中國工商銀行股份有限公司
**INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED**
**(a joint stock limited company incorporated in the People's Republic of China with limited liability)**
**Stock Code: 1398**
**USD Preference Shares Stock Code: 4603**
**EUR Preference Shares Stock Code: 4604**
**RMB Preference Shares Stock Code: 84602**

# 2015 Interim Results Announcement

The Board of Directors of Industrial and Commercial Bank of China Limited (the "Bank") announces the unaudited interim results of the Bank and its subsidiaries (the "Group") for the six months ended 30 June 2015. The Board of Directors and the Audit Committee of the Board of Directors of the Bank have reviewed and confirmed the unaudited interim results. Information disclosed in accordance with the Regulation Governing Capital of Commercial Banks (Provisional) promulgated by China Banking Regulatory Commission ("CBRC") is also presented in this Announcement.

## 1. Corporate Information

### 1.1 Basic Information

| Stock name | Stock code | Stock exchange on which shares are listed |
|---|---|---|
| 工商銀行 (A Share) | 601398 | Shanghai Stock Exchange |
| ICBC (H Share) | 1398 | The Stock Exchange of Hong Kong Limited |
| ICBC USDPREF1 | 4603 | The Stock Exchange of Hong Kong Limited |
| ICBC EURPREF1 | 4604 | The Stock Exchange of Hong Kong Limited |
| ICBC CNHPREF1-R | 84602 | The Stock Exchange of Hong Kong Limited |

### 1.2 Contact

**Board Secretary and Company Secretary**

| | |
|---|---|
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## 2. Financial Highlights

(Financial data and indicators in this Results Announcement are prepared in accordance with International Financial Reporting Standards ("IFRSs") and, unless otherwise specified, are consolidated amounts of the Bank and its subsidiaries and denominated in Renminbi.)

### 2.1 Financial Data

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

| | **30 June 2015** | 31 December 2014 | 31 December 2013 |
|---|---|---|---|
| **Balance sheet items** (in RMB millions) | | | |
| Total assets | **22,417,295** | 20,609,953 | 18,917,752 |
| Total loans and advances to customers | **11,642,085** | 11,026,331 | 9,922,374 |
| Corporate loans | **7,943,677** | 7,612,592 | 7,046,515 |
| Personal loans | **3,265,708** | 3,063,465 | 2,727,601 |
| Discounted bills | **432,700** | 350,274 | 148,258 |
| Allowance for impairment losses on loans | **267,138** | 257,581 | 240,959 |
| Investment | **4,882,824** | 4,433,237 | 4,322,244 |
| Total liabilities | **20,803,658** | 19,072,649 | 17,639,289 |
| Due to customers | **16,287,768** | 15,556,601 | 14,620,825 |
| Corporate deposits | **8,512,043** | 8,037,133 | 7,503,497 |
| Personal deposits | **7,508,574** | 7,188,607 | 6,895,839 |
| Other deposits | **267,151** | 330,861 | 221,489 |
| Due to banks and other financial institutions | **2,562,775** | 1,539,239 | 1,269,255 |
| Equity attributable to equity holders of the parent company | **1,603,025** | 1,530,859 | 1,274,134 |
| Share capital | **356,407** | 353,495 | 351,390 |
| Net asset value per share(1) (in RMB yuan) | **4.40** | 4.23 | 3.63 |
| Net core tier 1 capital(2) | **1,560,058** | 1,486,733 | 1,266,841 |
| Net tier 1 capital(2) | **1,594,669** | 1,521,233 | 1,266,859 |
| Net capital base(2) | **1,821,939** | 1,812,137 | 1,572,265 |
| Risk-weighted assets(2) | **12,860,745** | 12,475,939 | 11,982,187 |
| **Credit rating** | | | |
| S&P(3) | **A/Stable** | A/Stable | A/Stable |
| Moody's(3) | **A1/Stable** | A1/Stable | A1/Stable |

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

(2) Calculated in accordance with the Regulation Governing Capital of Commercial Banks (Provisional).

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

## 2.2 Financial Indicators

| | **Six months ended 30 June 2015** | Six months ended 30 June 2014 | Six months ended 30 June 2013 |
|---|---|---|---|
| **Profitability** (%) | | | |
| Return on average total assets[1] | **1.39***| 1.51* | 1.53* |
| Return on weighted average equity[2] | **18.86*** | 21.77* | 23.25* |
| Net interest spread[3] | **2.34*** | 2.43* | 2.41* |
| Net interest margin[4] | **2.53*** | 2.62* | 2.57* |
| Return on risk-weighted assets[5] | **2.36*** | 2.49* | 2.69* |
| Ratio of net fee and commission income to operating income | **22.90** | 23.11 | 23.12 |
| Cost-to-income ratio[6] | **23.71** | 24.97 | 25.09 |

| | **30 June 2015** | 31 December 2014 | 31 December 2013 |
|---|---|---|---|
| **Asset quality** (%) | | | |
| Non-performing loans ("NPL") ratio[7] | **1.40** | 1.13 | 0.94 |
| Allowance to NPL[8] | **163.39** | 206.90 | 257.19 |
| Allowance to total loans ratio[9] | **2.29** | 2.34 | 2.43 |
| **Capital adequacy** (%) | | | |
| Core tier 1 capital adequacy ratio[10] | **12.13** | 11.92 | 10.57 |
| Tier 1 capital adequacy ratio[10] | **12.40** | 12.19 | 10.57 |
| Capital adequacy ratio[10] | **14.17** | 14.53 | 13.12 |
| Total equity to total assets ratio | **7.20** | 7.46 | 6.76 |
| Risk-weighted assets to total assets ratio | **57.37** | 60.53 | 63.34 |

Notes: * indicates annualized ratios.

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

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

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

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

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

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

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

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

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

(10) Calculated in accordance with the Regulation Governing Capital of Commercial Banks (Provisional).

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

In respect of the financial statements of the Bank prepared under PRC GAAP and those under IFRSs, net profit attributable to equity holders of the parent company for the six months ended 30 June 2015 and equity attributable to equity holders of the parent company as at the end of the reporting period have no differences.

## 3. Business Review

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

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

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

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

The Bank seized new opportunities to accelerate business transformation and further shaped a development landscape with multi-power source and multi-support. The Bank proactively adapted to the new trends featuring diverse allocation of personal financial assets and increasingly diverse investment and financing instruments, adjusted its liability business development strategy at appropriate times and unleashed its competitive advantage in settlement and custody businesses. In the first half of 2015, the total of due to customers and due to banks and other institutions of the Group stood at RMB1.7 trillion, up RMB564.1 billion from the same period last year, representing the highest deposit growth in the past three years. The Bank capitalized on China's active capital market to vigorously drive the development of relevant financial businesses and foster new engines of growth. Total financial assets of personal customers exceeded RMB11 trillion. 706 million bank cards were issued, 43.88 million more than at the end of 2014, with bank card-based consumption exceeding RMB4 trillion, up by 15.1% from the same period last year. The number of credit cards issued and credit card-based consumption were 108 million and over RMB1.05 trillion respectively, both being ranked the first among banks in the Asia-Pacific region. Managed assets in private banking grew by 23.7% to RMB910 billion. Assets under custody had a total net value of over RMB6.5 trillion, up by 12.1%, making the Bank the biggest custodian bank in China. Balance of wealth management products stood at RMB2.1 trillion, up by 7.9%, fortifying the Bank's position as the largest asset manager among Chinese banks. Investment banking activities, i.e. M&A and equity financing, have maintained rapid growth on the basis of sustained high growth in the past few years, up by 36% and 24% from the same period last year, respectively. In response to the “Internet +” initiative, the Bank took the lead in launching the e-ICBC internet-based finance strategy, realizing explosive growth in internet-based finance composed mainly of three platforms (E-mall Platform, Social Networking Platform, Direct Banking Platform) and three product lines (payment, financing and investment/trading). Transaction volume of the E-mall Platform amounted to RMB204.4 billion. The number of Social Networking Platform users exceeded 1.3 million. Transaction volume of the Direct Banking Platform exceeded RMB23 billion since the platform went live early this year. In addition, “ICBC e-payment” customers exceeded 60 million, with the transaction volume exceeding RMB80 billion, 5.4 times the level recorded in the same period last year. The balance of online financing products, including online revolving loans and self-service personal pledge loans, exceeded RMB400 billion. Online investment and trading businesses such as paper crude oil, paper precious metals, paper base metals and paper agricultural products, developed rapidly, with the paper crude oil trading volume reaching RMB60.4 billion. Internet-based finance has become a new highlight and a new brand in the transformational development of ICBC. The Bank moved steadily forward with internationalization and diversification to further improve its global services network. Riyadh Branch was officially opened and Yangon Branch was licensed. The Bank completed the acquisition of a 60% stake in the Standard Bank PLC and renamed the bank as ICBC Standard Bank PLC. It also successfully completed the acquisition of a 75.5% stake in Turkey-based Tekstilbank. The penetration rate and localization level in key markets were further increased. As at the end of June 2015, the Bank had 399 institutions in 42 countries or regions, extended its reach to 20 African countries through Standard Bank PLC and established correspondent banking relationship with 1,604 overseas banks in 147 countries or regions. Total assets of overseas institutions were USD269 billion, up by 14%. ICBC Credit Suisse Asset Management managed RMB754 billion of assets, up by 28% from the end of 2014; ICBC Leasing had assets of RMB268 billion, ranked first amongst domestic peers. ICBC-AXA realized RMB15 billion of premium income, representing a substantial growth of 93.5% from the same period last year. Diversified services subsidiaries have become an increasingly important contributor to the Group’s profit and strategic synergies.

# 4. Discussion and Analysis

## 4.1 Income Statement Analysis

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

***Net interest income***

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

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

*In RMB millions, except for percentages*

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

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

(2) Investment in bonds related to restructuring includes Huarong bonds and special government bonds.

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

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

### *Interest Income*

♦ *Interest Income on Loans and Advances to Customers*

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

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

*In RMB millions, except for percentages*

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

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

*In RMB millions, except for percentages*

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

♦ *Interest Income on Investment*

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

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

♦ *Interest Income on Due from Central Banks*

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

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

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

***Interest Expense***

♦ *Interest Expense on Deposits*

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

## ANALYSIS OF AVERAGE DEPOSIT COST BY PRODUCTS

*In RMB millions, except for percentages*

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

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

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

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

♦ *Interest Expense on Debt Securities Issued*

Interest expense on debt securities issued was RMB7,809 million, representing an increase of RMB770 million or 10.9% as compared to the same period of last year, mainly attributable to the increase in the issuance of financial bonds and bills by overseas institutions.

***Non-interest income***

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

## NET FEE AND COMMISSION INCOME

*In RMB millions, except for percentages*

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

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

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

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

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

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

## OTHER NON-INTEREST RELATED GAIN

*In RMB millions, except for percentages*

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

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

*Operating Expenses*

**OPERATING EXPENSES**

*In RMB millions, except for percentages*

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

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

*Impairment Losses*

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

*Income Tax Expense*

Income tax expense slightly decreased to RMB45,252 million as compared to the same period of last year. The effective tax rate was 23.2%.

## 4.2 Segment Information

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

### SUMMARY OPERATING SEGMENT INFORMATION — OPERATING INCOME

*In RMB millions, except for percentages*

| Item | **Six months ended 30 June 2015** Amount | **Six months ended 30 June 2015** Percentage (%) | Six months ended 30 June 2014 Amount | Six months ended 30 June 2014 Percentage (%) |
|---|---|---|---|---|
| Corporate banking | **160,281** | **47.6** | 149,278 | 47.1 |
| Personal banking | **124,142** | **36.9** | 109,636 | 34.6 |
| Treasury operations | **48,675** | **14.5** | 55,278 | 17.4 |
| Others | **3,639** | **1.0** | 2,661 | 0.9 |
| **Total operating income** | **336,737** | **100.0** | 316,853 | 100.0 |

### SUMMARY GEOGRAPHICAL SEGMENT INFORMATION — OPERATING INCOME

*In RMB millions, except for percentages*

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

## 4.3 Balance Sheet Analysis

In the first half of 2015, the Bank timely adjusted business strategy based on the external macroeconomic environment, and improved the asset and liability structure to maintain coordinated development of deposit and loan business. The Bank also strengthened liquidity management and interest rate pricing management and strived to enhance the efficiency of resource allocation for assets and liabilities. Based on the development needs of the real economy, the Bank optimized the credit structure, maintaining a stable and balanced loan growth. The Bank moderately increased its investment scale and flexibly arranged its investment schedule and priorities by closely monitoring the trends of the domestic and international financial markets. The Bank moderately increased its outward financing scale based on fund trend and changing tendency of prices while ensuring risks were under control. Furthermore, the Bank actively adopted measures to promote steady growth in due to customers and expand low-cost liability businesses, thereby ensuring a stable and sustainable growth of funding sources.

*Assets Deployment*

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

### ASSETS DEPLOYMENT

*In RMB millions, except for percentages*

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

***Loan***

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

**DISTRIBUTION OF LOANS BY BUSINESS LINE**

*In RMB millions, except for percentages*

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

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

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

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

## DISTRIBUTION OF LOANS BY FIVE-CATEGORY CLASSIFICATION

*In RMB millions, except for percentages*

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

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

## DISTRIBUTION OF LOANS AND NPLs BY BUSINESS LINE

*In RMB millions, except for percentages*

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

The balance of non-performing corporate loans stood at RMB125,037 million, increasing by RMB32,760 million from the end of the previous year, and NPL ratio was 1.57%, which was mainly due to defaults as a result of operating difficulties of some enterprises in the face of slower macroeconomic growth and economic restructuring. Non-performing personal loans stood at RMB37,937 million, increasing by RMB5,788 million, and NPL ratio was 1.16%, which was mainly due to the increase in NPL amount of personal loans as a result of decrease in operating income or salaries of some borrowers.

## DISTRIBUTION OF LOANS AND NPLs BY GEOGRAPHIC AREA

*In RMB millions, except for percentages*

| | **At 30 June 2015** | | | | At 31 December 2014 | | | |
|---|---|---|---|---|---|---|---|---|
| **Item** | **Loan** | **Percentage (%)** | **NPLs** | **NPL ratio (%)** | Loan | Percentage (%) | NPLs | NPL ratio (%) |
| Head Office | **512,947** | **4.4** | **7,277** | **1.42** | 475,485 | 4.3 | 5,139 | 1.08 |
| Yangtze River Delta | **2,284,054** | **19.6** | **36,388** | **1.59** | 2,191,188 | 19.9 | 26,208 | 1.20 |
| Pearl River Delta | **1,506,290** | **12.9** | **26,984** | **1.79** | 1,453,273 | 13.2 | 23,858 | 1.64 |
| Bohai Rim | **1,955,512** | **16.8** | **26,941** | **1.38** | 1,861,749 | 16.9 | 20,611 | 1.11 |
| Central region | **1,621,240** | **13.9** | **21,570** | **1.33** | 1,500,909 | 13.6 | 17,194 | 1.15 |
| Western China | **2,121,647** | **18.3** | **31,373** | **1.48** | 1,988,934 | 18.0 | 20,701 | 1.04 |
| Northeastern China | **654,072** | **5.6** | **7,179** | **1.10** | 625,457 | 5.7 | 6,932 | 1.11 |
| Overseas and others | **986,323** | **8.5** | **5,783** | **0.59** | 929,336 | 8.4 | 3,854 | 0.41 |
| **Total** | **11,642,085** | **100.0** | **163,495** | **1.40** | 11,026,331 | 100.0 | 124,497 | 1.13 |

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

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

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

*In RMB millions, except for percentages*

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

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

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

## CHANGES IN ALLOWANCE FOR IMPAIRMENT LOSES ON LOANS

*In RMB millions*

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

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

## DISTRIBUTION OF LOANS BY COLLATERAL

*In RMB millions, except for percentages*

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

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

## OVERDUE LOANS

*In RMB millions, except for percentages*

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

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

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

*Renegotiated loans*

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

*Extended loans*

The balance of extended loans amounted to RMB49,130 million, representing an increase of RMB20,142 million from the end of the previous year, of which NPL balance was RMB8,576 million, representing an increase of RMB4,364 million from the end of last year.

*Borrower concentration*

The total amount of loans granted by the Bank to the single largest customer and top ten single customers accounted for 4.5% and 14.7% of the Bank's net capital respectively. The total amount of loans granted to the top ten single customers was RMB268,602 million, accounting for 2.3% of the total loans.

***Investment***

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

**INVESTMENT**

*In RMB millions, except for percentages*

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

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

## DISTRIBUTION OF INVESTMENT IN BONDS NOT RELATED TO RESTRUCTURING BY ISSUERS

*In RMB millions, except for percentages*

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

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

## DISTRIBUTION OF INVESTMENT BY HOLDING PURPOSE

*In RMB millions, except for percentages*

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

*Reverse Repurchase Agreements*

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

*Liabilities*

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

**LIABILITIES**

*In RMB millions, except for percentages*

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

*Due to customers*

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

**DISTRIBUTION OF DUE TO CUSTOMERS BY BUSINESS LINE**

*In RMB millions, except for percentages*

| Item | At 30 June 2015 Amount | At 30 June 2015 Percentage (%) | At 31 December 2014 Amount | At 31 December 2014 Percentage (%) |
|---|---|---|---|---|
| **Corporate deposits** | | | | |
| Time deposits | **4,119,119** | **25.3** | 3,902,305 | 25.1 |
| Demand deposits | **4,392,924** | **27.0** | 4,134,828 | 26.6 |
| **Subtotal** | **8,512,043** | **52.3** | 8,037,133 | 51.7 |
| **Personal deposits** | | | | |
| Time deposits | **4,218,912** | **25.9** | 4,034,790 | 25.9 |
| Demand deposits | **3,289,662** | **20.2** | 3,153,817 | 20.3 |
| **Subtotal** | **7,508,574** | **46.1** | 7,188,607 | 46.2 |
| **Other deposits**(1) | **267,151** | **1.6** | 330,861 | 2.1 |
| **Total** | **16,287,768** | **100.0** | 15,556,601 | 100.0 |

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

***Due to Banks and Other Financial Institutions***

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

## 4.4 Capital Adequacy Ratio and Leverage Ratio

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

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

## CAPITAL ADEQUACY RATIO

*In RMB millions, except for percentages*

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

### LEVERAGE RATIO

*In RMB millions, except for percentages*

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

*Note:* Data at the end of June 2015 are calculated based on relevant provisions in the Administrative Measures for Leverage Ratio of Commercial Banks (Revised) promulgated by CBRC in 2015. Data at the end of 2014 are calculated based on relevant provisions in the Administrative Measures for Leverage Ratio of Commercial Banks promulgated by CBRC in 2011.

## 4.5 Other Information Disclosed Pursuant to Regulatory Requirements

### MAJOR REGULATORY INDICATORS

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

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

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

## 4.6 Outlook

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

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

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

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

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

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

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

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

# 5. Information Disclosed Pursuant to the Regulation Governing Capital of Commercial Banks (Provisional)

**Capital Adequacy Ratio**

♦ *Scope of Capital Adequacy Ratio Calculation*

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

♦ *Results of Capital Adequacy Ratio Calculation*

*In RMB millions, except for percentages*

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

♦ *Measurement of Risk-Weighted Assets*

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

## RISK-WEIGHTED ASSETS

*In RMB millions*

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

*Credit Risk*

## EXPOSURE AT DEFAULT COVERED BY INTERNAL RATINGS-BASED APPROACH

*In RMB millions*

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

## RISK EXPOSURE UNCOVERED BY INTERNAL RATINGS-BASED APPROACH

*In RMB millions*

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

*Market Risk*

## CAPITAL REQUIREMENT FOR MARKET RISK

*In RMB millions*

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

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

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

## VALUE AT RISK (VAR)

*In RMB millions*

| | **Six months ended 30 June 2015** | | | | Six months ended 30 June 2014 | | | |
|---|---|---|---|---|---|---|---|---|
| **Item** | **Period end** | **Average** | **Maximum** | **Minimum** | Period end | Average | Maximum | Minimum |
| **Generally VaR** | **1,512** | **1,120** | **1,611** | **757** | 527 | 554 | 721 | 426 |
| Interest rate risk | **368** | **242** | **368** | **166** | 192 | 127 | 199 | 76 |
| Currency risk | **1,494** | **1,149** | **1,592** | **817** | 486 | 538 | 709 | 402 |
| Commodity risk | **72** | **63** | **172** | **11** | 26 | 30 | 55 | 14 |
| **Stressed VaR** | **2,166** | **1,758** | **2,166** | **1,367** | 1,047 | 1,058 | 1,279 | 754 |
| Interest rate risk | **297** | **177** | **297** | **106** | 152 | 78 | 152 | 43 |
| Currency risk | **2,050** | **1,717** | **2,095** | **1,354** | 1,020 | 1,059 | 1,296 | 789 |
| Commodity risk | **105** | **86** | **245** | **20** | 36 | 40 | 66 | 35 |

*Operational Risk*

The Bank adopts the standardized approach to measure capital requirement for operational risk. As at the end of June 2015, the capital requirement for operational risk was RMB85,469 million.

## EQUITY RISK IN THE BANKING BOOK

*In RMB millions*

| Equity type | At 30 June 2015 Publicly-traded equity investment risk exposure(1) | Non-publicly-traded equity investment risk exposure(1) | Unrealized potential gains (losses)(2) | At 31 December 2014 Publicly-traded equity investment risk exposure(1) | Non-publicly-traded equity investment risk exposure(1) | Unrealized potential gains (losses)(2) |
|---|---|---|---|---|---|---|
| Financial Institutions | **25,412** | **908** | **64** | 28,049 | 840 | 506 |
| Company | **3,083** | **3,067** | **1,749** | 2,789 | 3,127 | 1,267 |
| **Total** | **28,495** | **3,975** | **1,813** | 30,838 | 3,967 | 1,773 |

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

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

# 6. Details of Changes in Share Capital and Shareholding of Substantial Shareholders

## 6.1 Number of Shareholders and Particulars of Shareholding

As at the end of the reporting period, the Bank had a total number of 830,147 ordinary shareholders and no preference shareholders with their voting rights restored, including 135,938 holders of H shares and 694,209 holders of A shares.

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

*Unit: Share*

| Name of shareholder | Nature of shareholder | Type of shares | Shareholding percentage (%) | Total number of shares held | Number of shares subject to restrictions on sales | Number of pledged or locked-up shares |
|---|---|---|---|---|---|---|
| Central Huijin Investment Ltd.(3) | State-owned | A shares | 34.71 | 123,717,852,951 | — | None |
| Ministry of Finance of the People's Republic of China | State-owned | A shares | 34.60 | 123,316,451,864 | — | None |
| Hong Kong Securities Clearing Company Limited/HKSCC Nominees Limited(4) | Foreign legal person | A shares<br>H shares | 0.24<br>24.15 | 867,044,094<br>86,073,329,560 | —<br>— | None<br>Unknown |
| Ping An Life Insurance Company of China, Ltd. — Traditional — Ordinary insurance products | Other domestic entities | A shares | 1.21 | 4,322,828,137 | — | None |
| Guarantee securities accounts for customer unsecured transactions of China Galaxy Securities Co., Ltd. | Other domestic entities | A shares | 0.11 | 374,457,482 | — | None |
| GIC PRIVATE LIMITED | Foreign legal person | A shares | 0.10 | 347,768,565 | — | None |
| China Life Insurance Company Limited — Traditional — Ordinary insurance products — 005L — CT001 Hu | Other domestic entities | A shares | 0.09 | 329,666,525 | — | None |
| Penghua CSI Bank Index Structured Securities Investment Fund | Other domestic entities | A shares | 0.09 | 313,132,550 | — | None |
| Guotai Junan Securities Co., Ltd. | Other domestic entities | A shares | 0.08 | 268,331,127 | — | None |
| TEMASEK FULLERTON ALPHA PTE LTD | Foreign legal person | A shares | 0.07 | 255,422,003 | — | None |

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

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

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

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

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

## 6.2 Changes of the Controlling Shareholders and De Facto Controller

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

## 6.3 Interests and Short Positions Held by Substantial Shareholders and Other Persons

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

As at 30 June 2015, the Bank received notices from the following persons about their interests or short positions held in the Bank's shares and relevant shares, which were recorded in the register pursuant to Section 336 of the Securities and Futures Ordinance of Hong Kong as follows:

Interests or short positions of ordinary shares of the Bank:

### HOLDERS OF A SHARES

| Name of substantial shareholder | Capacity | Number of A shares held (share) | Nature of interests | Percentage of A shares (%) | Percentage of total ordinary shares (%) |
|---|---|---|---|---|---|
| Ministry of Finance of the People's Republic of China(1) | Beneficial owner | 118,006,174,032 | Long position | 43.77 | 33.11 |
| Central Huijin Investment Ltd.(2) | Beneficial owner | 123,729,852,951 | Long position | 45.89 | 34.72 |

*Notes:* (1) According to the register of shareholders of the Bank as at 30 June 2015, Ministry of Finance of the People's Republic of China held 123,316,451,864 shares in the Bank.

(2) According to the register of shareholders of the Bank as at 30 June 2015, Central Huijin Investment Ltd. held 123,717,852,951 shares in the Bank.

### HOLDERS OF H SHARES

| Name of substantial shareholder | Capacity | Number of H shares held (share) | Nature of interests | Percentage of H shares (%) | Percentage of total ordinary shares (%) |
|---|---|---|---|---|---|
| National Council for Social Security Fund | Beneficial owner | 8,663,703,234 | Long position | 9.98 | 2.43 |
| Temasek Holdings (Private) Limited | Interest of controlled corporations | 7,812,951,355 | Long position | 9.00 | 2.19 |
| JPMorgan Chase & Co. | Beneficial owner | 1,195,256,564 | Long position | 1.38 | 0.34 |
| | Investment manager | 719,439,581 | Long position | 0.83 | 0.20 |
| | Trustee (excluding bare trustee) | 99,300 | Long position | 0.00 | 0.00 |
| | Custodian-corporation/ approved lending agent | 4,358,333,535 | Shares available for lending | 5.02 | 1.22 |
| | Total | 6,273,128,980 | | 7.23 | 1.76 |
| | Beneficial owner | 372,939,609 | Short position | 0.43 | 0.10 |
| Blackrock, Inc. | Interest of controlled corporations | 5,239,506,203 | Long position | 6.04 | 1.47 |
| | | 12,070,000 | Short position | 0.01 | 0.00 |

## 6.4 Conversion and Redemption of Convertible Bonds

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

## 6.5 Preference Shares

### *6.5.1 Issuance and Listing of Preference Shares in Latest Three Years*

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

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

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

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

### 6.5.2 *Changes in Preference Shares*

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

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

*Unit: Share*

| Name of shareholder | Nature of shareholder | Type of shares | Shareholding percentage (%) | Total number of shares held | Number of shares subject to restrictions on sales | Number of pledged or locked-up shares |
|---|---|---|---|---|---|---|
| Cede & Co. | Foreign legal person | USD preference shares | 47.9 | 147,000,000 | — | Unknown |
| The Bank of New York Depository (Nominees) Limited | Foreign legal person | RMB preference shares | 39.1 | 120,000,000 | — | Unknown |
| The Bank of New York Depository (Nominees) Limited | Foreign legal person | EUR preference shares | 13.0 | 40,000,000 | — | Unknown |

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

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

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

### 6.5.3 *Profit Distribution of Preference Shares*

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

### 6.5.4 *Redemption or Conversion of Preference Shares*

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

### 6.5.5 *Restoration of Voting Rights of Preference Shares*

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

### 6.5.6 *Accounting Policy Adopted for Preference Shares and Grounds*

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

## 7. Material Assets Acquisition, Sale and Merger

### Acquisition of 60% Shares in Standard Bank PLC

On 29 January 2014, the Bank entered into a share purchase agreement to acquire 60% of the existing issued shares in Standard Bank PLC ("Target Bank") from Standard Bank London Holdings Limited ("SBLH"). In addition, the Bank also has a five-year option to acquire additional 20% of the existing issued shares of the Target Bank exercisable from the second anniversary of the date that the transaction is completed (the "Call Option"). SBLH will have a put option, exercisable six months following the date on which the Bank's Call Option is exercised, to require the Bank to purchase all shares of the Target Bank that are held by SBLH and its related parties. This transaction was completed on 1 February 2015 (Beijing time) after obtaining approval from domestic and overseas regulatory authorities and complying with relevant preconditions for completion. The Bank officially became a controlling shareholder of the Target Bank.

### Acquisition of Majority Stake in Tekstilbank

On 29 April 2014, the Bank entered into a share purchase agreement to acquire 75.5% of the existing issued shares in Tekstilbank from GSD Holding A.Ş. of Turkey. This transaction was completed on 22 May 2015 (Beijing time) after obtaining approval from domestic and overseas regulatory authorities and complying with relevant preconditions for completion. According to the capital markets law of Turkey, this transaction shall trigger the provision that a mandatory tender offer shall be issued to purchase all the remaining shares (the "Remaining Shares") of Tekstilbank that are traded on the Istanbul Stock Exchange. The Board of Directors of the Bank has authorized the Bank to issue a mandatory tender offer for the Remaining Shares at a proper time. Upon the approval of relevant regulatory authorities, the Bank completed the tender offer and purchased the Remaining Shares of Tekstilbank with the total nominal value of TRY72,730,110.49 from 20 July 2015 to 14 August 2015. 92.8169% of Tekstilbank's shares in issue are currently held by the Bank.

### Acquisition of 20% Shares in Bank SinoPac

On 2 April 2013, the Bank, SinoPac Financial Holdings Co., Ltd. ("SinoPac Holdings") and Bank SinoPac Co., Ltd. ("Bank SinoPac") entered into an agreement on the subscription by the Bank of 20% shares of SinoPac Holdings or Bank SinoPac. The transaction will be carried out after the limit of shareholding percentage of a commercial bank from Mainland China in a subsidiary bank of a Taiwan financial holdings company is relaxed to 20% by Taiwan's financial regulator. At that time, the Bank will subscribe for shares of Bank SinoPac. On 27 February 2014, the Bank, SinoPac Holdings and Bank SinoPac entered into a supplemental agreement on the extension of the transaction waiting period under the agreement on subscription (the "First Supplementary Agreement"). On 1 April 2015, the Bank, SinoPac Holdings and Bank SinoPac entered into another supplemental agreement to further extend the transaction waiting period to 1 October 2015. Other clauses of the agreement on the subscription and the First Supplemental Agreement remain unchanged. The final completion of the abovementioned transaction is subject to approval of relevant regulatory authorities.

# 8. Other Information

## 8.1 Compliance with the Corporate Governance Code (Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Hong Kong Listing Rules"))

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

## 8.2 Profits and Dividends Distribution

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

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

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

## 8.3 Purchase, Sale and Redemption of Securities

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

Save as disclosed above, during the reporting period, neither the Bank nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Bank.

## 8.4 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.

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

As at 30 June 2015, Mr. Zhang Hongli, Executive Director and Senior Executive Vice President of the Bank, held 2,000 H shares of the Bank, and the spouse of Mr. Or Ching Fai, Independent Non-executive Director of the Bank, held 1,316,040 H shares of the Bank. Save as above, as at 30 June 2015, none of the Directors or Supervisors of the Bank had any interests or short positions in the shares, underlying shares or debentures of the Bank or any of its associated corporations (as defined in Part XV of the Securities and Futures Ordinance of Hong Kong) which have to be notified to the Bank and SEHK under Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance of Hong Kong (including interests or short positions therein that they shall be deemed to have pursuant to such provisions of the Securities and Futures Ordinance of Hong Kong), or any interests or short positions which have to be recorded in the register under Section 352 of the Securities and Futures Ordinance of Hong Kong, or any interests or short positions which have to be notified to the Bank and SEHK pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Hong Kong Listing Rules.

## 8.6 Review of the Interim Report

The 2015 interim financial statements 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.

# 9 Interim Financial Report

## 9.1 Consolidated Statement of Profit or Loss, Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity and Consolidated Cash Flow Statement

### *9.1.1 Unaudited Interim Consolidated Statement of Profit or Loss*

*(In RMB millions, unless otherwise stated)*

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

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

*(In RMB millions, unless otherwise stated)*

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

### *9.1.3 Unaudited Interim Consolidated Statement of Financial Position*

*(In RMB millions, unless otherwise stated)*

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

## *9.1.4 Unaudited Interim Consolidated Statement of Changes in Equity*

*(In RMB millions, unless otherwise stated)*

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

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

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

| | Attributable to equity holders of the parent company | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Reserves | | | | | | | | | | | |
| | Issued share capital | Equity component of convertible bonds | Capital reserve | Surplus reserve | General reserve | Investment revaluation reserve | Foreign currency translation reserve | Cash flow hedge reserve | Other reserves | Subtotal | Retained profits | Total | Non-controlling interests | Total equity |
| Balance as at 1 January 2014 | 351,390 | 1,960 | 138,852 | 123,870 | 202,940 | (29,379) | (24,038) | (3,961) | 551 | 408,835 | 511,949 | 1,274,134 | 4,329 | 1,278,463 |
| Profit for the period | — | — | — | — | — | — | — | — | — | — | 148,100 | 148,100 | 281 | 148,381 |
| Other comprehensive income | — | — | — | — | — | 22,485 | 1,979 | 52 | (11) | 24,505 | — | 24,505 | 36 | 24,541 |
| — Change in fair value of available-for-sale investments, net of tax | — | — | — | — | — | 22,485 | — | — | — | 22,485 | — | 22,485 | 112 | 22,597 |
| — Cash flow hedges, net of tax | — | — | — | — | — | — | — | 52 | — | 52 | — | 52 | 1 | 53 |
| — Share of other comprehensive income of associates and joint ventures | — | — | — | — | — | — | — | — | (11) | (11) | — | (11) | — | (11) |
| — Foreign currency translation differences | — | — | — | — | — | — | 1,979 | — | — | 1,979 | — | 1,979 | (77) | 1,902 |
| Total comprehensive income | — | — | — | — | — | 22,485 | 1,979 | 52 | (11) | 24,505 | 148,100 | 172,605 | 317 | 172,922 |
| Dividend — 2013 final | — | — | — | — | — | — | — | — | — | — | (91,960) | (91,960) | — | (91,960) |
| Appropriation to surplus reserve (i) | — | — | — | 216 | — | — | — | — | — | 216 | (216) | — | — | — |
| Appropriation to general reserve (ii) | — | — | — | — | 552 | — | — | — | — | 552 | (552) | — | — | — |
| Conversion of convertible bonds | 16 | — | 44 | — | — | — | — | — | — | 44 | — | 60 | — | 60 |
| Conversion of equity component of convertible bonds | — | (6) | — | — | — | — | — | — | — | — | — | (6) | — | (6) |
| Others | — | — | — | — | — | — | — | — | 24 | 24 | — | 24 | — | 24 |
| Balance as at 30 June 2014 (unaudited) | 351,406 | 1,954 | 138,896 | 124,086 | 203,492 | (6,894) | (22,059) | (3,909) | 564 | 434,176 | 567,321 | 1,354,857 | 4,646 | 1,359,503 |

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

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

| | Attributable to equity holders of the parent company | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Reserves | | | | | | | | | | | |
| | Issued share capital | Other equity instrument | Equity component of convertible bonds | Capital reserve | Surplus reserve | General reserve | Investment revaluation reserve | Foreign currency translation reserve | Cash flow hedge reserve | Other reserves | Subtotal | Retained profits | Total | Non-controlling interests | Total equity |
| Balance as at 1 January 2014 | 351,390 | — | 1,960 | 138,852 | 123,870 | 202,940 | (29,379) | (24,038) | (3,961) | 551 | 408,835 | 511,949 | 1,274,134 | 4,329 | 1,278,463 |
| Profit for the year | — | — | — | — | — | — | — | — | — | — | — | 275,811 | 275,811 | 475 | 276,286 |
| Other comprehensive income | — | — | — | — | — | — | 34,188 | (2,065) | 108 | 80 | 32,311 | — | 32,311 | 256 | 32,567 |
| — Net gain from change in fair value of available-for-sale financial assets | — | — | — | — | — | — | 34,188 | — | — | — | 34,188 | — | 34,188 | 362 | 34,550 |
| — Effective hedging portion of gains arising from cash flow hedging instruments | — | — | — | — | — | — | — | — | 108 | — | 108 | — | 108 | 2 | 110 |
| — Share of the other comprehensive income of the investee accounted for using equity method which will be reclassified subsequently to profit or loss | — | — | — | — | — | — | — | — | — | 80 | 80 | — | 80 | — | 80 |
| — Foreign currency translation differences | — | — | — | — | — | — | — | (2,065) | — | — | (2,065) | — | (2,065) | (108) | (2,173) |
| Total comprehensive income | — | — | — | — | — | — | 34,188 | (2,065) | 108 | 80 | 32,311 | 275,811 | 308,122 | 731 | 308,853 |
| Dividend — 2013 final | — | — | — | — | — | — | — | — | — | — | — | (91,960) | (91,960) | — | (91,960) |
| Appropriation to surplus reserve (i) | — | — | — | — | 26,882 | — | — | — | — | — | 26,882 | (26,882) | — | — | — |
| Appropriation to general reserve (ii) | — | — | — | — | — | 18,682 | — | — | — | — | 18,682 | (18,682) | — | — | — |
| Capital injection by other equity holder | — | 34,428 | — | — | — | — | — | — | — | — | — | — | 34,428 | — | 34,428 |
| Conversion of convertible bonds | 2,105 | — | — | 5,572 | — | — | — | — | — | — | 5,572 | — | 7,677 | — | 7,677 |
| Capital injection by non-controlling shareholders | — | — | — | — | — | — | — | — | — | — | — | — | — | 1,393 | 1,393 |
| Dividends to non-controlling shareholders | — | — | — | — | — | — | — | — | — | — | — | — | — | (8) | (8) |
| Conversion of equity component of convertible bonds | — | — | (1,572) | — | — | — | — | — | — | — | — | — | (1,572) | — | (1,572) |
| Others | — | — | — | — | — | — | — | — | — | 30 | 30 | — | 30 | — | 30 |
| Balance as at 31 December 2014(audited) | 353,495 | 34,428 | 388 | 144,424 | 150,752 | 221,622 | 4,809 | (26,103) | (3,853) | 661 | 492,312 | 650,236 | 1,530,859 | 6,445 | 1,537,304 |

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

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

### *9.1.5 Unaudited Interim Consolidated Cash Flow Statement*

*(In RMB millions, unless otherwise stated)*

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

*(In RMB millions, unless otherwise stated)*

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

## 9.2 Significant accounting policies

The accounting policies adopted in the preparation of the interim financial report are consistent with those followed in the preparation of the Group's annual financial report for the year ended 31 December 2014, except for the adoption of the following revised International Financial Reporting Standards ("IFRSs", including International Accounting Standards ("IASs")) as of 1 January 2015. The principal effects of adopting these revised IFRSs are as follows:

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

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

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

***Annual Improvements to IFRSs 2010–2012 Cycle***

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

***Annual Improvements to IFRSs 2011–2013 Cycle***

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

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

## 9.3 Notes to the Unaudited Interim Financial Report

*(In RMB millions, unless otherwise stated)*

### *9.3.1 NET INTEREST INCOME*

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

### *9.3.2 NET FEE AND COMMISSION INCOME*

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

### *9.3.3 NET TRADING INCOME*

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

### *9.3.4 NET LOSS ON FINANCIAL ASSETS AND LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS*

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

### *9.3.5 NET GAIN ON FINANCIAL INVESTMENTS*

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

### *9.3.6 OTHER OPERATING INCOME, NET*

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

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

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

### *9.3.7 OPERATING EXPENSES*

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

### *9.3.8 IMPAIRMENT LOSSES ON ASSETS OTHER THAN LOANS AND ADVANCES TO CUSTOMERS*

| | Six months ended 30 June 2015 | 2014 |
|---|---|---|
| (Reversal)/Charge of impairment losses on: | | |
| Due from banks and other financial institutions | **(3)** | (29) |
| Financial investments: | | |
| Held-to-maturity investments | **(9)** | (9) |
| Available-for-sale financial assets | **(14)** | 83 |
| Others | **25** | 134 |
| | **(1)** | 179 |

### 9.3.9 *INCOME TAX EXPENSE*

*(a) Income tax*

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

*(b) Reconciliation between income tax and accounting profit*

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

| | Six months ended 30 June | |
|---|---|---|
| | **2015** | 2014 |
| Profit before taxation | **194,678** | 194,090 |
| Tax at the PRC statutory income tax rate (25%) | **48,670** | 48,523 |
| Effects of different applicable rates of tax prevailing in other countries/regions | **(144)** | (176) |
| Non-deductible expenses | **1,126** | 1,452 |
| Non-taxable income | **(4,575)** | (4,383) |
| Profits attributable to associates and joint ventures | **(348)** | (254) |
| Adjustment in respect of current income tax of prior years | **59** | 292 |
| Others | **464** | 255 |
| Current income tax expenses | **45,252** | 45,709 |

### 9.3.10 *DIVIDENDS*

| | Six months ended 30 June | |
|---|---|---|
| | **2015** | 2014 |
| Dividends on ordinary shares declared and paid or proposed: | | |
| Final dividend for 2014: RMB0.2554 per share (2013: RMB0.2617 per share) | **91,026** | 91,960 |

### *9.3.11 EARNINGS PER SHARE*

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

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

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

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

| | Six months ended 30 June | |
|---|---|---|
| | **2015** | 2014 |
| Earnings: | | |
| Profit for the period attributable to ordinary equity holders of the parent company | **149,021** | 148,100 |
| Add: Interest expense on convertible bonds (net of tax) | **13** | 231 |
| Profit used to determine diluted earnings per share | **149,034** | 148,331 |
| Shares: | | |
| Weighted average number of ordinary shares outstanding (in million shares) | **356,026** | 351,390 |
| Add: Weighted average number of ordinary shares assuming conversion of all dilutive shares (in million shares) | **—** | 5,006 |
| Weighted average number of ordinary shares for diluted earnings per share (in million shares) | **356,026** | 356,396 |
| Diluted earnings per share (RMB yuan) | **0.42** | 0.42 |

Diluted earnings per share was computed from dividing the profit attributable to ordinary equity holders of the parent company (after adjusting for interest expense on the convertible bonds) by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

### *9.3.12 DERIVATIVE FINANCIAL INSTRUMENTS*

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

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

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

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

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

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

| | 31 December 2014 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Notional amounts with remaining life of | | | | | Fair values | |
| | Within three months | Over three months but within one year | Over one year but within five years | Over five years | Total | Assets | Liabilities |
| Exchange rate contracts: | | | | | | | |
| Forward and swap contracts | 1,015,906 | 753,091 | 92,944 | 4,237 | 1,866,178 | 19,068 | (20,281) |
| Option contracts purchased | 12,670 | 32,181 | 301 | — | 45,152 | 165 | — |
| Option contracts written | 9,564 | 6,919 | 99 | — | 16,582 | — | (140) |
| | 1,038,140 | 792,191 | 93,344 | 4,237 | 1,927,912 | 19,233 | (20,421) |
| Interest rate contracts: | | | | | | | |
| Swap contracts | 70,707 | 88,816 | 152,041 | 33,598 | 345,162 | 2,408 | (2,382) |
| Forward contracts | 5,198 | 11,219 | 819 | — | 17,236 | 2 | (5) |
| | 75,905 | 100,035 | 152,860 | 33,598 | 362,398 | 2,410 | (2,387) |
| Commodity derivatives and others | 185,228 | 52,507 | 1,304 | 219 | 239,258 | 2,405 | (1,383) |
| | 1,299,273 | 944,733 | 247,508 | 38,054 | 2,529,568 | 24,048 | (24,191) |

*Cash flow hedges*

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

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

| | **30 June 2015** | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Notional amounts with remaining life of** | | | | | **Fair values** | |
| | **Within three months** | **Over three months but within one year** | **Over one year but within five years** | **Over five years** | **Total** | **Assets** | **Liabilities** |
| Interest rate swap contracts | **—** | **774** | **1,039** | **3,719** | **5,532** | **186** | **(23)** |
| Currency swap contracts | **3,512** | **3,041** | **—** | **—** | **6,553** | **10** | **(46)** |
| Currency forward contracts | **—** | **25** | **—** | **—** | **25** | **—** | **—** |
| Equity derivative instruments | **73** | **29** | **69** | **—** | **171** | **78** | **—** |
| | **3,585** | **3,869** | **1,108** | **3,719** | **12,281** | **274** | **(69)** |

| | 31 December 2014 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Notional amounts with remaining life of | | | | | Fair values | |
| | Within three months | Over three months but within one year | Over one year but within five years | Over five years | Total | Assets | Liabilities |
| Interest rate swap contracts | 318 | 378 | 1,778 | 3,734 | 6,208 | 190 | (31) |
| Currency swap contracts | 3,022 | 6,508 | — | — | 9,530 | 98 | — |
| Currency forward contracts | — | 25 | — | — | 25 | — | — |
| | 3,340 | 6,911 | 1,778 | 3,734 | 15,763 | 288 | (31) |

There was no ineffectiveness recognised in profit or loss that arose from the cash flow hedge for the current period (six months ended 30 June 2014: Nil).

*Fair value hedges*

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

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

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

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

| | **30 June 2015** | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Notional amounts with remaining life of** | | | | | **Fair values** | |
| | **Within three months** | **Over three months but within one year** | **Over one year but within five years** | **Over five years** | **Total** | **Assets** | **Liabilities** |
| Currency swap contracts | **—** | **69** | **—** | **—** | **69** | **18** | **—** |
| Interest rate swap contracts | **546** | **372** | **13,004** | **3,647** | **17,569** | **326** | **(181)** |
| | **546** | **441** | **13,004** | **3,647** | **17,638** | **344** | **(181)** |

| | 31 December 2014 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Notional amounts with remaining life of | | | | | Fair values | |
| | Within three months | Over three months but within one year | Over one year but within five years | Over five years | Total | Assets | Liabilities |
| Currency swap contracts | — | 69 | — | — | 69 | 16 | — |
| Interest rate swap contracts | 470 | 837 | 8,748 | 3,688 | 13,743 | 51 | (217) |
| | 470 | 906 | 8,748 | 3,688 | 13,812 | 67 | (217) |

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

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

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

### *9.3.13 FINANCIAL INVESTMENTS*

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

### *9.3.14 OTHER COMPREHENSIVE INCOME*

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

### *9.3.15 COMMITMENTS AND CONTINGENT LIABILITIES*

*(a) Capital commitments*

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

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

*(b) Operating lease commitments*

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

| | **30 June 2015** | 31 December 2014 |
|---|---|---|
| Within one year | **5,203** | 5,210 |
| Over one year but within five years | **10,679** | 12,389 |
| Over five years | **2,211** | 580 |
| | **18,093** | 18,179 |

*(c) Credit commitments*

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

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

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

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

| | **30 June 2015** | 31 December 2014 |
|---|---|---|
| Bank acceptances | **358,433** | 348,924 |
| Guarantees issued | | |
| Financing letters of guarantees | **40,720** | 33,369 |
| Non-financing letters of guarantees | **228,976** | 274,186 |
| Sight letters of credit | **49,642** | 56,096 |
| Usance letters of credit and other commitments | **268,926** | 334,838 |
| Loan commitments | | |
| With an original maturity of under one year | **217,234** | 235,664 |
| With an original maturity of one year or over | **637,480** | 584,362 |
| Undrawn credit card limit | **508,947** | 474,684 |
| | **2,310,358** | 2,342,123 |

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

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

*(d) Legal proceedings*

As at 30 June 2015, there were a number of legal proceedings outstanding against the Bank and/or its subsidiaries with a claimed amount of RMB4,096 million (31 December 2014: RMB3,001 million).

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

*(e) Redemption commitments of government bonds*

As an underwriting agent of the Government, the Bank underwrites certain PRC government bonds and sells the bonds to the general public, in which the Bank is obliged to redeem these bonds at the discretion of the holders at any time prior to maturity. The redemption price for the bonds is based on the nominal value of the bonds plus any interest accrued up to the redemption date. As at 30 June 2015, the Bank had underwritten and sold bonds with an accumulated amount of RMB96,491 million (31 December 2014: RMB90,874 million) to the general public, and these government bonds have not yet matured nor been redeemed. Management expects that the amount of redemption of these government bonds through the Bank prior to maturity will not be material.

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

*(f) Underwriting obligations*

As at 30 June 2015, the Group had no unexpired securities underwriting obligations (31 December 2014: Nil).

### 9.3.16 *SEGMENT INFORMATION*

*(a) Operating segments*

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

Corporate banking

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

Personal banking

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

Treasury operations

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

Others

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

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

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

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 2015 | | | | |
|---|---|---|---|---|---|
| | **Corporate banking** | **Personal banking** | **Treasury operations** | **Others** | **Total** |
| External net interest income | **148,700** | **8,995** | **93,380** | **1,012** | **252,087** |
| Internal net interest (expense)/income | **(31,700)** | **80,572** | **(48,872)** | **—** | **—** |
| Net fee and commission income/(expense) | **42,544** | **34,574** | **329** | **(327)** | **77,120** |
| Other income, net | **737** | **1** | **3,838** | **2,954** | **7,530** |
| Operating income | **160,281** | **124,142** | **48,675** | **3,639** | **336,737** |
| Operating expenses | **(44,538)** | **(44,559)** | **(8,474)** | **(3,928)** | **(101,499)** |
| Impairment (losses)/reversal on: | | | | | |
| Loans and advances to customers | **(33,103)** | **(8,849)** | **—** | **—** | **(41,952)** |
| Others | **(71)** | **4** | **43** | **25** | **1** |
| Operating profit/(loss) | **82,569** | **70,738** | **40,244** | **(264)** | **193,287** |
| Share of profits and losses of associates and joint ventures | **—** | **—** | **—** | **1,391** | **1,391** |
| Profit before taxation | **82,569** | **70,738** | **40,244** | **1,127** | **194,678** |
| Income tax expense | | | | | **(45,252)** |
| Profit for the period | | | | | **149,426** |
| Other segment information: | | | | | |
| Depreciation | **3,830** | **3,007** | **1,550** | **213** | **8,600** |
| Amortisation | **547** | **373** | **251** | **12** | **1,183** |
| Capital expenditure | **9,207** | **7,129** | **3,727** | **450** | **20,513** |

| | As at 30 June 2015 | | | | |
|---|---|---|---|---|---|
| | **Corporate banking** | **Personal banking** | **Treasury operations** | **Others** | **Total** |
| Segment assets | **8,372,529** | **3,317,282** | **10,607,707** | **119,777** | **22,417,295** |
| Including: Investments in associates and joint ventures | **—** | **—** | **—** | **27,577** | **27,577** |
| Property and equipment | **82,002** | **64,217** | **32,789** | **28,546** | **207,554** |
| Other non-current assets | **15,883** | **7,212** | **5,232** | **12,524** | **40,851** |
| Segment liabilities | **9,123,443** | **7,711,124** | **3,803,122** | **165,969** | **20,803,658** |
| Other segment information: | | | | | |
| Credit commitments | **1,801,411** | **508,947** | **—** | **—** | **2,310,358** |

| | Six months ended 30 June 2014 | | | | |
|---|---|---|---|---|---|
| | Corporate banking | Personal banking | Treasury operations | Others | Total |
| External net interest income | 143,622 | 5,973 | 87,552 | 460 | 237,607 |
| Internal net interest (expense)/income | (42,018) | 77,624 | (35,606) | — | — |
| Net fee and commission income/(expense) | 47,082 | 26,037 | 326 | (217) | 73,228 |
| Other income, net | 592 | 2 | 3,006 | 2,418 | 6,018 |
| Operating income | 149,278 | 109,636 | 55,278 | 2,661 | 316,853 |
| Operating expenses | (47,444) | (41,343) | (7,455) | (3,370) | (99,612) |
| Impairment (losses)/reversal on: | | | | | |
| Loans and advances to customers | (15,891) | (8,097) | — | — | (23,988) |
| Others | (86) | 3 | 5 | (101) | (179) |
| Operating profit/(loss) | 85,857 | 60,199 | 47,828 | (810) | 193,074 |
| Share of profits and losses of associates and joint ventures | — | — | — | 1,016 | 1,016 |
| Profit before taxation | 85,857 | 60,199 | 47,828 | 206 | 194,090 |
| Income tax expense | | | | | (45,709) |
| Profit for the period | | | | | 148,381 |
| Other segment information: | | | | | |
| Depreciation | 3,611 | 2,721 | 1,381 | 116 | 7,829 |
| Amortisation | 563 | 336 | 212 | 20 | 1,131 |
| Capital expenditure | 9,697 | 7,168 | 3,664 | 292 | 20,821 |

| | As at 31 December 2014 | | | | |
|---|---|---|---|---|---|
| | Corporate Banking | Personal Banking | Treasury Operations | Others | Total |
| Segment assets | 7,978,544 | 3,110,238 | 9,402,275 | 118,896 | 20,609,953 |
| Including: Investments in associates and joint ventures | — | — | — | 28,919 | 28,919 |
| Property and equipment | 81,543 | 60,209 | 30,286 | 27,242 | 199,280 |
| Other non-current assets | 16,915 | 7,059 | 4,629 | 10,377 | 38,980 |
| Segment liabilities | 8,733,027 | 7,404,957 | 2,865,472 | 69,193 | 19,072,649 |
| Other segment information: | | | | | |
| Credit commitments | 1,867,439 | 474,684 | — | — | 2,342,123 |

*(b) Geographical information*

The Group operates principally in Mainland China, and also has branches and subsidiaries operating outside Mainland China (including: Hong Kong, Macau, Singapore, Frankfurt, Luxembourg, Seoul, Tokyo, London, Almaty, Jakarta, Moscow, Doha, Dubai, Abu Dhabi, Sydney, Toronto, Kuala Lumpur, Hanoi, Bangkok, New York, Karachi, Mumbai, Phnom Penh, Vientiane, Lima, Buenos Aires, Sao Paulo, Auckland, Kuwait City, Mexico City, Rangoon and Istanbul).

The distribution of the geographical areas is as follows:

Mainland China (Head Office and domestic branches):

| | |
|---|---|
| Head Office ("HO"): | the HO business division (including institutions directly controlled by the HO and their offices); |
| Yangtze River Delta: | including Shanghai, Jiangsu, Zhejiang and Ningbo; |
| Pearl River Delta: | including Guangdong, Shenzhen, Fujian and Xiamen; |
| Bohai Rim: | including Beijing, Tianjin, Hebei, Shandong and Qingdao; |
| Central China: | including Shanxi, Henan, Hubei, Hunan, Anhui, Jiangxi and Hainan; |
| Western China: | including Chongqing, Sichuan, Guizhou, Yunnan, Guangxi, Shaanxi, Gansu, Qinghai, Ningxia, Xinjiang, Inner Mongolia and Tibet; and |
| Northeastern China: | including Liaoning, Heilongjiang, Jilin and Dalian |
| Overseas and others: | branches located outside Mainland China, domestic and overseas subsidiaries, and investments in associates and joint ventures. |

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

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

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

| | As at 31 December 2014 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 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 area | 8,820,680 | 4,680,319 | 3,342,070 | 3,394,573 | 2,008,309 | 2,579,889 | 1,001,247 | 1,919,486 | (7,161,378) | 20,585,195 |
| Including: Investments in associates and joint ventures | — | — | — | — | — | — | — | 28,919 | — | 28,919 |
| Property and equipment | 14,363 | 26,113 | 12,294 | 19,086 | 19,839 | 24,204 | 10,748 | 72,633 | — | 199,280 |
| Other non-current assets | 11,274 | 5,986 | 2,691 | 3,631 | 5,307 | 5,674 | 1,325 | 3,092 | — | 38,980 |
| Unallocated assets | | | | | | | | | | 24,758 |
| Total assets | | | | | | | | | | 20,609,953 |
| Liabilities by geographical area | 7,431,623 | 4,693,296 | 3,457,784 | 4,344,494 | 1,983,382 | 2,555,769 | 959,520 | 747,042 | (7,161,378) | 19,011,532 |
| Unallocated liabilities | | | | | | | | | | 61,117 |
| Total liabilities | | | | | | | | | | 19,072,649 |
| Other segment information: | | | | | | | | | | |
| Credit commitments | 469,704 | 438,216 | 319,851 | 419,494 | 129,088 | 158,055 | 58,811 | 348,904 | — | 2,342,123 |

## 10. Issue of Results Announcement and Interim Report

This Announcement will be released on HKExnews website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the website of the Bank (www.icbc-ltd.com) simultaneously. The 2015 Interim Report prepared in accordance with IFRSs will be released on the HKExnews website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the website of the Bank (www.icbc-ltd.com) and will be dispatched to the shareholders of H shares of the Bank. The 2015 Interim Report and its abstract prepared in accordance with PRC GAAP will be released simultaneously on the websites of the Shanghai Stock Exchange (www.sse.com.cn) and the Bank (www.icbc-ltd.com).

This Results Announcement has been prepared in both Chinese and English languages. In case of any discrepancy between the two versions, the Chinese version shall prevail.

By Order of
The Board of Directors of
**Industrial and Commercial Bank of China Limited**

27 August 2015

*As at the date of this announcement, the Board of Directors comprises Mr. JIANG Jianqing, Mr. YI Huiman, Mr. ZHANG Hongli and Mr. WANG Xiquan as executive directors, Ms. WANG Xiaoya, Ms. GE Rongrong, Mr. FU Zhongjun, Mr. ZHENG Fuqing, Mr. FEI Zhoulin and Mr. CHENG Fengchao as non-executive directors, Sir Malcolm Christopher McCARTHY, Mr. Kenneth Patrick CHUNG, Mr. OR Ching Fai, Mr. HONG Yongmiao, Mr. YI Xiqun and Mr. Anthony Francis NEOH as independent non-executive directors.*