	5,066,449
Investments in associates and joint ventures	1,679	1,552	1,383	27,606	32,220
Property and equipment	128,490	115,059	773	1,377	245,699
Others	400,690	121,033	4,319	192,457	718,499
Total assets	22,311,926	2,176,754	303,930	721,436	25,514,046
Liabilities:					
Due to central banks	30	–	–	481	511
Financial liabilities designated at fair value through profit or loss	370,496	21,449	–	63,358	455,303
Derivative financial liabilities	16,907	20,800	4,955	9,774	52,436
Due to banks and other financial institutions (**)	1,592,763	731,149	39,048	134,010	2,496,970
Certificates of deposit	20,884	138,624	11,054	57,535	228,097
Due to customers	17,797,487	779,072	267,621	176,991	19,021,171
Debt securities issued	183,277	205,054	701	23,984	413,016
Others	665,343	121,015	13,666	15,884	815,908
Total liabilities	20,647,187	2,017,163	337,045	482,017	23,483,412
Net position	1,664,739	159,591	(33,115)	239,419	2,030,634
Credit commitments	2,508,617	463,481	32,668	148,183	3,152,949

(*) Includes reverse repurchase agreements.

(**) Includes repurchase agreements.

(In RMB millions, unless otherwise stated)

(c) Market risk (continued)

31 December 2016

	RMB	USD (equivalent to RMB)	HKD (equivalent to RMB)	Others (equivalent to RMB)	Total
Assets:					
Cash and balances with central banks	3,081,709	195,520	17,442	56,117	3,350,788
Due from banks and other financial institutions (*)	1,023,286	483,688	7,557	38,569	1,553,100
Financial assets held for trading	180,632	5,732	–	2,967	189,331
Financial assets designated at fair value through profit or loss	271,780	9,536	272	3,556	285,144
Derivative financial assets	41,478	32,020	8,575	12,379	94,452
Loans and advances to customers	11,490,448	863,960	220,280	192,646	12,767,334
Financial investments	4,674,842	240,949	20,374	70,534	5,006,699
Investments in associates and joint ventures	660	875	1,627	26,915	30,077
Property and equipment	131,354	112,653	758	1,444	246,209
Others	293,855	125,161	4,261	190,854	614,131
Total assets	21,190,044	2,070,094	281,146	595,981	24,137,265
Liabilities:					
Due to central banks	30	–	–	515	545
Financial liabilities designated at fair value through profit or loss	289,238	13,949	–	63,565	366,752
Derivative financial liabilities	19,889	46,150	13,210	10,711	89,960
Due to banks and other financial institutions (**)	1,729,007	723,289	35,485	118,324	2,606,105
Certificates of deposit	30,154	137,310	13,330	37,633	218,427
Due to customers	16,722,751	699,543	235,360	167,648	17,825,302
Debt securities issued	182,367	153,201	726	21,643	357,937
Others	579,749	93,117	6,335	11,873	691,074
Total liabilities	19,553,185	1,866,559	304,446	431,912	22,156,102
Net position	1,636,859	203,535	(23,300)	164,069	1,981,163
Credit commitments	2,120,542	500,612	30,896	126,362	2,778,412

(*) Includes reverse repurchase agreements.

(**) Includes repurchase agreements.

(d) Capital management

The Group's objectives on capital management are:

- Maintain a reasonable capital adequacy ratio to continuously meet regulatory requirements on capital. Keeping a stable capital base to ensure the Group's business growth and the implementation of business development and strategic plan in order to achieve comprehensive, coordinated and sustainable development;
- Adopt the advanced measurement approaches, improve the internal capital adequacy assessment process (ICAAP), disclose information on capital management, cover all types of risks, and ensure the stable operation of the Group;
- Integrate the quantified results of various risks into daily management, establish a bank value management system with economic capital as the core tool, improve the policy, process and application management system, strengthen the capital constraint and incentive mechanism, enhance the product pricing and decision-making capabilities, and improve the capital allocation efficiency; and
- Make reasonable use of various capital instruments, continuously enhance capital strengths, refine capital structure, improve capital quality, reduce capital cost, and maximize shareholder returns.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the risk profile of its activities. In order to maintain or adjust the capital structure, the Group may adjust its profit distribution policy, issue or repurchase own shares, qualifying other tier 1 capital instruments, qualifying tier 2 capital instruments and convertible bonds, etc.

The Group's Management monitors the capital adequacy ratios regularly based on regulations issued by the CBRC. The required information is respectively filed with the CBRC by the Group and the Bank semi-annually and quarterly.

From 1 January 2013, the Group commenced to calculate its capital adequacy ratios in accordance with Regulation Governing Capital of Commercial Banks (Provisional) and other relevant regulations promulgated by the CBRC. In April 2014, CBRC officially approved the Bank to adopt advanced capital management approaches. With the scope of the approval, the foundation internal ratings-based (IBR) approach is adopted to corporate credit risk, the IRB approach to retail credit risk, the internal model approach (IMA) to market risk, and the standardized approach to operational risk meeting regulatory requirements.

The CBRC requires commercial banks to meet the requirements of capital adequacy ratios by the end of 2018 in accordance with Regulation Governing Capital of Commercial Banks (Provisional). For systemically important banks, CBRC requires minimum core tier 1 capital adequacy ratio, tier 1 capital adequacy ratio and capital adequacy ratio of 8.50%, 9.50% and 11.50%, respectively. For non-systemically important banks, CBRC requires corresponding minimum ratios of 7.50%, 8.50% and 10.50%, respectively. In addition, overseas entities are directly regulated by local banking regulatory commissions, and the requirements of capital adequacy ratios differ by countries.

The Group calculates the following core tier 1 capital adequacy ratio, tier 1 capital adequacy ratio and capital adequacy ratio in accordance with Regulation Governing Capital of Commercial Banks (Provisional) and relevant requirements promulgated by the CBRC. The requirements pursuant to these regulations may have certain differences comparing to those applicable in Hong Kong and other jurisdictions.

The capital adequacy ratios and related components of the Group are calculated in accordance with the statutory financial statements of the Group prepared under PRC GAAP. During the period, the Group has complied in full with all its externally imposed capital requirements.

(In RMB millions, unless otherwise stated)

(d) Capital management (continued)

The capital adequacy ratios calculated after implementation of the advanced capital management approaches are as follows:

	30 June 2017	31 December 2016
Core tier 1 capital	1,934,598	1,886,536
Paid-in capital	356,407	356,407
Valid portion of capital reserve	152,002	151,998
Surplus reserve	205,308	205,021
General reserve	251,767	251,349
Retained profits	1,008,879	940,237
Valid portion of minority interests	2,432	3,164
Others	(42,197)	(21,640)
Core tier 1 capital deductions	11,063	11,560
Goodwill	8,810	9,001
Other intangible assets other than land use rights	1,157	1,477
Cash flow hedge reserves that relate to the hedging of items that are not fair valued on the balance sheet	(4,604)	(4,618)
Investments in core tier 1 capital instruments issued by financial institutions that are under control but not subject to consolidation	5,700	5,700
Net core tier 1 capital	1,923,535	1,874,976
Additional tier 1 capital	79,894	79,794
Additional tier 1 capital instruments and related premium	79,375	79,375
Valid portion of minority interests	519	419
Net tier 1 capital	2,003,429	1,954,770
Tier 2 capital	193,155	178,292
Valid portion of tier 2 capital instruments and related premium	134,863	154,861
Surplus provision for loan impairment	54,954	19,195
Valid portion of minority interests	3,338	4,236
Tier 2 capital deductions	500	5,600
Significant minority investments in tier 2 capital instruments issued by financial institutions that are not subject to consolidation	500	5,600
Net capital base	2,196,084	2,127,462
Risk-weighted assets (i)	15,183,975	14,564,617
Core tier 1 capital adequacy ratio	12.67%	12.87%
Tier 1 capital adequacy ratio	13.19%	13.42%
Capital adequacy ratio	14.46%	14.61%

(i) Refers to risk-weighted assets after capital floor and adjustments.

48. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value estimates are generally subjective in nature, and are made as of a specific point in time based on the characteristics of the financial instruments and relevant market information. The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The Group has established policies and internal controls with respect to the measurement of fair values, specifically the framework of fair value measurement of financial instrument, fair value measurement methodologies and procedures. Fair value measurement policies specify valuation techniques, parameter selection and relevant concepts, models and parameter solutions. Operating procedures specify measurement operating procedures, valuation date, market parameter selection and corresponding allocation of responsibilities. In the process of fair value measurement, front office is responsible for daily transactions management. Financial Accounting Department plays a lead role of developing accounting policies of fair value measurement, valuation methodologies and system implementation. Risk Management Department is responsible for verifying trade details and valuation models.

The following is a description of the fair value of the financial instruments recorded at fair value which are determined using valuation techniques. These incorporate the Group's estimate of assumptions that a market participant would make when valuing the instruments.

Financial investments

Financial investments valued using valuation techniques consist of debt securities and asset-backed securities. The Group values such securities in use of a discounted cash flow analysis which incorporates either only observable data or both observable and non-observable data. Observable inputs include assumptions regarding current interest rates; unobservable inputs include assumptions regarding expected future default rates, prepayment rates and market liquidity discounts.

A majority of the debt securities classified as level 2 are RMB bonds. The fair value of these bonds are determined based on the valuation results provided by China Central Depository & Clearing Co., Ltd., which are determined based on a valuation technique for which all significant inputs are observable market data.

Derivatives

Derivatives valued using a valuation technique with market observable inputs are mainly interest rate swaps, foreign exchange forwards, swaps and options, etc. The most frequently applied valuation techniques include discounted cash flow model and Black-Scholes model. The models incorporate various inputs including foreign exchange spot and forward rates, foreign exchange rate volatility, interest rate yield curves, etc.

Structured products are mainly valued using dealer's quotations.

Other liabilities designated at fair value through profit or loss

For unquoted other liabilities designated at fair value through profit or loss, a discounted cash flow model is used based on current yield curve appropriate for the remaining term to maturity adjusted for market liquidity and credit spreads; and the Heston model is applied based on yield curves, foreign exchange forward rates, foreign exchange rate volatilities, etc., which is calibrated by active market quotes of standard European options with the same underlying.

(In RMB millions, unless otherwise stated)

(a) Financial instruments recorded at fair value

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

30 June 2017

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value on a recurring basis:				
Financial assets held for trading				
Equity investments	6,802	–	–	6,802
Debt securities	5,383	128,345	865	134,593
	12,185	128,345	865	141,395
Financial assets designated at fair value through profit or loss				
Debt securities	823	50,681	–	51,504
Other debt instruments	–	23,000	–	23,000
Others	–	45,251	242,394	287,645
	823	118,932	242,394	362,149
Derivative financial assets				
Exchange rate contracts	154	27,908	268	28,330
Interest rate contracts	179	16,654	544	17,377
Commodity derivatives and others	4,322	7,451	89	11,862
	4,655	52,013	901	57,569
Available-for-sale financial assets				
Equity investments	12,380	379	1	12,760
Debt securities	233,721	1,378,265	1,337	1,613,323
Other debt instruments	–	4,378	–	4,378
	246,101	1,383,022	1,338	1,630,461
	263,764	1,682,312	245,498	2,191,574
Financial liabilities measured at fair value on a recurring basis:				
Financial liabilities designated at fair value through profit or loss				
Wealth management products	–	346,537	–	346,537
Structured deposits	–	23,529	–	23,529
Financial liabilities related to precious metals	–	62,304	–	62,304
Other debt securities issued	1,055	12,208	–	13,263
Others	1,230	6,604	1,836	9,670
	2,285	451,182	1,836	455,303
Derivative financial liabilities				
Exchange rate contracts	703	27,426	279	28,408
Interest rate contracts	2	15,529	791	16,322
Commodity derivatives and others	4,127	3,413	166	7,706
	4,832	46,368	1,236	52,436
	7,117	497,550	3,072	507,739

(In RMB millions, unless otherwise stated)

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

31 December 2016

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value on a recurring basis:				
Financial assets held for trading				
Equity investments	6,016	–	–	6,016
Debt securities	3,140	179,984	191	183,315
	9,156	179,984	191	189,331
Financial assets designated at fair value through profit or loss				
Debt securities	919	39,954	–	40,873
Other debt instruments	–	25,706	–	25,706
Others	–	61,269	157,296	218,565
	919	126,929	157,296	285,144
Derivative financial assets				
Exchange rate contracts	188	57,770	320	58,278
Interest rate contracts	30	20,167	412	20,609
Commodity derivatives and others	5,662	9,836	67	15,565
	5,880	87,773	799	94,452
Available-for-sale financial assets				
Equity investments	11,114	338	–	11,452
Debt securities	83,873	1,635,493	1,264	1,720,630
Other debt instruments	–	8,804	–	8,804
	94,987	1,644,635	1,264	1,740,886
	110,942	2,039,321	159,550	2,309,813
Financial liabilities measured at fair value on a recurring basis:				
Financial liabilities designated at fair value through profit or loss				
Wealth management products	–	270,831	–	270,831
Structured deposits	–	17,797	–	17,797
Financial liabilities related to precious metals	–	59,192	–	59,192
Other debt securities issued	12,512	865	–	13,377
Others	365	3,089	2,101	5,555
	12,877	351,774	2,101	366,752
Derivative financial liabilities				
Exchange rate contracts	326	59,581	310	60,217
Interest rate contracts	1	19,161	1,308	20,470
Commodity derivatives and others	5,239	3,861	173	9,273
	5,566	82,603	1,791	89,960
	18,443	434,377	3,892	456,712

(In RMB millions, unless otherwise stated)

(b) Movement in level 3 financial instruments measured at fair value

The following table shows a reconciliation of the opening and closing balance of level 3 financial assets and liabilities which are recorded at fair value and the movement during the reporting period:

	As at 1 January 2017	Total gains/ (losses) recorded in profit or loss	Total losses recorded in other comprehensive income	Additions	Disposals	Settlements	Transfer out of level 3	As at 30 June 2017
Financial assets:								
Derivative financial assets								
Exchange rate contracts	320	(57)	–	16	(10)	(1)	–	268
Interest rate contracts	412	136	–	1	(5)	–	–	544
Commodity derivatives and others	67	43	–	1	(8)	(14)	–	89
Financial assets held for trading	191	(10)	–	696	–	(12)	–	865
Financial assets designated at fair value through profit or loss	157,296	4,933	–	83,729	(3,551)	(13)	–	242,394
Available-for-sale financial assets								
Debt securities	1,264	4	1	72	(4)	–	–	1,337
Equity investments	–	–	–	1	–	–	–	1
	159,550	5,049	1	84,516	(3,578)	(40)	–	245,498
Financial liabilities:								
Financial liabilities designated at fair value through profit or loss	(2,101)	(47)	–	(234)	–	546	–	(1,836)
Derivative financial liabilities								
Exchange rate contracts	(310)	37	–	(17)	10	1	–	(279)
Interest rate contracts	(1,308)	511	–	(1)	5	2	–	(791)
Commodity derivatives and others	(173)	(29)	–	–	8	29	(1)	(166)
	(3,892)	472	–	(252)	23	578	(1)	(3,072)

	As at 1 January 2016	Total gains/ (losses) recorded in profit or loss	Total losses recorded in other comprehensive income	Additions	Disposals	Settlements	Transfer out of level 3	As at 31 December 2016
Financial assets:								
Derivative financial assets								
Exchange rate contracts	228	72	–	15	(3)	(27)	35	320
Interest rate contracts	715	(21)	–	2	(139)	(179)	34	412
Commodity derivatives and others	101	(13)	–	33	(8)	(46)	–	67
Financial assets held for trading	–	96	–	497	(92)	(310)	–	191
Financial assets designated at fair value through profit or loss	181,376	7,258	–	11,659	(13,493)	–	(29,504)	157,296
Available-for-sale financial assets								
Debt securities	5,520	10	(38)	239	(900)	(3,567)	–	1,264
Equity investments	626	–	–	–	(316)	–	(310)	–
	188,566	7,402	(38)	12,445	(14,951)	(4,129)	(29,745)	159,550
Financial liabilities:								
Financial liabilities designated at fair value through profit or loss	(2,211)	67	–	12	92	(83)	22	(2,101)
Derivative financial liabilities								
Exchange rate contracts	(234)	(24)	–	(9)	(3)	36	(76)	(310)
Interest rate contracts	(2,181)	736	–	(2)	147	26	(34)	(1,308)
Commodity derivatives and others	(55)	(39)	–	(134)	6	48	1	(173)
	(4,681)	740	–	(133)	242	27	(87)	(3,892)

(In RMB millions, unless otherwise stated)

(b) Movement in level 3 financial instruments measured at fair value (continued)

Gains or losses on level 3 financial instruments included in the statement of profit or loss for the period comprise:

	Six months ended 30 June 2017		
	Realised	Unrealised	Total
Total gains	2,801	2,720	5,521

	Six months ended 30 June 2016		
	Realised	Unrealised	Total
Total gains	2,293	16,035	18,328

(c) Transfers between levels

(i) Transfers between level 1 and level 2

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

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

During the reporting period, the transfers between level 1 and level 2 of the fair value hierarchy for financial assets and liabilities of the Group were immaterial.

(ii) Transfers between level 2 and level 3

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

During the reporting period, certain derivatives financial instruments were transferred out from Level 3 to level 2 of the fair value hierarchy when significant inputs used in their fair value measurements such as market price volatility, which was previously unobservable became observable.

(d) Valuation of financial instruments with significant unobservable inputs

Financial instruments valued with significant unobservable inputs are primarily certain structured derivatives, certain debt securities and asset-backed securities. These financial instruments are valued using cash flow discount model. The models incorporate various non-observable assumptions such as discount rate and market rate volatilities.

As at 30 June 2017, the effects of changes in significant unobservable assumptions to reasonably possible alternative assumptions were immaterial.

(In RMB millions, unless otherwise stated)

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

The following table summarises the carrying amounts, the fair value and the analysis by level of the fair value hierarchy of held-to-maturity investments, receivables, subordinated bonds and tier 2 capital notes:

Group

	30 June 2017				
	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets					
Held-to-maturity investments	3,090,298	3,042,549	53,569	2,988,564	416
Receivables	343,822	343,680	–	101,954	241,726
Total	3,434,120	3,386,229	53,569	3,090,518	242,142
Financial liabilities					
Subordinated bonds and Tier 2 Capital Notes	194,168	197,268	–	197,268	–
Total	194,168	197,268	–	197,268	–

	31 December 2016				
	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets					
Held-to-maturity investments	2,973,042	2,996,641	3,440	2,992,779	422
Receivables	291,370	291,577	–	56,753	234,824
Total	3,264,412	3,288,218	3,440	3,049,532	235,246
Financial liabilities					
Subordinated bonds and Tier 2 Capital Notes	194,811	202,034	–	202,034	–
Total	194,811	202,034	–	202,034	–

Subject to the existence of an active market, such as an authorised securities exchange, the market value is the best reflection of the fair value of financial instruments. As there is no available market value for certain of the financial assets and liabilities held and issued by the Group, the discounted cash flow method or other valuation methods described below are adopted to determine the fair values of these assets and liabilities:

(i) The receivables are not quoted in an active market. The fair values of those receivables relating to the restructuring of the Bank are estimated on the basis of the stated interest rates and the consideration of the relevant special clauses of the instruments evaluated in the absence of any other relevant observable market data, and the fair values approximate to their carrying amounts. The fair values of receivables other than those relating to the restructuring of the Bank are estimated on the basis of pricing models or discounted cash flows.

(ii) The fair values of held-to-maturity investments, subordinated bonds and tier 2 capital notes are determined with reference to the available market values. If quoted market prices are not available, then fair values are estimated on the basis of pricing models or discounted cash flows.

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

All of the above-mentioned assumptions and methods provide a consistent basis for the calculation of the fair values of the Group's assets and liabilities. However, other institutions may use different assumptions and methods. Therefore, the fair values disclosed by different financial institutions may not be entirely comparable.

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

Those financial instruments for which their carrying amounts are the reasonable approximations of their fair values because, for example, they are short term in nature or repriced at current market rates frequently, are as follows:

Assets	Liabilities
Balances with central banks	Due to banks and other financial institutions
Due from banks and other financial institutions	Repurchase agreement
Reverse repurchase agreements	Due to customers
Loans and advances to customers	Other financial liabilities
Other financial assets	

49. AFTER THE REPORTING PERIOD EVENT

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

50. COMPARATIVE AMOUNTS

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

51. APPROVAL OF THE UNAUDITED INTERIM FINANCIAL REPORT

The interim financial report was approved and authorised for issue by the board of directors on 30 August 2017.

(In RMB millions, unless otherwise stated)

(a) Illustration of differences between the financial statements prepared based on IFRSs and those prepared under PRC GAAP

There are no differences between the profit attributable to equity holders of the parent company based on PRC GAAP and IFRSs for the six months ended 30 June 2017 (for the six months ended 30 June 2016: no differences). There are no differences between the equity attributable to equity holders of the Bank based on PRC GAAP and IFRSs as at 30 June 2017 (31 December 2016: no differences).

(b) Liquidity ratio

	As at 30 June 2017	Average for the period ended 30 June 2017	As at 31 December 2016	Average for the year ended 31 December 2016
RMB current assets to RMB current liabilities	40.48%	38.10%	35.72%	35.81%
Foreign currency current assets to foreign currency current liabilities	87.97%	85.13%	82.28%	94.37%

The above liquidity ratios are calculated in accordance with the formula promulgated by the CBRC and based on the financial information prepared in accordance with PRC GAAP.

The Group prepares the liquidity ratio on a semi-annual basis and the disclosed average liquidity ratio is the arithmetic mean of two consecutive liquidity ratios as at 30 June and 31 December.

(c) Foreign currency concentrations

	As at 30 June 2017			
	USD	HKD	Others	Total
Spot assets	2,060,143	301,774	692,453	3,054,370
Spot liabilities	(1,982,278)	(336,539)	(482,017)	(2,800,834)
Forward purchases	2,527,434	265,880	911,693	3,705,007
Forward sales	(2,573,505)	(171,978)	(1,097,413)	(3,842,896)
Net option position	(47,793)	(271)	228	(47,836)
Net (short)/long position	(15,999)	58,866	24,944	67,811
Net structural position	81,726	1,650	28,983	112,359

	As at 31 December 2016			
	USD	HKD	Others	Total
Spot assets	1,956,566	278,761	567,622	2,802,949
Spot liabilities	(1,836,172)	(303,924)	(431,912)	(2,572,008)
Forward purchases	2,797,668	173,932	1,007,928	3,979,528
Forward sales	(2,887,047)	(104,903)	(1,122,168)	(4,114,118)
Net option position	(43,266)	543	(102)	(42,825)
Net (short)/long position	(12,251)	44,409	21,368	53,526
Net structural position	83,141	1,863	28,359	113,363

(In RMB millions, unless otherwise stated)

The net option position is calculated using the delta equivalent approach required by the Hong Kong Monetary Authority. The net structural position of the Group includes the structural positions of the Bank's overseas branches, banking subsidiaries and other subsidiaries substantially involved in foreign exchange. Structural assets and liabilities include:

- property and equipment, net of depreciation charges;
- capital and statutory reserves of overseas branches; and
- investments in overseas subsidiaries, associates and joint ventures.

(d) International claims

International claims refers to the sum of cross-border claims in all currencies and local claims in foreign currencies, including loans and advances to customers, balances with central banks, amounts due from banks and other financial institutions and debt investments.

A country or geographical area is reported where it constitutes 10% or more of the aggregate amount of international claims, after taking into account any risk transfers. Risk transfers are only made if the claims are guaranteed by a party in a country which is different from that of the counterparty or if the claims are on an overseas branch of a bank whose Head Office is located in another country.

	As at 30 June 2017				
	Banks and other financial institutions	Official sector	Non-bank private sector	Others	Total
Asia Pacific	431,904	241,673	1,069,315	78,658	1,821,550
— of which attributed to Hong Kong	40,846	36,683	276,614	70,821	424,964
North and South America	53,142	100,936	122,916	10,027	287,021
	485,046	342,609	1,192,231	88,685	2,108,571

	As at 31 December 2016				
	Banks and other financial institutions	Official sector	Non-bank private sector	Others	Total
Asia Pacific	350,812	180,831	928,700	73,934	1,534,277
— of which attributed to Hong Kong	21,608	16,904	262,675	69,083	370,270
North and South America	50,526	100,621	124,562	9,332	285,041
	401,338	281,452	1,053,262	83,266	1,819,318

(In RMB millions, unless otherwise stated)

(e) Loans and advances to customers

(i) Analysis by industry sector

30 June 2017

	Gross loans and advances to customers	Loans and advances covered by collateral	Overdue loans and advances to customers	Loans and advances individually assessed to be impaired	Allowance for impairment losses: Individually assessed	Allowance for impairment losses: Collectively assessed	Total
Transportation, storage and postal services	1,780,868	415,661	9,017	5,695	2,938	25,074	28,012
Manufacturing	1,707,198	589,285	93,659	67,498	37,215	26,677	63,892
Leasing and commercial services	958,633	436,367	8,849	6,652	3,410	13,838	17,248
Production and supply of electricity, heating, gas and water	956,424	170,191	1,386	1,191	638	13,208	13,846
Wholesale and retail	801,450	379,072	70,578	57,957	32,302	12,304	44,606
Real estate	714,595	430,048	15,077	10,477	6,274	9,446	15,720
Water, environment and public utility management	667,613	228,220	2,565	1,471	709	9,144	9,853
Finance	292,336	78,207	3,288	213	127	1,188	1,315
Mining	280,914	44,890	6,794	5,898	3,744	5,067	8,811
Construction	240,496	79,347	4,686	3,558	1,811	3,545	5,356
Science, education, culture and sanitation	138,484	41,639	1,250	906	431	1,934	2,365
Others	388,620	201,646	12,866	7,990	3,828	5,993	9,821
Subtotal of corporate loans and advances	8,927,631	3,094,573	230,015	169,506	93,427	127,418	220,845
Personal mortgage and business loans	3,845,409	3,817,343	47,788	–	–	80,114	80,114
Others	729,782	204,096	29,817	–	–	15,204	15,204
Subtotal of personal loans	4,575,191	4,021,439	77,605	–	–	95,318	95,318
Discounted bills	363,087	363,087	996	605	303	47	350
Total loans and advances to customers	13,865,909	7,479,099	308,616	170,111	93,730	222,783	316,513
Current market value of collateral held against the covered portion of overdue loans and advances *							247,528
Covered portion of overdue loans and advances *							106,494
Uncovered portion of overdue loans and advances *							202,122

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

31 December 2016

	Gross loans and advances to customers	Loans and advances covered by collateral	Overdue loans and advances to customers	Loans and advances individually assessed to be impaired	Allowance for impairment losses: Individually assessed	Allowance for impairment losses: Collectively assessed	Total
Transportation, storage and postal services	1,640,498	402,876	11,629	3,588	1,499	24,707	26,206
Manufacturing	1,550,544	596,535	100,133	63,253	24,641	27,168	51,809
Production and supply of electricity, heating, gas and water	891,870	166,134	1,518	511	241	12,983	13,224
Leasing and commercial services	828,686	432,921	9,836	5,103	2,250	12,146	14,396
Wholesale and retail	776,739	349,761	80,928	59,057	24,665	12,875	37,540
Real estate	642,423	423,175	22,288	9,556	4,083	9,155	13,238
Water, environment and public utility management	536,718	228,496	2,068	1,302	243	7,820	8,063
Mining	274,273	43,017	9,613	6,819	3,672	5,249	8,921
Finance	251,733	78,695	879	50	34	976	1,010
Construction	212,450	80,341	6,434	4,396	1,970	3,394	5,364
Science, education, culture and sanitation	136,799	42,783	927	687	270	1,987	2,257
Others	397,951	207,188	12,397	5,549	1,689	6,568	8,257
Subtotal of corporate loans and advances	8,140,684	3,051,922	258,650	159,871	65,257	125,028	190,285
Personal mortgage and business loans	3,497,110	3,458,734	53,022	–	–	82,410	82,410
Others	699,059	207,874	32,727	–	–	16,473	16,473
Subtotal of personal loans	4,196,169	3,666,608	85,749	–	–	98,883	98,883
Discounted bills	719,993	719,993	1,728	598	300	44	344
Total loans and advances to customers	13,056,846	7,438,523	346,127	160,469	65,557	223,955	289,512
Current market value of collateral held against the covered portion of overdue loans and advances *							302,018
Covered portion of overdue loans and advances *							140,692
Uncovered portion of overdue loans and advances *							205,435

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

(In RMB millions, unless otherwise stated)

(ii) Analysis by location of the counterparties

	30 June 2017	31 December 2016
Mainland China	12,807,840	12,053,041
Asia Pacific (excluding Mainland China)	664,512	622,803
of which attributed to Hong Kong	460,641	449,217
North and South America	168,701	152,646
Europe	128,384	112,985
Africa	96,472	115,371
	13,865,909	13,056,846

(iii) Overdue loans and advances to customers

	30 June 2017	31 December 2016
Gross loans and advances to customers of the Group which have been overdue with respect to either principal or interest for periods of:		
Between 3 and 6 months	26,440	24,128
Between 6 and 12 months	40,900	51,422
Over 12 months	129,026	119,462
	196,366	195,012
As a percentage of the total gross loans and advances to customers:		
Between 3 and 6 months	0.19%	0.18%
Between 6 and 12 months	0.29%	0.39%
Over 12 months	0.93%	0.91%
	1.41%	1.48%

The definition of overdue loans and advances to customers is set out as follows:

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

For loans and advances repayable by regular instalments, if part of the instalments is overdue, the whole amounts of these loans and advances would be classified as overdue.

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

30 June 2017

	Overdue loans and advances to customers			Impaired loans and advances to customers		
	Gross amount	Individually assessed to be impaired	Individually assessed allowance for impairment losses	Individually assessed to be impaired	Individually assessed allowance for impairment losses	Collectively assessed allowance for impairment losses
Head Office	18,519	1,458	1,092	1,458	1,092	20,550
Bohai Rim	67,723	39,524	19,649	39,798	19,708	36,984
Western China	55,355	25,446	14,626	27,810	15,965	41,729
Central China	46,456	24,442	12,761	25,704	13,248	32,362
Pearl River Delta	42,592	30,253	18,896	30,655	19,010	30,160
Yangtze River Delta	40,210	23,831	12,688	25,182	13,088	42,042
Northeastern China	18,696	11,454	7,038	11,498	7,043	10,925
Overseas and others	19,065	6,586	3,366	8,006	4,576	8,031
Total	308,616	162,994	90,116	170,111	93,730	222,783

(In RMB millions, unless otherwise stated)

31 December 2016

	Overdue loans and advances to customers			Impaired loans and advances to customers		
	Gross amount	Individually assessed to be impaired	Individually assessed allowance for impairment losses	Individually assessed to be impaired	Individually assessed allowance for impairment losses	Collectively assessed allowance for impairment losses
Head Office	19,725	1,205	518	1,205	518	46,341
Bohai Rim	77,630	35,970	12,043	36,058	12,073	31,426
Western China	64,688	26,498	12,241	28,178	12,668	36,473
Yangtze River Delta	52,983	27,327	10,551	27,693	10,675	37,747
Pearl River Delta	47,815	29,414	13,571	29,901	13,798	25,394
Central China	46,969	20,570	7,398	21,427	7,628	28,049
Northeastern China	16,716	8,363	3,665	8,452	3,711	11,386
Overseas and others	19,601	6,998	3,459	7,555	4,486	7,139
Total	346,127	156,345	63,446	160,469	65,557	223,955

(v) Renegotiated loans and advances to customers

	30 June 2017		31 December 2016	
		% of total loans and advances		% of total loans and advances
Renegotiated loans and advances	5,996	0.04%	5,541	0.04%
Less: Renegotiated loans and advances overdue for more than three months	(1,681)	(0.01%)	(1,398)	(0.01%)
Renegotiated loans and advances overdue for less than three months	4,315	0.03%	4,143	0.03%

(f) Overdue placements with banks and other financial institutions

	30 June 2017	31 December 2016
The Group's gross placements with banks and other financial institutions which have been overdue with respect to either principal or interest for a period of:		
Over 12 months	16	16
As a percentage of total gross placements with banks and other financial institutions:		
Over 12 months	0.00%	0.00%

(In RMB millions, unless otherwise stated)

(g) Exposures to Mainland China non-bank entities

	30 June 2017	31 December 2016
On-balance sheet exposure	16,446,051	15,090,659
Off-balance sheet exposure	3,440,189	2,764,365
	19,886,240	17,855,024
Individually assessed allowance for impairment losses	93,902	64,183

In addition to those disclosed above, exposures to other non-bank counterparties outside Mainland China to which credit is granted for use in Mainland China are considered insignificant to the Group.

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

The disclosure of correspondence between balance sheet in published financial statements and capital composition is based on CBRC Notice on Issuing Regulatory Documents on Capital Regulation for Commercial Banks (Yin Jian Fa, No. 33, 2013) Appendix 2 Notice on Enhancing Disclosure Requirements for Composition of Capital.

(i) Capital composition

Item		30 June 2017	31 December 2016	Reference
Core tier 1 capital				
1	Paid-in capital	356,407	356,407	X18
2	Retained earnings	1,465,954	1,396,607	
2a	Surplus reserve	205,308	205,021	X21
2b	General reserve	251,767	251,349	X22
2c	Retained profits	1,008,879	940,237	X23
3	Accumulated other comprehensive income (and other public reserves)	109,805	130,358	
3a	Capital reserve	152,002	151,998	X19
3b	Others	(42,197)	(21,640)	X24
4	Valid portion to core tier 1 capital during the transition period (only applicable to non-joint stock companies. Fill in 0 for joint stock banks)	–	–	
5	Valid portion of minority interests	2,432	3,164	X25
6	Core tier 1 capital before regulatory adjustments	1,934,598	1,886,536	
Core tier 1 capital: Regulatory adjustments				
7	Prudential valuation adjustments	–	–	
8	Goodwill (net of deferred tax liabilities)	8,810	9,001	X16
9	Other intangible assets other than land use rights (net of deferred tax liabilities)	1,157	1,477	X14-X15
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences	–	–	
11	Cash flow hedge reserves that relate to the hedging of items that are not fair valued on the balance sheet	(4,604)	(4,618)	X20
12	Shortfall of provision for loan impairment	–	–	
13	Gain on sale related to asset securitization	–	–	
14	Unrealised gains and losses due to changes in own credit risk on fair valued liabilities	–	–	
15	Defined-benefit pension fund net assets (net of related deferred tax liabilities)	–	–	

(In RMB millions, unless otherwise stated)

Item		30 June 2017	31 December 2016	Reference
16	Directly or indirectly holding in own ordinary shares	–	–	
17	Reciprocal cross-holdings in core tier 1 capital between banks or between banks and other financial institutions	–	–	
18	Deductible amount of non-significant minority investment in core tier 1 capital instruments issued by financial institutions that are not subject to consolidation	–	–	
19	Deductible amount of significant minority investment in core tier 1 capital instruments issued by financial institutions that are not subject to consolidation	–	–	
20	Mortgage servicing rights	N/A	N/A	
21	Deductible amount in deferred tax assets arising from temporary differences	–	–	
22	Deductible amount exceeding the 15% threshold for significant minority capital investments in core tier 1 capital instruments issued by financial institutions that are not subject to consolidation and undeducted portion of deferred tax assets arising from temporary differences	–	–	
23	Including: Deductible amount of significant minority investments in core tier 1 capital instruments issued by financial institutions	–	–	
24	Including: Deductible amount of mortgage servicing rights	N/A	N/A	
25	Including: Deductible amount in deferred tax assets arising from temporary differences	–	–	
26a	Investment in core tier 1 capital instruments issued by financial institutions that are under control but not subject to consolidation	5,700	5,700	X11
26b	Shortfall in core tier 1 capital instruments issued by financial institutions that are under control but not subject to consolidation	–	–	
26c	Others that should be deducted from core tier 1 capital	–	–	
27	Undeducted shortfall that should be deducted from additional tier 1 capital and tier 2 capital	–	–	
28	Total regulatory adjustments to core tier 1 capital	11,063	11,560	
29	Core tier 1 capital	1,923,535	1,874,976	
Additional tier 1 capital:				
30	Additional tier 1 capital instruments and related premium	79,375	79,375	
31	Including: Portion classified as equity	79,375	79,375	X28
32	Including: Portion classified as liabilities	–	–	
33	Invalid instruments to additional tier 1 capital after the transition period	–	–	
34	Valid portion of minority interests	519	419	X26
35	Including: Invalid portion to additional tier 1 capital after the transition period	–	–	
36	Additional tier 1 capital before regulatory adjustments	79,894	79,794	

(In RMB millions, unless otherwise stated)

Item		30 June 2017	31 December 2016	Reference
Additional tier 1 capital: Regulatory adjustments				
37	Directly or indirectly holding additional tier 1 capital of the Bank	–	–	
38	Reciprocal cross-holdings in additional tier 1 capital between banks or between banks and other financial institutions	–	–	
39	Deductible amount of non-significant minority investment in additional tier 1 capital instruments issued by financial institutions that are not subject to consolidation	–	–	
40	Significant minority investments in additional tier 1 capital instruments issued by financial institutions that are not subject to consolidation	–	–	
41a	Investment in additional tier 1 capital instruments issued by financial institutions that are under control but not subject to consolidation	–	–	
41b	Shortfall in additional tier 1 capital instruments issued by financial institutions that are under control but not subject to consolidation	–	–	
41c	Others that should be deducted from additional tier 1 capital	–	–	
42	Undeducted shortfall that should be deducted from tier 2 capital	–	–	
43	Total regulatory adjustments to additional tier 1 capital	–	–	
44	Additional tier 1 capital	79,894	79,794	
45	Tier 1 capital (core tier 1 capital + additional tier 1 capital)	2,003,429	1,954,770	
Tier 2 capital:				
46	Tier 2 capital instruments and related premium	134,863	154,861	X17
47	Invalid instruments to tier 2 capital after the transition period	101,425	121,710	
48	Valid portion of minority interests	3,338	4,236	X27
49	Including: Invalid portion to tier 2 capital after the transition period	1,013	–	
50	Valid portion of surplus provision for loan impairment	54,954	19,195	X02+X04
51	Tier 2 capital before regulatory adjustments	193,155	178,292	
Tier 2 capital: Regulatory adjustments				
52	Directly or indirectly holding tier 2 capital of the Bank	–	–	
53	Reciprocal cross-holdings in tier 2 capital between banks or between banks and other financial institutions	–	–	
54	Deductible portion of non-significant minority investment in tier 2 capital instruments issued by financial institutions that are not subject to consolidation	–	–	
55	Significant minority investments in tier 2 capital instruments issued by financial institutions that are not subject to consolidation	500	5,600	X10
56a	Investment in tier 2 capital instruments issued by financial institutions that are under control but not subject to consolidation	–	–	
56b	Shortfall in tier 2 capital instruments issued by financial institutions that are under control but not subject to consolidation	–	–	

(In RMB millions, unless otherwise stated)

Item		30 June 2017	31 December 2016	Reference
56c	Others that should be deducted from tier 2 capital	–	–	
57	Total regulatory adjustments to tier 2 capital	500	5,600	
58	Tier 2 capital	192,655	172,692	
59	Total capital (tier 1 capital + tier 2 capital)	2,196,084	2,127,462	
60	Total risk-weighted assets	15,183,975	14,564,617	
Requirements for capital adequacy ratio and reserve capital				
61	Core tier 1 capital adequacy ratio	12.67%	12.87%	
62	Tier 1 capital adequacy ratio	13.19%	13.42%	
63	Capital adequacy ratio	14.46%	14.61%	
64	Institution specific buffer requirement	3.5%	3.5%	
65	Including: Capital conservation buffer requirement	2.5%	2.5%	
66	Including: Countercyclical buffer requirement	–	–	
67	Including: G-SIB buffer requirement	1%	1%	
68	Percentage of core tier 1 capital meeting buffers to risk-weighted assets	7.67%	7.87%	
Domestic minima for regulatory capital				
69	Core tier 1 capital adequacy ratio	5%	5%	
70	Tier 1 capital adequacy ratio	6%	6%	
71	Capital adequacy ratio	8%	8%	
Amounts below the thresholds for deduction				
72	Undeducted amount of non-significant minority investments in capital instruments issued by financial institutions that are not subject to consolidation	35,875	37,049	X05+X06+ X08+X09+ X12+X29
73	Undeducted amount of significant minority investments in capital instruments issued by financial institutions that are not subject to consolidation	27,623	26,859	X07+X13
74	Mortgage servicing rights (net of deferred tax liabilities)	N/A	N/A	
75	Deferred tax assets arising from temporary differences (net of deferred tax liabilities)	34,467	28,072	
Valid caps of surplus provision for loan impairment to tier 2 capital				
76	Provision for loan impairment set aside under the weighted approach	19,937	22,504	X01
77	Valid cap of surplus provision for loan impairment to tier 2 capital under the weighted approach	10,012	5,697	X02
78	Surplus provision for loan impairment set aside under the internal ratings-based approach	296,576	267,008	X03
79	Valid cap of surplus provision for loan impairment to tier 2 capital under the internal ratings-based approach	44,942	13,498	X04
Capital instruments subject to phase-out arrangements				
80	Valid cap to core tier 1 capital instruments for the current period due to phase-out arrangements	–	–	
81	Excluded from core tier 1 capital due to cap	–	–	
82	Valid cap to additional tier 1 capital instruments for the current period due to phase-out arrangements	–	–	
83	Excluded from additional tier 1 capital due to cap	–	–	
84	Valid cap to tier 2 capital instruments for the current period due to phase-out arrangements	101,425	121,710	
85	Excluded from tier 2 capital for the current period due to cap	47,029	26,547	

(In RMB millions, unless otherwise stated)

(ii) Consolidated statement of financial position

	30 June 2017 Consolidated balance sheet as in published financial statements *	30 June 2017 Balance sheet under regulatory scope of consolidation *	31 December 2016 Consolidated balance sheet as in published financial statements *	31 December 2016 Balance sheet under regulatory scope of consolidation *
Assets				
Cash and balances with central banks	3,542,773	3,542,773	3,350,788	3,350,788
Due from banks and other financial institutions	447,448	440,863	270,058	262,582
Precious metals	225,726	225,726	220,091	220,091
Placements with banks and other financial institutions	509,791	509,791	527,415	527,415
Financial assets at fair value through profit or loss	503,544	503,518	474,475	474,450
Derivative financial assets	57,569	57,569	94,452	94,452
Reverse repurchase agreements	840,658	840,380	755,627	755,557
Loans and advances to customers	13,549,396	13,548,892	12,767,334	12,766,888
Available-for-sale financial assets	1,632,329	1,598,304	1,742,287	1,708,102
Held-to-maturity investments	3,090,298	3,089,462	2,973,042	2,972,444
Receivables	343,822	294,105	291,370	245,221
Long term equity investments	32,220	37,920	30,077	35,777
Fixed assets	217,584	217,546	220,651	220,609
Construction in progress	25,884	25,884	22,968	22,968
Deferred income tax assets	34,839	34,839	28,398	28,398
Other assets	460,165	435,585	368,232	353,794
Total assets	25,514,046	25,403,157	24,137,265	24,039,536

* Prepared in accordance with PRC GAAP.

(In RMB millions, unless otherwise stated)

	30 June 2017 Consolidated balance sheet as in published financial statements *	30 June 2017 Balance sheet under regulatory scope of consolidation *	31 December 2016 Consolidated balance sheet as in published financial statements *	31 December 2016 Balance sheet under regulatory scope of consolidation *
Liabilities				
Due to central banks	511	511	545	545
Due to banks and other financial institutions	1,319,406	1,319,406	1,516,692	1,516,692
Placements from banks and other financial institutions	495,639	495,639	500,107	500,107
Financial liabilities at fair value through profit or loss	455,303	455,295	366,752	366,740
Derivative financial liabilities	52,436	52,436	89,960	89,960
Repurchase agreements	681,925	673,328	589,306	579,651
Certificates of deposit	228,097	228,097	218,427	218,427
Due to customers	19,021,171	19,029,935	17,825,302	17,828,084
Employee benefits payable	25,364	25,089	32,864	32,536
Taxes payable	52,077	52,020	63,557	63,500
Debt securities issued	413,016	413,016	357,937	357,937
Deferred income tax liabilities	582	371	604	327
Other liabilities	737,885	631,332	594,049	508,235
Total liabilities	23,483,412	23,376,475	22,156,102	22,062,741
Shareholders' equity				
Share capital	356,407	356,407	356,407	356,407
Other equity instruments	86,051	86,051	86,051	86,051
Capital reserve	152,002	152,002	151,998	151,998
Other comprehensive income	(42,687)	(42,197)	(21,738)	(21,640)
Surplus reserve	205,313	205,308	205,021	205,021
General reserve	251,773	251,767	251,349	251,349
Retained profits	1,009,436	1,008,879	940,663	940,237
Equity attributable to equity holders of the parent company	2,018,295	2,018,217	1,969,751	1,969,423
Minority interests	12,339	8,465	11,412	7,372
Total equity	2,030,634	2,026,682	1,981,163	1,976,795

* Prepared in accordance with PRC GAAP.

(In RMB millions, unless otherwise stated)

(iii) Description of related items

Item	30 June 2017 Balance sheet under regulatory scope of consolidation	Reference
Financial assets at fair value through profit or loss	503,518	
Including: Undeducted portion of non-significant minority investments in capital instruments issued by financial institutions that are not subject to consolidation	5,110	X29
Loans and advances to customers	13,548,892	
Total loans and advances to customers	13,865,405	
Less: Provision for loan impairment under the weighted approach	19,937	X01
Including: Valid cap of surplus provision for loan impairment in tier 2 capital under the weighted approach	10,012	X02
Less: Surplus provision for loan impairment under the internal ratings-based approach	296,576	X03
Including: Valid cap of surplus provision for loan impairment in tier 2 capital under the internal ratings-based approach	44,942	X04
Available-for-sale financial assets	1,598,304	
Bond investments measured at fair value	1,591,033	
Including: Non-significant minority investments in tier 2 capital instruments issued by financial institutions that are not subject to consolidation	5,896	X05
Other debt instrument investments measured at fair value	2,269	
Equity investments	5,002	
Including: Undeducted portion of non-significant minority investments in capital instruments issued by financial institutions that are not subject to consolidation	705	X06
Including: Undeducted portion of significant minority investments in capital instruments issued by financial institutions that are not subject to consolidation	110	X07
Held-to-maturity investments	3,089,462	
Including: Non-significant minority investments in tier 2 capital instruments issued by financial institutions that are not subject to consolidation	–	X08
Receivables	294,105	
Including: Non-significant minority investments in tier 2 capital instruments issued by financial institutions that are not subject to consolidation	23,993	X09
Including: Significant minority investments in tier 2 capital instruments issued by financial institutions that are not subject to consolidation	500	X10
Long term equity investments	37,920	
Including: Investment in core tier 1 capital instruments issued by financial institutions that are under control but not subject to consolidation	5,700	X11
Including: Undeducted portion of non-significant minority investments in capital instruments issued by financial institutions that are not subject to consolidation	171	X12
Including: Undeducted portion of significant minority investments in capital instruments issued by financial institutions that are not subject to consolidation	27,513	X13

(In RMB millions, unless otherwise stated)

Item	30 June 2017 Balance sheet under regulatory scope of consolidation	Reference
Other assets	435,585	
Interest receivable	119,321	
Intangible assets	19,738	X14
Including: land use rights	18,581	X15
Other receivables	246,709	
Goodwill	8,810	X16
Long-term deferred and prepaid expenses	3,852	
Repossessed assets	8,811	
Others	28,344	
Debt securities issued	413,016	
Including: Valid portion of tier 2 capital instruments and their premium	134,863	X17
Share capital	356,407	X18
Other equity instruments	86,051	
Including: Preference shares	79,375	X28
Capital reserve	152,002	X19
Other comprehensive income	(42,197)	X24
Reserve for changes in fair value of available-for-sale financial assets	(16,480)	
Reserve for cash flow hedging	(4,576)	
Including: Cash flow hedge reserves that relate to the hedging of items that are not fair valued on the balance sheet	(4,604)	X20
Changes in share of other owners' equity of associates and joint ventures	(625)	
Foreign currency translation reserve	(20,516)	
Surplus reserve	205,308	X21
General reserve	251,767	X22
Retained profits	1,008,879	X23
Minority interests	8,465	
Including: Valid portion to core tier 1 capital	2,432	X25
Including: Valid portion to additional tier 1 capital	519	X26
Including: Valid portion to tier 2 capital	3,338	X27

(iv) Main features of eligible capital instruments

As at 30 June 2017, the main features of the Bank's eligible capital instruments are set out as follows:

Main features of regulatory capital instrument	Ordinary shares (A share)	Ordinary shares (H share)	Preference shares (Offshore)	Preference shares (Offshore)	Preference shares (Offshore)	Preference shares (Domestic)
Issuer	ICBC	ICBC	ICBC	ICBC	ICBC	ICBC
Unique identifier	601398	1398	4603	4604	84602	360011
Governing law(s) of the instrument	Securities Law of the People's Republic of China/China	Securities and Futures Ordinance of Hong Kong/ Hong Kong, China	The creation and issue of the Offshore Preference Shares and the rights and obligations (including non-contractual rights and obligations) attached to them are governed by, and shall be construed in accordance with, PRC law	The creation and issue of the Offshore Preference Shares and the rights and obligations (including non-contractual rights and obligations) attached to them are governed by, and shall be construed in accordance with, PRC law	The creation and issue of the Offshore Preference Shares and the rights and obligations (including non-contractual rights and obligations) attached to them are governed by, and shall be construed in accordance with, PRC law	Company Law of the People's Republic of China, Securities Law of the People's Republic of China, Guidance of the State Council on Launch of Preference Shares Pilot, Trial Administrative Measures on Preference Shares, Guidance on the Issuance of Preference Shares of Commercial Banks to Replenish Tier 1 Capital/ China
Regulatory treatment						
Including: Transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Core tier 1 capital	Core tier 1 capital	Additional tier 1 capital	Additional tier 1 capital	Additional tier 1 capital	Additional tier 1 capital
Including: Post-transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Core tier 1 capital	Core tier 1 capital	Additional tier 1 capital	Additional tier 1 capital	Additional tier 1 capital	Additional tier 1 capital
Including: Eligible to the parent company/group level	Parent company/ Group	Parent company/ Group	Parent company/ Group	Parent company/ Group	Parent company/ Group	Parent company/ Group
Instrument type	Core tier 1 capital instrument	Core tier 1 capital instrument	Additional tier 1 capital instrument	Additional tier 1 capital instrument	Additional tier 1 capital instrument	Additional tier 1 capital instrument
Amount recognised in regulatory capital (in millions, as at the latest reporting date)	RMB339,126	RMB169,202	RMB equivalent 17,928	RMB equivalent 4,542	RMB11,958	RMB44,947
Par value of instrument (in millions)	RMB269,612	RMB86,795	USD2,940	EUR 600	RMB12,000	RMB45,000
Accounting treatment	Share capital, Capital reserve	Share capital, Capital reserve	Other equity	Other equity	Other equity	Other equity
Original date of issuance	19 October 2006	19 October 2006	10 December 2014	10 December 2014	10 December 2014	18 November 2015
Perpetual or dated	Perpetual	Perpetual	Perpetual	Perpetual	Perpetual	Perpetual
Including: Original maturity date	No maturity date	No maturity date	No maturity date	No maturity date	No maturity date	No maturity date
Issuer call (subject to prior supervisory approval)	No	No	Yes	Yes	Yes	Yes
Including: Optional call date, contingent call dates and redemption amount	N/A	N/A	The First Redemption Date is 10 December 2019, in full or partial amount	The First Redemption Date is 10 December 2021, in full or partial amount	The First Redemption Date is 10 December 2019, in full or partial amount	The First Redemption Date is 18 November 2020, in full or partial amount
Including: Subsequent call dates, if applicable	N/A	N/A	10 December in each year after the First Redemption Date	10 December in each year after the First Redemption Date	10 December in each year after the First Redemption Date	Commences on the First Redemption Date (18 November 2020) and ends on the completion date of redemption or conversion of all the Domestic Preference Shares
Coupons/dividends						
Including: Fixed or floating dividend/coupon	Floating	Floating	Fixed to floating	Fixed to floating	Fixed to floating	Fixed to floating

(In RMB millions, unless otherwise stated)

Main features of regulatory capital instrument	Ordinary shares (A share)	Ordinary shares (H share)	Preference shares (Offshore)	Preference shares (Offshore)	Preference shares (Offshore)	Preference shares (Domestic)
Including: Coupon rate and any related index	N/A	N/A	6% (dividend rate) before 10 December 2019	6% (dividend rate) before 10 December 2021	6% (dividend rate) before 10 December 2019	4.50% (dividend rate) before 18 November 2020
Including: Existence of a dividend stopper	N/A	N/A	Yes	Yes	Yes	Yes
Including: Fully discretionary, partially discretionary or mandatory cancellation of coupons/dividends	Fully discretionary	Fully discretionary	Partially discretionary	Partially discretionary	Partially discretionary	Partially discretionary
Including: Redemption incentive mechanism	No	No	No	No	No	No
Including: Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible or non-convertible	No	No	Yes	Yes	Yes	Yes
Including: If convertible, conversion trigger(s)	N/A	N/A	Additional Tier 1 Capital Trigger Event or Tier 2 Capital Trigger Event	Additional Tier 1 Capital Trigger Event or Tier 2 Capital Trigger Event	Additional Tier 1 Capital Trigger Event or Tier 2 Capital Trigger Event	Additional Tier 1 Capital Trigger Event or Tier 2 Capital Trigger Event
Including: If convertible, fully or partially	N/A	N/A	Fully or partially convertible when an Additional Tier 1 Capital Trigger Event occurs; fully convertible when a Tier 2 Capital Trigger Event occurs	Fully or partially convertible when an Additional Tier 1 Capital Trigger Event occurs; fully convertible when a Tier 2 Capital Trigger Event occurs	Fully or partially convertible when an Additional Tier 1 Capital Trigger Event occurs; fully convertible when a Tier 2 Capital Trigger Event occurs	Fully or partially convertible when an Additional Tier 1 Capital Trigger Event occurs; fully convertible when a Tier 2 Capital Trigger Event occurs
Including: If convertible, conversion rate	N/A	N/A	The initial conversion price is equal to the average trading price of the H shares of the Bank for the 20 trading days preceding 25 July 2014, the date of publication of the Board resolution in respect of the issuance plan	The initial conversion price is equal to the average trading price of the H shares of the Bank for the 20 trading days preceding 25 July 2014, the date of publication of the Board resolution in respect of the issuance plan	The initial conversion price is equal to the average trading price of the H shares of the Bank for the 20 trading days preceding 25 July 2014, the date of publication of the Board resolution in respect of the issuance plan	The initial conversion price is equal to the average trading price of the A Shares of the Bank for the 20 trading days preceding 25 July 2014, the date of publication of the Board resolution in respect of the issuance plan
Including: If convertible, mandatory or optional conversion	N/A	N/A	Mandatory	Mandatory	Mandatory	Mandatory
Including: If convertible, specify instrument type convertible into	N/A	N/A	Core tier 1 capital	Core tier 1 capital	Core tier 1 capital	Core tier 1 capital
Including: If convertible, specify issuer of instrument it converts into	N/A	N/A	ICBC	ICBC	ICBC	ICBC
Write-down feature	No	No	No	No	No	No
Including: If write-down, write-down trigger(s)	N/A	N/A	N/A	N/A	N/A	N/A
Including: If write-down, full or partial	N/A	N/A	N/A	N/A	N/A	N/A
Including: If write-down, permanent or temporary	N/A	N/A	N/A	N/A	N/A	N/A
Including: If temporary write-down, description of write-up mechanism	N/A	N/A	N/A	N/A	N/A	N/A
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	After depositor, general creditor, creditor of the subordinated debts, and preference shareholders	After depositor, general creditor, creditor of the subordinated debts, and preference shareholders	After all liabilities of the Bank and instruments issued or guaranteed by the Bank ranking senior to the Offshore Preference Shares, in the same liquidation order with the holders of Parity Obligations	After all liabilities of the Bank and instruments issued or guaranteed by the Bank ranking senior to the Offshore Preference Shares, in the same liquidation order with the holders of Parity Obligations	After all liabilities of the Bank and instruments issued or guaranteed by the Bank ranking senior to the Offshore Preference Shares, in the same liquidation order with the holders of Parity Obligations	After all liabilities of the Bank and instruments issued or guaranteed by the Bank ranking senior to the Domestic Preference Shares, in the same liquidation order with the holders of Parity Obligations
Non-compliant transitioned features	No	No	No	No	No	No
Including: If yes, specify non-compliant features	N/A	N/A	N/A	N/A	N/A	N/A

Main features of regulatory capital instrument	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds
Issuer	ICBC (Asia)	ICBC	ICBC
Unique identifier	ISIN: XS0976879279 BBGID:BBG005CMF4N6	1428009	Rule 144A ISIN: US455881AD47 Regulation S ISIN: USY39656AC06
Governing law(s) of the instrument	The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and shall be construed in accordance with English law, except that the provision of the Notes relating to Subordination shall be governed by, and construed in accordance with, the laws of Hong Kong	Securities Law of the People's Republic of China/China	The Notes and the Fiscal Agency Agreement shall be governed by, and shall be construed in accordance with, New York law, except that the provisions of the Notes relating to subordination shall be governed by, and construed in accordance with, PRC law
Regulatory treatment			
Including: Transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Tier 2 capital	Tier 2 capital	Tier 2 capital
Including: Post-transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Tier 2 capital	Tier 2 capital	Tier 2 capital
Including: Eligible to the parent company/group level	Group	Parent company/Group	Parent company/Group
Instrument type	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument
Amount recognised in regulatory capital (in millions, as at the latest reporting date)	RMB equivalent 1,385	RMB20,010	RMB equivalent 13,428
Par value of instrument (in millions)	USD500	RMB20,000	USD2,000
Accounting treatment	Debt securities issued	Debt securities issued	Debt securities issued
Original date of issuance	10 October 2013	4 August 2014	21 September 2015
Perpetual or dated	Dated	Dated	Dated
Including: Original maturity date	10 October 2023	5 August 2024	21 September 2025
Issuer call (subject to prior supervisory approval)	Yes	Yes	No
Including: Optional call date, contingent call dates and redemption amount	10 October 2018, in full amount	5 August 2019, in full amount	N/A
Including: Subsequent call dates, if applicable	N/A	N/A	N/A
Coupons/dividends			
Including: Fixed or floating dividend/coupon	Fixed	Fixed	Fixed
Including: Coupon rate and any related index	4.50%	5.80%	4.875%
Including: Existence of a dividend stopper	No	No	No
Including: Fully discretionary, partially discretionary or mandatory cancellation of coupons/dividends	Mandatory	Fully discretionary	Mandatory
Including: Redemption incentive mechanism	No	No	No
Including: Non-cumulative or cumulative	Cumulative	Cumulative	Cumulative

Main features of regulatory capital instrument	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds
Convertible or non-convertible	No	No	No
Including: If convertible, conversion trigger (s)	N/A	N/A	N/A
Including: If convertible, fully or partially	N/A	N/A	N/A
Including: If convertible, conversion rate	N/A	N/A	N/A
Including: If convertible, mandatory or optional conversion	N/A	N/A	N/A
Including: If convertible, specify instrument type convertible into	N/A	N/A	N/A
Including: If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A
Write-down feature	Yes	Yes	Yes
Including: If write-down, write-down trigger(s)	Non-viability of ICBC(Asia) or the Bank	Non-viability of the Bank	The occurrence of the earlier of either: (i) the CBRC having decided that a write-off is necessary, without which the Issuer would become non-viable; or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable
Including: If write-down, full or partial	Full write-down	Full write-down	Full write-down
Including: If write-down, permanent or temporary	Permanent write-down	Permanent write-down	Permanent write-down
Including: If temporary write-down, description of write-up mechanism	N/A	N/A	N/A
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	After depositor and general creditor, in the same liquidation order with other subordinated debts	After depositor and general creditor, in the same liquidation order with other subordinated debts	After depositor and general creditor, in the same liquidation order with other subordinated debts
Non-compliant transitioned features	No	No	No
Including: If yes, specify non-compliant features	N/A	N/A	N/A

(In RMB millions, unless otherwise stated)

(i) Disclosure of Leverage Ratio

The following information is disclosed in accordance with the CBRC Administrative Measures for Leverage Ratio of Commercial Banks (Revised) (CBRC No.1, 2015) Appendix 3 Disclosure Templates of Leverage Ratio.

Comparison of Regulatory Leverage Ratio Items and Accounting Items

S/N	Item	30 June 2017	31 December 2016
1	Total consolidated assets as per published financial statements	25,514,046	24,137,265
2	Consolidated adjustments for accounting purposes but outside the scope of regulatory consolidation	(110,889)	(97,729)
3	Adjustments for fiduciary assets	–	–
4	Adjustments for derivative financial instruments	81,737	93,733
5	Adjustment for securities financing transactions	55,523	57,298
6	Adjustment for off-balance sheet items	1,938,279	1,725,526
7	Other adjustments	(11,063)	(11,560)
8	Balance of adjusted on– and off-balance sheet assets	27,467,633	25,904,533

Leverage Ratio, Net Tier 1 Capital, Balance of Adjusted On- and Off-balance Sheet Assets and Related Information

S/N	Item	30 June 2017	31 December 2016
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	24,693,757	23,433,899
2	Less: Asset amounts deducted in determining Basel III Tier 1 capital	(11,063)	(11,560)
3	Balance of adjusted on-balance sheet assets (excluding derivatives and SFTs)	24,682,694	23,422,339
4	Replacement cost associated with all derivatives transactions (ie net of eligible cash variation margin)	70,084	113,669
5	Add-on amounts for PFE associated with all derivatives transactions	59,654	58,116
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	–	–
7	Less: Deductions of receivables assets for cash variation margin provided in derivatives transactions	–	–
8	Less: Exempted CCP leg of client-cleared trade exposures	(10,530)	(14,896)
9	Effective notional amount of written credit derivatives	58,409	58,813
10	Less: Adjusted effective notional deductions for written credit derivatives	(38,311)	(27,517)
11	Total derivative exposures	139,306	188,185
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	651,831	511,185
13	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	–	–
14	CCR exposure for SFT assets	55,523	57,298
15	Agent transaction exposures	–	–
16	Total securities financing transaction exposures	707,354	568,483
17	Off-balance sheet exposure at gross notional amount	3,892,498	3,435,098
18	Less: Adjustments for conversion to credit equivalent amounts	(1,954,219)	(1,709,572)
19	Balance of adjusted off-balance sheet assets	1,938,279	1,725,526
20	Net tier 1 capital	2,003,429	1,954,770
21	Balance of adjusted on– and off-balance sheet assets	27,467,633	25,904,533
22	Leverage ratio	7.29%	7.55%

(In RMB millions, unless otherwise stated)

(j) Quantitative Information Disclosure of Liquidity Coverage Ratio Using Advanced Approaches

S/N	Item	Second-quarter 2017 Total un-weighted value	Second-quarter 2017 Total weighted value
High-quality liquid assets			
1	Total high-quality liquid assets (HQLA)		4,514,036
Cash outflows			
2	Retail deposits and deposits form small business customers, of which:	9,228,588	919,957
3	Stable deposits	45,365	1,635
4	Less stable deposits	9,183,223	918,322
5	Unsecured wholesale funding, of which:	10,855,948	3,797,769
6	Operational deposits (excluding those generated from correspondent banking activities)	5,964,541	1,447,686
7	Non-operational deposits (all counterparties)	4,829,023	2,287,699
8	Unsecured debt	62,384	62,384
9	Secured funding		49,617
10	Additional requirements, of which:	3,447,946	1,248,684
11	Outflows related to derivative exposures and other collateral requirements	1,049,187	1,049,187
12	Outflows related to loss of funding on debt products	–	–
13	Credit and liquidity facilities	2,398,759	199,497
14	Other contractual funding obligations	47,045	46,802
15	Other contingent funding obligations	1,135,998	26,295
16	Total cash outflows		6,089,124
Cash inflows			
17	Secured lending (including reverse repos and securities borrowing)	868,029	195,423
18	Inflows from fully performing exposures	1,604,938	1,171,839
19	Other cash inflows	1,064,303	1,055,575
20	Total cash inflows	3,537,270	2,422,837
			Total adjusted value
21	Total HQLA		4,514,036
22	Total net cash outflows		3,666,287
23	Liquidity coverage ratio (%)		123.15%

Data of the above table are all the simple arithmetic means of the 91 natural days' figures of the recent quarter.

List of Domestic and Overseas Branches and Offices

Domestic Institutions

ANHUI PROVINCIAL BRANCH
Address: No. 189 Wuhu Road, Hefei City, Anhui Province, China
Postcode: 230001
Tel: 0551-62869178/62868101
Fax: 0551-62868077

BEIJING MUNICIPAL BRANCH
Address: Tower B, Tianyin Mansion, No. 2 Fuxingmen South Street, Xicheng District, Beijing, China
Postcode: 100031
Tel: 010-66410579
Fax: 010-66410579

CHONGQING MUNICIPAL BRANCH
Address: No. 9 Jiangnan Road, Nan'an District, Chongqing, China
Postcode: 400060
Tel: 023-62918002
Fax: 023-62918059

DALIAN BRANCH
Address: No. 5 Zhongshan Square, Dalian City, Liaoning Province, China
Postcode: 116001
Tel: 0411-82378888/82378000
Fax: 0411-82808377

FUJIAN PROVINCIAL BRANCH
Address: No. 108 Gutian Road, Fuzhou City, Fujian Province, China
Postcode: 350005
Tel: 0591-88087819/88087000
Fax: 0591-83353905/83347074

GANSU PROVINCIAL BRANCH
Address: No. 408 Qingyang Road, Chengguan District, Lanzhou City, Gansu Province, China
Postcode: 730030
Tel: 0931-8434172
Fax: 0931-8435166

GUANGDONG PROVINCIAL BRANCH
Address: No. 123 Yanjiangxi Road, Guangzhou City, Guangdong Province, China
Postcode: 510120
Tel: 020-81308130/81308123
Fax: 020-81308789

GUANGXI AUTONOMOUS REGION BRANCH
Address: No. 15-1 Jiaoyu Road, Nanning City, Guangxi Autonomous Region, China
Postcode: 530022
Tel: 0771-5316617
Fax: 0771-5316617/2806043

GUIZHOU PROVINCIAL BRANCH
Address: No. 200 Zhonghua North Road, Guiyang City, Guizhou Province, China
Postcode: 550001
Tel: 0851-88620004/88620018
Fax: 0851-85963911

HAINAN PROVINCIAL BRANCH
Address: No. 54 Heping South Road, Haikou City, Hainan Province, China
Postcode: 570203
Tel: 0898-65303138/65342829
Fax: 0898-65303138

HEBEI PROVINCIAL BRANCH
Address: Tower B, Zhonghua Shangwu Tower, No. 188 Zhongshan West Road, Shijiazhuang City, Hebei Province, China
Postcode: 050051
Tel: 0311-66001999/66000001
Fax: 0311-66001889/66000002

HENAN PROVINCIAL BRANCH
Address: No. 99 Jingsan Road, Zhengzhou City, Henan Province, China
Postcode: 450011
Tel: 0371-65776888/65776808
Fax: 0371-65776889/65776988

HEILONGJIANG PROVINCIAL BRANCH
Address: No. 218 Zhongyang Street, Daoli District, Harbin City, Heilongjiang Province, China
Postcode: 150010
Tel: 0451-84668023/84668577 (on duty)
Fax: 0451-84698115

HUBEI PROVINCIAL BRANCH
Address: No. 31 Zhongbei Road, Wuchang District, Wuhan City, Hubei Province, China
Postcode: 430071
Tel: 027-69908676/69908658
Fax: 027-69908040

HUNAN PROVINCIAL BRANCH
Address: No. 619 Furong Middle Road Yi Duan, Changsha City, Hunan Province, China
Postcode: 410011
Tel: 0731 -84428833/84420000
Fax: 0731-84430039

JILIN PROVINCIAL BRANCH
Address: No. 9559 Renmin Avenue, Changchun City, Jilin Province, China
Postcode: 130022
Tel: 0431-89569718/89569712
Fax: 0431-88923808

JIANGSU PROVINCIAL BRANCH
Address: No. 408 Zhongshan South Road, Nanjing City, Jiangsu Province, China
Postcode: 210006
Tel: 025-52858000
Fax: 025-52858111

JIANGXI PROVINCIAL BRANCH
Address: No. 233, Fuhe North Road, Nanchang City, Jiangxi Province, China
Postcode: 330008
Tel: 0791-86695682/86695018
Fax: 0791-86695230

LIAONING PROVINCIAL BRANCH
Address: No. 88 Nanjing North Road, Heping District, Shenyang City, Liaoning Province, China
Postcode: 110001
Tel: 024-23491603
Fax: 024-23491609

INNER MONGOLIA AUTONOMOUS REGION BRANCH
Address: No. 10 East 2nd Ring Road, Xincheng District, Hohhot City, Inner Mongolia Autonomous Region, China
Postcode: 010060
Tel: 0471-6940297
Fax: 0471-6940048

NINGBO BRANCH
Address: No. 218 Zhongshan West Road, Ningbo City, Zhejiang Province, China
Postcode: 315010
Tel: 0574-87361162
Fax: 0574-87361190

NINGXIA AUTONOMOUS REGION BRANCH
Address: No. 901 Huanghe East Road, Jinfeng District, Yinchuan City, Ningxia Autonomous Region, China
Postcode: 750002
Tel: 0951-5029200
Fax: 0951-5042348

QINGDAO BRANCH
Address: No. 25 Shandong Road, Shinan District, Qingdao City, Shandong Province, China
Postcode: 266071
Tel: 0532-85809988-621031
Fax: 0532-85814711

QINGHAI PROVINCIAL BRANCH
Address: No. 2 Shengli Road, Xining City, Qinghai Province, China
Postcode: 810001
Tel: 0971-6169722/6152326
Fax: 0971-6152326

SHANDONG PROVINCIAL BRANCH
Address: No. 310 Jingsi Road, Jinan City, Shandong Province, China
Postcode: 250001
Tel: 0531-66681622
Fax: 0531-87941749

SHANXI PROVINCIAL BRANCH
Address: No. 145 Yingze Street, Taiyuan City, Shanxi Province, China
Postcode: 030001
Tel: 0351-6248888/6248011
Fax: 0351-6248004

SHAANXI PROVINCIAL BRANCH
Address: No. 395 Dongxin Street, Xi'an City, Shaanxi Province, China
Postcode: 710004
Tel: 029-87602608/87602630
Fax: 029-87602999

SHANGHAI MUNICIPAL BRANCH
Address: No. 9 Pudong Avenue, Pudong New District, Shanghai, China
Postcode: 200120
Tel: 021-58885888
Fax: 021-58886888

SHENZHEN BRANCH
Address: North Block Financial Center, No. 5055 Shennan East Road, Luohu District, Shenzhen City, Guangdong Province, China
Postcode: 518015
Tel: 0755-82246400
Fax: 0755-82246247

SICHUAN PROVINCIAL BRANCH
Address: No. 35 Zongfu Road, Jinjiang District, Chengdu City, Sichuan Province, China
Postcode: 610020
Tel: 028-82866000
Fax: 028-82866025

TIANJIN MUNICIPAL BRANCH
Address: No. 123 Weidi Road, Hexi District, Tianjin, China
Postcode: 300074
Tel: 022-28400648
Fax: 022-28400123/022-28400647

XIAMEN BRANCH
Address: No. 17 Hubin North Road, Xiamen City, Fujian Province, China
Postcode: 361012
Tel: 0592-5292000
Fax: 0592-5054663

XINJIANG AUTONOMOUS REGION BRANCH
Address: No. 231 Remin Road, Tianshan District, Urumqi, Xinjiang Autonomous Region, China
Postcode: 830002
Tel: 0991-5981888
Fax: 0991-2828608

TIBET AUTONOMOUS REGION BRANCH
Address: No. 31 Jinzhu Mid-Rd., Lhasa, Tibet Autonomous Region
Postcode: 850000
Tel: 0891-6898019/6898002
Fax: 0891-6898001

YUNNAN PROVINCIAL BRANCH
Address: Bank Mansion, No. 395 Qingnian Road, Kunming City, Yunnan Province, China
Postcode: 650021
Tel: 0871-65536325/65536313
Fax: 0871-63134637

ZHEJIANG PROVINCIAL BRANCH
Address: No. 150 Zhonghe Middle Road, Hangzhou City, Zhejiang Province, China
Postcode: 310009
Tel: 0571-87803888
Fax: 0571-87808207

ICBC Credit Suisse Asset Management Co., Ltd.
Address: Tower A, Xinsheng Plaza, No. 5 Financial Street, Xicheng District, Beijing, China
Postcode: 100033
Tel: 010-66583333
Fax: 010-66583158

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

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

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

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

Overseas Institutions

Industrial and Commercial Bank of China Limited, Hong Kong Branch
Address: 33/F, ICBC Tower, 3 Garden Road, Central, Hong Kong
Email: icbchk@icbcasia.com
Tel: + 852-25881188
Fax: + 852-25881160
SWIFT: ICBKHKHH

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

Industrial and Commercial Bank of China Limited, Tokyo Branch
Address: 2-1 Marunouchi 1-Chome, Chiyoda-Ku Tokyo, 100-0005, Japan
Email: icbctokyo@icbc.co.jp
Tel: +813-52232088
Fax: +813-52198502
SWIFT: ICBKJPJT

Industrial and Commercial Bank of China Limited, Seoul Branch
Address: 16th Floor, Taepyeongno Bldg., #73 Sejong-daero, Jung-gu, Seoul 100-767, Korea
Email: icbcseoul@kr.icbc.com.cn
Tel: +82-237886670
Fax: +82-27553748
SWIFT: ICBKKRSE

Industrial and Commercial Bank of China Limited, Busan Branch
Address: 1st Floor, Samsung Fire & Marine Insurance Bldg., #184, Jungang-daero, Dong-gu, Busan 601-728, Korea
Email: busanadmin@kr.icbc.com.cn
Tel: +82-514638868
Fax: +82-514636880
SWIFT: ICBKKRSE

Industrial and Commercial Bank of China Limited, Hanoi Branch
Address: 3rd Floor Daeha Business Center, No. 360, Kim Ma Str., Ba Dinh Dist., Hanoi, Vietnam
Email: admin@vn.icbc.com.cn
Tel: +84-2462698888
Fax: +84-2462699800
SWIFT: ICBKVNVN

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

Industrial and Commercial Bank of China Limited, Phnom Penh Branch
Address: No. 15, Preah Norodom Boulevard, Phsar Thmey I, Duan Penh, Phnom Penh, Cambodia
Email: icbckh@kh.icbc.com.cn
Tel: +855-23955880
Fax: +855-23965268
SWIFT: ICBKKHPP

Industrial and Commercial Bank of China Limited, Doha (QFC) Branch
Address: Level 20, Burj Doha Tower, Al Corniche Street, West Bay, Doha, Qatar
P.O.BOX: 11217
Email: wangxq@doh.icbc.com.cn
Tel: +974-44072761
Fax: +974-44072751
SWIFT: ICBKQAQAXXX

Industrial and Commercial Bank of China Limited, Abu Dhabi Branch
Address: C903, Al Bateen Tower, C6, Bainuna Street, P.O. Box 62108, Abu Dhabi, United Arab Emirates
Email: dboffice@dxb.icbc.com.cn,
Tel: +971-24998600
Fax: +971-24998622
SWIFT: ICBKAEAA

Industrial and Commercial Bank of China Limited, Dubai (DIFC) Branch
Address: Floor 5&6, Gate Village Building 1, Dubai International Financial Center, Dubai, United Arab Emirates
P.O.Box: 506856
Email: dboffice@dxb.icbc.com.cn
Tel: +971-47031111
Fax: +971-47031199
SWIFT: ICBKAEAD

Industrial and Commercial Bank of China Limited, Karachi Branch
Address: 15th & 16th Floor, Ocean Tower, G-3, Block-9, Scheme # 5, Main Clifton Road, Karachi, Pakistan. P.C:75600
Tel: +92-2135208988
Fax: +92-2135208930
SWIFT: ICBKPKKAXXX

Industrial and Commercial Bank of China Limited, Mumbai Branch
Address: 801, 8th Floor, A Wing, One BKC, C-66, G Block, Bandra Kurla Complex, Bandra East, Mumbai-400051, India
Email: icbcmumbai@india.icbc.com.cn
Tel: +91-2271110300
Fax: +91-2271110353
SWIFT: ICBKINBBXXX

Industrial and Commercial Bank of China Limited, Yangon Branch
Address: 459 Pyay Road, Kamayut Township, Yangon, Myanmar
Tel: +95-12306306-8810, 8830, 8821
Fax: +95-12306305-8805, 8806
SWIFT: ICBKMMMY

Industrial and Commercial Bank of China Limited, Riyadh Branch
Address: Level 7&8, Al Faisaliah Tower, Building No: 7277-King Fahad Road Al Olaya, Zip Code:12212, Additional No.:3333, Unit No.: 95, Riyadh, Kingdom of Saudi Arabia
Email: service@sa.icbc.com.cn
Tel: +966-112899800
Fax: +966-112899879
SWIFT: ICBKSARI

Industrial and Commercial Bank of China Limited, Kuwait Branch
Address: Building 2A (Al-Tijaria Tower), Floor 7, Al-Soor Street, Al-Morqab, Block3, Kuwait City, Kuwait
Tel: +965-22281777
Fax: +965-22281799
SWIFT: ICBKKWKW

Industrial and Commercial Bank of China Limited, Sydney Branch
Address: Level 1, 220 George Street, Sydney NSW 2000, Australia
Email: info@icbc.com.au
Tel: +612-94755588
Fax: +612-92333982
SWIFT: ICBKAU2S

Industrial and Commercial Bank of China Limited, Luxembourg Branch
Address: 32, Boulevard Royal, L-2449 Luxembourg, B.P.278 L-2012 Luxembourg
Email: office@eu.icbc.com.cn
Tel: +352-2686661
Fax: +352-26866666
SWIFT: ICBKLULL

Industrial and Commercial Bank of China Limited, Frankfurt Branch
Address: Bockenheimer Anlage 15, 60322 Frankfurt am Main, Germany
Email: icbc@icbc-ffm.de
Tel: +49-6950604700
Fax: +49-6950604708
SWIFT: ICBKDEFF

Industrial and Commercial Bank of China Limited, London Branch
Address: 81 King William Street, London EC4N 7BG, UK
Email: admin@icbclondon.com
Tel: +44-2073978888
Fax: +44-2073978890
SWIFT: ICBKGB3L

Industrial and Commercial Bank of China Limited, New York Branch
Address: 725 Fifth Avenue, 20th Floor, New York, NY 10022, USA
Email: info-nyb@us.icbc.com.cn
Tel: +1-2128387799
Fax: +1-2128386688
SWIFT: ICBKUS33

Industrial and Commercial Bank of China (Asia) Limited
Address: 33/F, ICBC Tower, 3 Garden Road, Central, Hong Kong
Email: enquiry@icbcasia.com
Tel: +852-35108888
Fax: +852-28051166
SWIFT: UBHKHKHH

ICBC International Holdings Limited
Address: 37/F, ICBC Tower, 3 Garden Road, Central, Hong Kong
Email: info@icbci.com.hk
Tel: +852-26833888
Fax: +852-26833900
SWIFT: ICBHHKHH

Industrial and Commercial Bank of China (Macau) Limited
Address: 18th Floor, ICBC Tower, Macau Landmark, 555 Avenida da Amizade, Macau
Email: icbc@mc.icbc.com.cn
Tel: +853-28555222
Fax: +853-28338064
SWIFT: ICBKMOMX

Industrial and Commercial Bank of China (Malaysia) Berhad
Address: Level 35, Menara Maxis, Kuala Lumpur City Centre, 50088 Kuala Lumpur, Malaysia
Email: icbcmalaysia@my.icbc.com.cn
Tel: +603-23013399
Fax: +603-23013388
SWIFT: ICBKMYKL

PT. Bank ICBC Indonesia
Address: 32nd TCT ICBC Tower, Jl. MH.Thamrin No. 81, Jakarta Pusat 10310, Indonesia
Email: cs@ina.icbc.com.cn
Tel: +62-2123556000
Fax: +62-2131996010
SWIFT: ICBKIDJA

Industrial and Commercial Bank of China (Thai) Public Company Limited
Address: 622 Emporium Tower 11th–13th Fl., Sukhumvit Road, Khlong Ton, Khlong Toei, Bangkok, Thailand
Tel: +66-26295588
Fax: +66-26639888
SWIFT: ICBKTHBK

Industrial and Commercial Bank of China (Almaty) Joint Stock Company
Address: 150/230, Abai/Turgut Ozal Street, Almaty, Kazakhstan. 050046
Email: office@kz.icbc.com.cn
Tel: +7-7272377085
Fax: +7-7272377070
SWIFT: ICBKKZKX

Industrial and Commercial Bank of China (New Zealand) Limited
Address: Level 11, 188 Quay Street, Auckland 1010, New Zealand
Email: info@nz.icbc.com.cn
Tel: +64-93747288
Fax: +64-93747287
SWIFT: ICBKNZ2A

ICBC (London) PLC
Address: 81 King William Street, London EC4N 7BG, UK
Email: admin@icbclondon.com
Tel: +44-2073978888
Fax: +44-2073978899
SWIFT: ICBKGB2L

Industrial and Commercial Bank of China (Europe) S.A.
Address: 32, Boulevard Royal, L-2449 Luxembourg
Email: office@eu.icbc.com.cn
Tel: +352-2686661
Fax: +352-26866666
SWIFT: ICBKLULU

Bank ICBC (Joint Stock Company)
Address: Building 29, Serebryanicheskaya embankment, Moscow, Russia Federation 109028
Email: info@ms.icbc.com.cn
Tel: +7-4952873099
Fax: +7-4952873098
SWIFT: ICBKRUMM

ICBC Standard Bank PLC
Address: 20 Gresham Street, London, United Kingdom, EC2V 7JE
Email: londonmarketing@icbcstandard.com
Tel: +44-2031455000
Fax: +44-2031895000
SWIFT: SBLLGB2L

ICBC Turkey Bank Anonim Şirketi
Address: Maslak Mah. Dereboyu, 2 Caddesi No: 13 34398 Sariyer, İSTANBUL
Email: gongwen@tr.icbc.com.cn
Tel: +90-2123355162
SWIFT: ICBKTRISXXX

Industrial and Commercial Bank of China (USA) NA
Address: 1633 Broadway, 28th Floor, New York, NY 10019
Email: info@us.icbc.com.cn
Tel: +1-2122388208
Fax: +1-2122193211
SWIFT: ICBKUS3N

Industrial and Commercial Bank of China Financial Services LLC
Address: 1633 Broadway, 28th Floor, New York, NY, 10019, USA
Email: info@icbkus.com
Tel: +1-2129937300
Fax: +1-2129937349
SWIFT: ICBKUS33FIN, ICBKUS3F

Industrial and Commercial Bank of China Mexico S.A.
Address: Paseo de la Reforma 250, Piso 18, Col. Juarez, C.P.06600, Del. Cuauhtemoc, Ciudad de Mexico
Email: info@icbc.com.mx
Tel: +52-5541253388
SWIFT: ICBKMXMM

Industrial and Commercial Bank of China (Canada)
Address: Unit 3710, Bay Adelaide Centre, 333 Bay Street, Toronto, Ontario, M5H 2R2, Canada
Email: info@icbk.ca
Tel: +1-4163665588
Fax: +1-4166072000
SWIFT: ICBKCAT2

Industrial and Commercial Bank of China (Argentina) S.A.
Address: Blvd. Cecilia Grierson 355, (C1107 CPG) Buenos Aires, Argentina
Email: gongwen@ar.icbc.com.cn
Tel: +54-1148209022
Fax: +54-1148201901
SWIFT: ICBKARBA

Industrial and Commercial Bank of China (Brasil) S.A.
Address: Av. Brigadeiro Faria Lima, 3477-Block B-6 andar-SAO PAULO/SP-Brasil
Email: bxgw@br.icbc.com.cn
Tel: +55-1123956600
Fax: +55-1123956600
SWIFT: ICBKBRSP

ICBC PERU BANK
Address: Av.Juan de Arona 151, Oficina 202, San Isidro, Lima27, Perú
Email: gongwen@pe.icbc.com.cn
Tel: +51-16316801
Fax: +51-16316803
SWIFT: ICBKPEPL

Industrial and Commercial Bank of China Limited, African Representative Office
Address: 47 Price Drive, Constantia, Cape Town, South Africa, 7806
Email: hantao.wang@icbcafrica.com
Tel: +27-212008006, +27-761837882
Fax: +27-212008012

ICBC

中國北京市西城區復興門內大街55號　　郵編：100140
No.55 Fuxingmennei Avenue, Xicheng District, Beijing, PRC　　Post Code: 100140
www.icbc.com.cn, www.icbc-ltd.com