ICBC

INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED

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

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

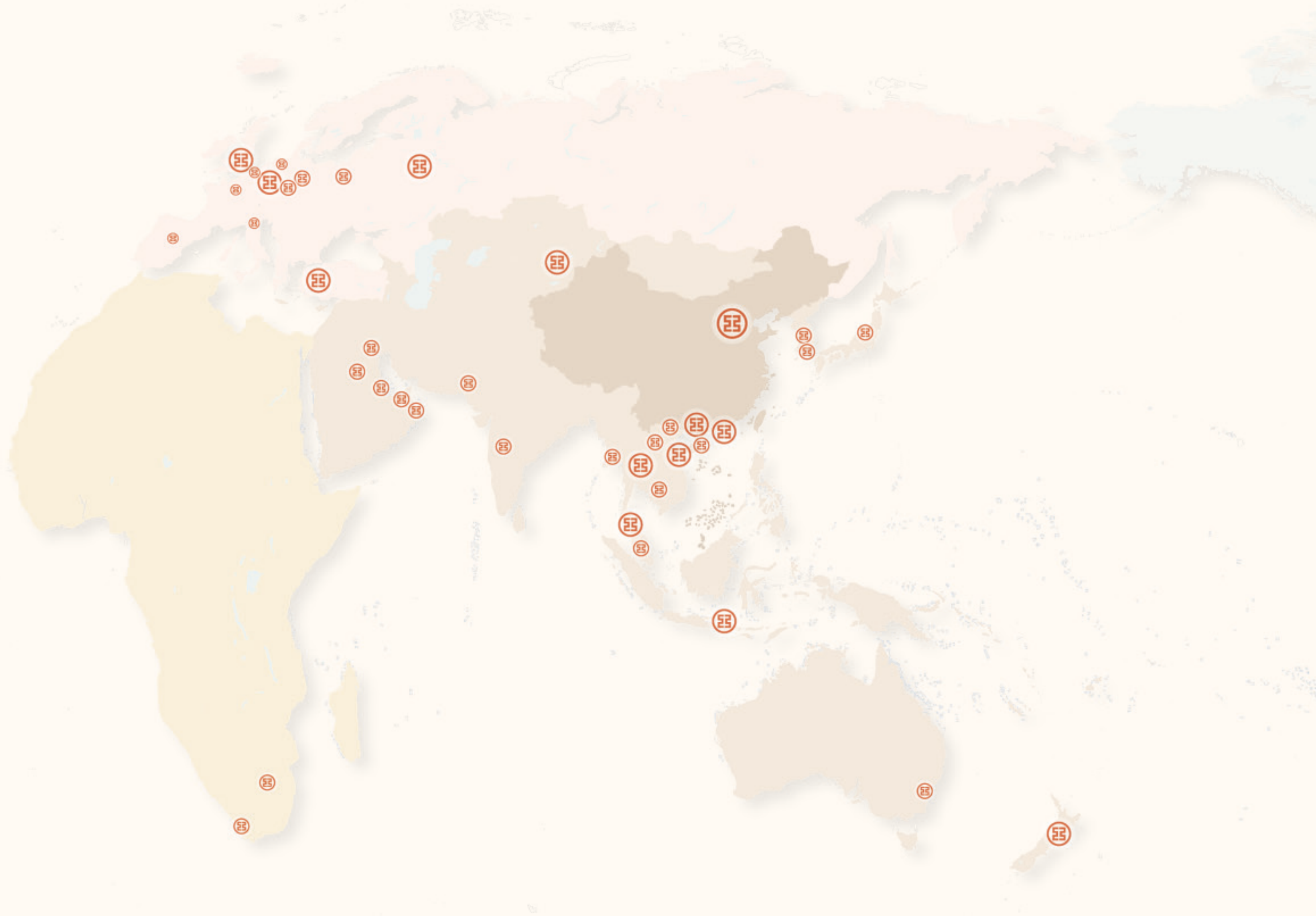
Annual Report 2015

Company Profile

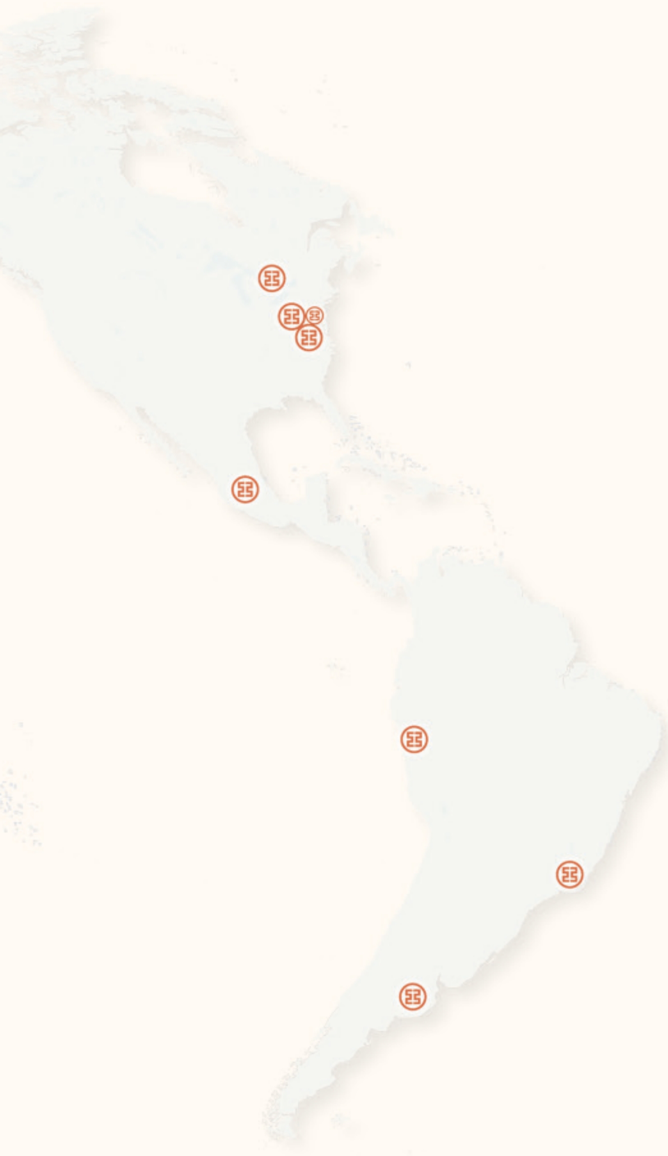
Industrial and Commercial Bank of China was established on 1 January 1984. On 28 October 2005, the Bank was wholly restructured to a joint-stock limited company. On 27 October 2006, the Bank was successfully listed on both Shanghai Stock Exchange and The Stock Exchange of Hong Kong Limited.

Through its continuous endeavor and stable development, the Bank has developed into the top large listed bank in the world, possessing an excellent customer base, a diversified business structure, strong innovation capabilities and market competitiveness and providing comprehensive financial products and services to 5,320 thousand corporate customers and 496 million personal customers.

The Bank continued to promote reform, innovation and operation transformation. The Bank's assets and liabilities business kept stable profitability during the structural adjustment. Retail banking, asset management and investment banking became important engines driving the profit growth, and the development of internet-based finance with leading edge gave impetus to the fundamental reform on operation and management models and service methods. The pattern of internationalized and diversified operation was further improved, covering 42 countries and regions, and overseas operations and comprehensive subsidiaries of fund, insurance and leasing contributed more to the Bank's profit-making.



The Bank consciously unified the social responsibilities to its development strategy and operation and management activities, gaining wide social recognition in the aspects of supporting economic and social development, protecting environment and resources, participating in community services and promoting inclusive finance. In 2015, the Bank was named the "Best Emerging Markets Bank" by Euromoney, and ranked 1st place among the Top 1000 World Banks by the Banker and the Global 2000 listed by the US magazine Forbes for the third consecutive year.



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Definitions

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

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

Important Notice

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

The 2015 Annual Report of the Bank and its abstract have been considered and approved at the meeting of the Board of Directors of the Bank held on 30 March 2016. There were 16 directors eligible for attending the meeting, of whom 14 directors attended the meeting in person, 2 directors appointed others to attend the meeting. Director Wang Xiquan appointed Director Zhang Hongli to attend the meeting and vote on his behalf, and Director Yi Xiqun appointed Director Hong Yongmiao to attend the meeting and vote on his behalf.

The 2015 financial statements prepared by the Bank in accordance with PRC GAAP and IFRSs have been audited by KPMG Huazhen LLP and KPMG in accordance with Chinese and International Standards on Audit respectively, with standard unqualified auditors' reports being issued.

The Board of Directors of the Bank proposed distributing cash dividends for ordinary shares of RMB2.333 (pre-tax) for each ten shares for 2015.The distribution plan will be submitted for approval to the Annual General Meeting for the Year 2015. The Bank did not convert capital reserve to share capital.

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

30 March 2016

Mr. Jiang Jianqing, Legal Representative of the Bank, Mr. Yi Huiman, President in charge of finance of the Bank, and Mr. Liu Yagan, General Manager of the Finance and Accounting Department of the Bank, hereby represent and warrant that the financial statements contained in the Annual Report are authentic, accurate and complete.

Notes on Material Risks

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

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

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

ICBC

Our Mission

Excellence for You

Excellent Services to Clients, Maximum Returns to Shareholders

Real Success for Our People, Great Contribution to Society

Our Vision

A Global Leading Bank with the Best Profitability,

Performance and Prestige

Our Value

Integrity Leads to Prosperity

Integrity, Humanity, Prudence, Innovation and Excellence

Corporate Information

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

Legal name in English:
INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED ("ICBC")

Legal representative:
Jiang Jianqing

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

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

Authorized representatives:
Yi Huiman and Hu Hao

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

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

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

The "HKExnews" website of SEHK for publication of the annual report in respect of H shares:
www.hkexnews.hk

Legal advisors

Mainland China:

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

Jun He Law Offices
20/F, China Resources Building, 8 Jianguomen North Street, Dongcheng District, Beijing, PRC

Hong Kong, China:

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

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

Share Registrars

A Share:

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

H Share:

Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong
Tel: 852-28628555
Fax: 852-28650990

Location where copies of this annual report are kept:
Office of the Board of Directors of the Bank

Place where shares are listed, and their names and codes

A Share:

Shanghai Stock Exchange
Stock name: 工商銀行
Stock code: 601398

H Share:

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

Offshore Preference Share:

The Stock Exchange of Hong Kong Limited
Stock name: ICBC USDPREF1
Stock code: 4603
Stock name: ICBC EURPREF1
Stock code: 4604
Stock name: ICBC CNHPREF1-R
Stock code: 84602

Domestic Preference Share:

Shanghai Stock Exchange
Stock name: 工行優1
Stock code: 360011

Sponsor of domestic preference shares:

Guotai Junan Investment Management Co., Ltd.
618 Shangcheng Road, China (Shanghai) Pilot Free Trade Zone
Sponsor representatives: Zhang Jianhua, Wu Guomei
Continuous inspection and supervision period: 11 December 2015 to 31 December 2016

Name and office address of auditors

Domestic auditors:

KPMG Huazhen LLP
8/F, Tower E2, Oriental Plaza, 1 East Chang'an Avenue, Dongcheng District, Beijing, PRC
CPA (Practicing): Song Chenyang and Li Li

International auditors:

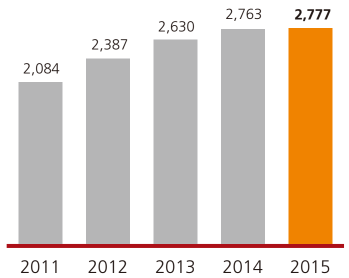
KPMG
8/F, Prince's Building, 10 Chater Road, Central, Hong Kong

Financial Highlights

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

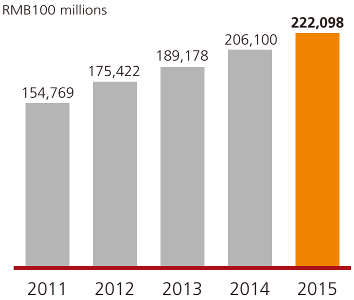
Net profit

Unit: RMB100 millions



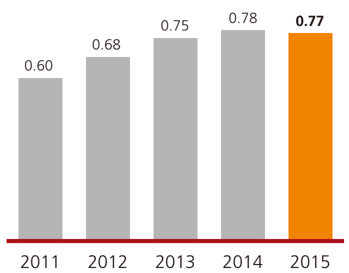
Total assets

Unit: RMB100 millions



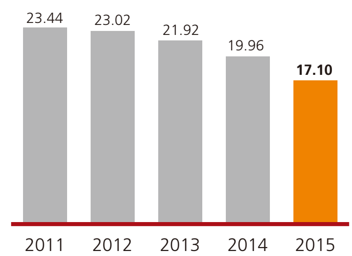
Basic earnings per share

Unit: RMB



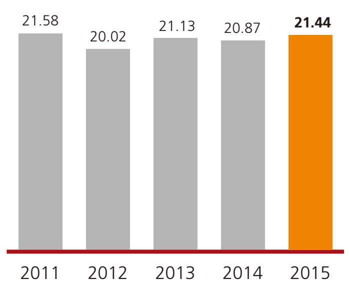
Return on weighted average equity

%



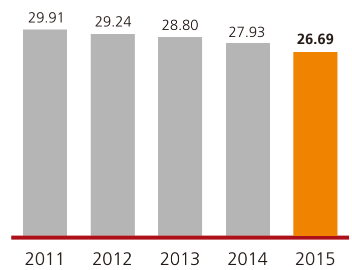
Ratio of net fee and commission income to operating income

%



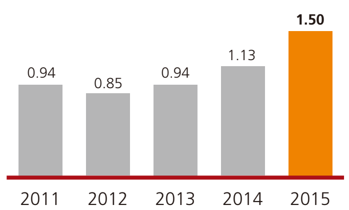
Cost-to-income ratio

%



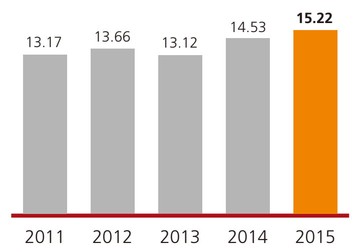
Non-performing loans ratio

%



Capital adequacy ratio

%



Financial Data

	2015	2014	2013	2012	2011
Annual operating results (in RMB millions)					
Net interest income	507,867	493,522	443,335	417,828	362,764
Net fee and commission income	143,391	132,497	122,326	106,064	101,550
Operating income	668,733	634,858	578,901	529,720	470,601
Operating expenses	220,835	218,674	204,140	189,940	169,613
Impairment losses	86,993	56,729	38,321	33,745	31,121
Operating profit	360,905	359,455	336,440	306,035	269,867
Profit before taxation	363,235	361,612	338,537	308,687	272,311
Net profit	277,720	276,286	262,965	238,691	208,445
Net profit attributable to equity holders of the parent company	277,131	275,811	262,649	238,532	208,265
Net cash flows from operating activities	1,131,764	201,457	(1,947)	533,508	348,123
As at the end of reporting period (in RMB millions)					
Total assets	22,209,780	20,609,953	18,917,752	17,542,217	15,476,868
Total loans and advances to customers	11,933,466	11,026,331	9,922,374	8,803,692	7,788,897
Allowance for impairment losses on loans	280,654	257,581	240,959	220,403	194,878
Investment	5,009,963	4,433,237	4,322,244	4,083,887	3,915,902
Total liabilities	20,409,261	19,072,649	17,639,289	16,413,758	14,519,045
Due to customers	16,281,939	15,556,601	14,620,825	13,642,910	12,261,219
Due to banks and other financial institutions	2,265,860	1,539,239	1,269,255	1,486,805	1,341,290
Equity attributable to equity holders of the parent company	1,789,474	1,530,859	1,274,134	1,124,997	956,742
Share capital	356,407	353,495	351,390	349,620	349,084
Net core tier 1 capital(1)	1,701,495	1,486,733	1,266,841	–	–
Net tier 1 capital(1)	1,781,062	1,521,233	1,266,859	–	–
Net capital base(1)	2,012,103	1,812,137	1,572,265	1,299,014	1,112,463
Risk-weighted assets(1)	13,216,687	12,475,939	11,982,187	9,511,205	8,447,263
Per share data (in RMB yuan)					
Net asset value per share(2)	4.80	4.23	3.63	3.22	2.74
Basic earnings per share	0.77	0.78	0.75	0.68	0.60
Diluted earnings per share	0.77	0.78	0.74	0.67	0.59
Credit rating					
S&P(3)	A	A	A	A	A
Moody's(3)	A1	A1	A1	A1	A1

Notes: (1) Data for period since 2013 were calculated in accordance with the Regulation Governing Capital Adequacy of Commercial Banks (Provisional) promulgated by CBRC in June 2012 ("Capital Regulation") and those for 2011–2012 were calculated in accordance with the Regulation Governing Capital Adequacy of Commercial Banks and related regulations promulgated by CBRC.

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

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

Financial Indicators

	2015	2014	2013	2012	2011
Profitability (%)					
Return on average total assets(1)	1.30	1.40	1.44	1.45	1.44
Return on weighted average equity(2)	17.10	19.96	21.92	23.02	23.44
Net interest spread(3)	2.30	2.46	2.40	2.49	2.49
Net interest margin(4)	2.47	2.66	2.57	2.66	2.61
Return on risk-weighted assets(5)	2.16	2.26	2.45	2.66	2.68
Ratio of net fee and commission income to operating income	21.44	20.87	21.13	20.02	21.58
Cost-to-income ratio(6)	26.69	27.93	28.80	29.24	29.91
Asset quality (%)					
Non-performing loans ("NPL") ratio(7)	1.50	1.13	0.94	0.85	0.94
Allowance to NPL(8)	156.34	206.90	257.19	295.55	266.92
Allowance to total loans ratio(9)	2.35	2.34	2.43	2.50	2.50
Capital adequacy (%)					
Core tier 1 capital adequacy ratio(10)	12.87	11.92	10.57	–	–
Tier 1 capital adequacy ratio(10)	13.48	12.19	10.57	–	–
Capital adequacy ratio(10)	15.22	14.53	13.12	13.66	13.17
Total equity to total assets ratio	8.11	7.46	6.76	6.43	6.19
Risk-weighted assets to total assets ratio	59.51	60.53	63.34	54.22	54.58

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

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

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

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

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

(6) Calculated by dividing operating 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 by total balance of NPLs.

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

(10) Data for period since 2013 were calculated in accordance with the Capital Regulation and those for 2011-2012 were calculated in accordance with the Regulation Governing Capital Adequacy of Commercial Banks and related regulations promulgated by CBRC.

Quarterly Financial Data

	2015				2014			
(In RMB millions)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Operating income	165,808	170,929	167,096	164,900	156,863	159,990	152,688	165,317
Net profit attributable to equity holders of the parent company	74,324	74,697	72,740	55,370	73,302	74,798	72,364	55,347
Net cash flows from operating activities	518,295	565,554	(331,219)	379,134	247,991	170,100	(341,402)	124,768

Chairman's Statement

Chairman **Jiang Jianqing**

In 2015, the global economy saw a weak recovery and sluggish growth, while international financial markets underwent more volatility. The Chinese economy entered a new normal which is shifting gears in respect of the speed of growth, structural adjustments, and a shift of old and new driving forces. Moreover, banks were in a new development landscape and were faced with many new situations. In the statement in the interim report this year, I responded to investor concerns over several key issues in these respects. As predicted at the time, despite the many difficulties and challenges, our annual operations continued to display a sound momentum characterized by improvement, progress, better quality and innovations amidst stability.

Where were the improvements? Profit increased steadily and more positive factors appeared. A number of complex factors impacted our profits in 2015, including the surfacing of potential risks during economic transformation and the narrowing of interest margin during the interest rate liberalization. Nevertheless, the Bank managed to maintain solid operating performance and steady profit increase by strengthening and consolidating risk control, accelerating operational transformation and business innovation, diversifying income sources, reducing costs and tapping on potential to improve efficiency. In 2015, we realized a net profit of RMB277,720 million, up 0.5%, a pre-provision profit of RMB450,228 million, up 7.6%. Return on weighted average equity stood at 17.10%, return on average total assets 1.30%, and earnings per share of RMB0.77, which were essentially on par with the previous year. Although profit growth slowed, total profit and return on assets remained in a leading position amongst comparable banking institutions worldwide, and there were three main highlights of the Bank in terms of profit structure. First, income from fee-based businesses increased faster than interest income. Net interest income was RMB507,867 million, up 2.9%, while fee and commission income was RMB143,391 million, up 8.2%, accounting for 21.44% of operating income, rising by 0.57 percentage points. Second, income from strategic and emerging businesses continuously increased. As a business that traditionally has an advantage, retail banking achieved rapid development based on continuous innovations in recent years and served as a profit stabilizer during periodic economic fluctuations. As a strategic area and the focus of innovative development, asset management business developed steadily with broad prospects and its contribution to operating income continued to increase. Third, profits of overseas institutions and comprehensive subsidiaries grew faster than the Group's average profit growth. As a result of China's further opening up and the Bank's improved overseas operating network and business systems, in particular the network for cross-border RMB clearing, net profits of overseas institutions (other than the newly acquired ICBC Standard Bank and ICBC (Turkey)) increased by 12.2%. Comprehensive subsidiaries engaged in funds, insurance and leasing also seized the opportunity and realized a rapid profit increase of 55.4% in terms of total net profits, making greater profit contributions to the Group. The changes in the profit structure demonstrated that the Bank's new driving force is being formed and enhanced, and indicated a stronger development momentum and a more promising growth.

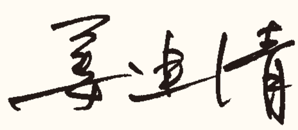
Where was the stability? Asset quality remained generally stable notwithstanding continuous pressure. The complex changes in the international and domestic economic and financial situation in recent years have presented new challenges and pressures to bank risk management, especially with regard to the stability of asset quality. By carefully appraising the situation and taking appropriate steps, the Bank comprehensively strengthened risk management, continuously improved credit risk prevention and control, optimized big data risk monitoring systems, intensified the identification, diagnosis, and prevention of potential risks, and established professional teams to enhance NPL disposal efficiency. Our NPL ratio stood at 1.5% at the year-end, and our credit asset quality maintained overall stability. At the same time, the Bank intensified prevention and control of market and liquidity risks and effectively fended off risks caused by stock market turmoil and foreign exchange market fluctuations. We also reinforced internal control and case prevention and control, carried out special reviews in high-risk areas and key links, and implemented special governance of new risks, thus effectively mitigated adverse effects presented by external risks.

Where was the progress? Key steps were taken to promote operating transformation and improvements were achieved in assets and liabilities business. In the new environment of faster interest rate liberalization and financial disintermediation, the Bank adjusted its asset-liability structure with new ideas, tools and mechanisms to further utilize the growing potential of traditional businesses. In financing business, the Bank insisted that its own business development should adapt to and promote transformation and upgrading of the economy as well as structural adjustments with improved reallocation, relending and a combination of incremental and existing loans to achieve comprehensive arrangements for the distribution of credit resources. The Bank also improved differentiated credit policies and made structural arrangements, so as to fundamentally adjust credit structure and improve credit quality. At the same time, the Bank stepped up its efforts to comprehensively apply credit and non-credit financing services in a coordinated manner and to accelerate the transformation of assets business. In 2015, we granted actual new loans totaling RMB2.76 trillion, including RMB880.8 billion of new RMB loans, up 9.1% compared with last year; which is equivalent to RMB1.88 trillion of relending of recovered loans. Non-credit financing including bond underwriting, asset transactions, financial leasing, syndicated distribution and entrusted loans amounted to RMB1.36 trillion, a year-on-year increase of RMB232 billion. As a result, the Bank promptly and effectively met demand for corporate financing and diversified financial services, and transitioned from an asset holding bank to a light asset-based bank with large asset flows. In terms of liability business, the Bank improved operating mechanisms to coordinate development of active and passive liabilities, with special emphasis on highlighting its strength in the realms of payment settlement, custody, depository services as well as IT services. We also seized opportunities to attract a large quantity of low-cost and steady capital, improving the structure of liabilities business and coordinating the volume and price of liabilities. RMB deposits and due to banks and other financial institutions at domestic branches increased by RMB1,277.8 billion, a year-on-year increase of RMB397.2 billion and 8.2%, each representing a three-year high. The interest payment rate on RMB deposits dropped by 13 base points from the previous year, equivalent to savings of RMB20.3 billion in costs.

Where was the innovation? The pace of establishing new forms of business and driving forces were accelerated. With the formation of new driving forces for economic growth and the development of new forms of financial business, banks have had to accelerate reforms and innovation to create new growth engines and driving force in preparation for sustained and robust development. The effects of the Bank's sustained efforts toward transformation and innovation in past years are now showing results, and a series of new profit growth poles and points are taking shape. In particular, businesses that have been developed gradually in the construction of multi-layer capital market and two-way financial opening up, such as new retail banking, financial markets, asset management and investment banking are becoming important profit pillars. The Bank achieved progress in the realm of internationalization last year. As five of our overseas institutions opened for business or obtained banking licenses, we became the Chinese-funded bank with the widest overseas coverage (with direct and indirect networks covering 61 countries and regions). We completed our acquisition of Standard Bank PLC's public equity and established a global trading platform. We were qualified as a RMB clearing bank in six countries, creating a RMB clearing network that covers time zones in Asia, Europe and America. Our comprehensive subsidiaries engaged in fund, insurance and other businesses became more organically integrated with the Group's overall development, and our cross-border and cross-market coordinated development landscape was deepened, thereby enhancing the Bank's value creation capabilities and market competitiveness across the entire business chain.

It is worth a special mention that the Bank is fostering new business forms and advantages at a faster pace in the internet-based finance field. Last year, we successively launched the e-ICBC brand and upgraded development strategy, while also establishing an internet-based financial architecture centered on "three platforms and one center" (the open online banking platform ICBC Mobile, the e-commerce platform ICBC Mall, the instant messaging platform ICBC Link, and an Internet Financing Center) which also integrated financial services, e-commerce and social life. Integrating and recasting the previous internet banking and mobile banking businesses, ICBC Mobile is a more open direct sales online banking platform optimally adapted to mobile finance trends. The platform now boasts 190 million customers and after opening up its comprehensive services are reaching out to even more people. With an annual transaction volume of over RMB800 billion, ICBC Mall is the second largest e-commerce platform in China. As a social financial service platform independently developed by the Bank, ICBC Link has essentially completed its strategic layout and will provide information communications and financial services for hundreds of millions of customers in 2016. We established the Internet Financing Center and Consumer Credit Finance Center, and kicked off credit business characterized by standardization and internet applications. The total scale of our online financing has exceeded RMB500 billion.

Our significant efforts in the past will be felt by history, and we bring great hope for the future. 2016 is the first year of China's 13th Five-Year Plan and is also a critical juncture in the implementation of the Bank's new three-year plan. Difficulties, challenges and the greater risks in operation and development cannot be underestimated, but we have the confidence, capabilities and means to maintain robust and steady development. Our confidence stems, in particular, from the fundamental trends in the Chinese economy toward long-term growth and the new progress in relation to reforms and development, from the solid foundation and strong resilience that the Bank has fostered through almost a decade of development, from the upgrading of traditional drivers and the accelerated formation of new ones, as well as from the accumulated preemptive advantages of new businesses such as internet-based finance. With the united efforts of all of our employees, the support from our shareholders and support from all walks of life, I believe ICBC will overcome every obstacle which it may encounter, pressing ahead steadily toward long-term goals while injecting positive energy and making new contributions to economic and social development.



Chairman: Jiang Jianqing

30 March 2016

President **Yi Huiman**

Spring is always full of promise. We now report our 2015 operating results in this season of hope. In 2015, faced with a complicated external environment while adhering to the targets and tasks set by the Board of Directors, the Management focused on the market, made structural adjustments, promoted reforms, and controlled risks which resulted in stable growth in operating efficiency, overall controllable risk, and further structural adjustments and the Bank has maintained sound operating performance overall. Our net profit for the year reached RMB277,720 million, up by 0.5% from the previous year. In spite of the growth slowdown from a static view, given the macro background of a new normal in economical and financial development, the Bank's operating results were in line with expectations and were hard-earned in a dynamic and dialectical perspective.

The operating results were achieved on top of a high base in light of mounting growth-related difficulties. The larger the total profit, the harder the growth will be. One percentage point growth in the Bank's current net profit is equivalent to 1.7 percentage points five years ago or 7.3 percentage points a decade ago. Net profit of 2015 exceeded the aggregate of the 8 years after 2000. In addition, from the perspective of other indicators, pre-provision profit grew by 7.6% compared with last year; cost-to-income ratio declined by 1.24 percentage points to 26.69%; and capital adequacy ratio rose by 0.69 percentage points to 15.22%, which was higher than the regulatory requirement. This progress demonstrated our robust profitability and sound growth potential while also creating favorable conditions for structural adjustment and transition.

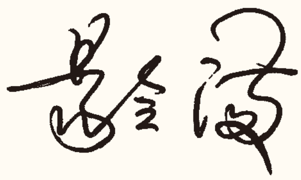
The operating results were attained in the context of virtuous interaction with the real economy. We persisted in improving our own operating performance through promoting the enhancement of quality and efficiency of the real economy, we focused on utilizing increments and revitalizing existing credit, and enhanced structural adjustments, striving to optimize business structure and foster new growth points in the course of economic transformation and upgrading. In 2015, we granted actual new loans of RMB2.76 trillion, including new RMB loans of RMB880.8 billion, up by 9.1% compared with last year; relending of recovered loans reached RMB1.88 trillion. In addition, non-credit financing business, including bond underwriting, equity financing and entrusted loans amounted to RMB1.36 trillion, functioning as a major funding source for supporting the real economy. In terms of arrangements for financing business, we actively strengthened support for key and critical projects with loans totaling RMB816.8 billion. As part of this, we seized upon the opportunities presented by the "three strategies", namely the "One Belt and One Road", the Beijing-Tianjin-Hebei coordinated development strategy, and the Yangtze River Economic Belt Strategy. During the year, we provided loans of USD42.7 billion to support 170 "Going Global" projects. We also integrated offline specialized operations with online standardized operations by utilizing internet-based thinking and big data technology, in a bid to flexibly serve "mass entrepreneurship and innovation" as well as consumption expansion and upgrading. Loans to small and micro enterprises saw a net increase of RMB161.7 billion or 9.4%, higher than the average growth rate of all loans. Personal consumption loans and residential mortgages grew by RMB436.5 billion, accounting for 55.4% of all loan increments.

We achieved these results while resisting the pressures of risk accumulation, maintaining stable asset quality and controlling various risks. In 2015, financial risks emerged in multiple fields and threatened to spread under the pressure of downward trends in the economy, declining corporate profits, and tumbling capital markets. The Bank prioritized credit risk control and prevention and adopted innovative measures to intensify dynamic risk monitoring and pre-warnings, thus effectively mitigating risk in existing credit and strictly controlling risks in credit increments. By the end of 2015, NPL ratio rose to 1.50%, an increase by 0.37 percentage points compared to the bank's own NPL ratio at the beginning of the year, but it is still within a controllable range. Compared with peers domestically and internationally, our NPL ratio is at a relatively superior level. At the same time, we further optimized full-coverage investment and financing risk management mechanisms across markets and products for various emerging financial risks in asset management and agency investments, substantially strengthened comprehensive management of underlying assets, and normalized stress tests. As a result, we effectively avoided risk contagions caused by stock market fluctuations and exchange market volatility. To repel recurring illegal fundraising, financial fraud, and other external risks, we engaged in thorough special reviews and targeted rectifications involving emerging risks, to fend off and effectively curb the rebounding of fraud cases and risk incidents.

We achieved these results while stepping up structural optimization and building new momentum. We adhered to innovation-driven growth, actively created conditions for accelerating business transformation, and improved the implementation of business strategies involving retail banking, asset management and investment banking with new ideologies thus creating multiple growth drivers and establishing new growth potential. In terms of retail banking, financial assets of personal customers reached RMB11.6 trillion. We issued 750 million bank cards, including 109 million credit cards, ranking first in Asia Pacific. The number of private banking customers recorded was 62 thousand, up by 44.8%, with assets under management exceeding RMB1 trillion for the first time. As to asset management, balance of wealth management products amounted to RMB2.62 trillion, up by 32.0%, leading industry peers in terms of scale; assets under custody stood at RMB11.5 trillion, up by nearly 100%, and maintaining a leading position amongst industry peers. Amount and volume of precious metal business registered was RMB1.25 trillion and 159 thousand tons, representing an increase of 21.4% and 38.1%, respectively. Total assets under management and the number of customers of ICBC Credit Suisse Asset Management surpassed RMB900 billion and 13 million, respectively. ICBC-AXA realized premium income of RMB23.54 billion, an increase of 52.8%, and its total assets exceeded RMB66 billion. With continuously optimized business structure and enhanced influence in the investment banking field, we were ranked by Thomson Reuters as the No. 1 M&A financial advisor in Asia Pacific by number of deals advised and globally by the number of overseas acquisitions made by Chinese enterprises. Internet-based finance is another of our strategic focuses. We have essentially established the framework for an internet-based finance platform in line with the newly issued development strategy for the e-ICBC internet-based finance brands and their upgrading. We also stepped up growth of all businesses with new strategies and new concepts, propelled the formation of online and offline integrated service patterns, and catalyzed the rapid growth of internet-based financing, online payment and other operations, achieved a smart transformation of offline outlets as well as significant improvements to customer service efficiency and quality.

In 2015, our stable growth amidst a complicated business environment was widely recognized by the market. We were awarded "Best Emerging Markets Bank" by UK's Euromoney, becoming the first Asian financial institution to win this global award. At the same time, for the third consecutive year, we were ranked the 1st place among the Top 1000 World Banks by UK's the Banker and the Global 2000 listed by the US magazine Forbes, and 1st place on the sub-list of commercial banks of the Fortune 500.

Seasons change and all things grow according to their own cycle. Banks are no different in their operations. In 2016 as the external economic situation remains complicated and volatile and various risks continue to accumulate, our management team will focus on development strategies and operation goals set by the Board of Directors and will strictly adhere to the key themes of transformation and upgrading. By adopting a strong work ethic and clear vision, we will do our utmost to stabilize quality and growth, prepare for and leverage our potential to achieve further growth in the future, and reward the support and trust of our shareholders and society with stronger operating results!



President: Yi Huiman

30 March 2016

Chairman of the Board of Supervisors **Qian Wenhui**

ECONOMIC, FINANCIAL AND REGULATORY ENVIRONMENTS

In 2015, global economic landscape became more complicated and volatile, with major economies further diverging in their growth trend and monetary policy. The US economic situation was relatively good, the economy of the Eurozone was back on its recovery track yet still faced with some constraints. The Japanese economy experienced great ups and downs and was subject to downward pressure in respect of the consumer price index; and emerging economies grew slower overall. The fluctuations of international financial market and commodity prices intensified and the currencies of most economies weakened against the US dollar. There were bigger swings in the global stock markets and there was widespread decline in the stock markets of emerging economies. The liquidity of US dollar was significantly tightened, and that of Hong Kong dollar was of slight shortage.

In 2015, Chinese economy maintained overall stability and made progress while ensuring stability. China's gross domestic product (GDP) grew by 6.9%. China's consumer price index (CPI), retail sales of consumer goods, fixed asset investment, industrial added value of above-scale enterprises rose by 1.4%, 10.6%, 12.0% and 6.1% respectively, while total imports and exports dropped by 7.0%.

PBC continued to follow a prudent monetary policy and firmly advanced market-oriented financial reform, striving to ensure smooth monetary policy transmission and improve allocation efficiency of financial resources. It comprehensively used tools such as open market operations, mid-term lending facility and general reduction of the deposit reserve ratio of all financial institutions to rationally adjust the liquidity of the banking system. PBC also lowered the benchmark rate of RMB deposits and loans and open market reverse repurchase rate, in a bid to guide the market interest rate downwards within an appropriate range and promote the basic stability of effective interest rate. PBC cut deposit reserve ratio of targeted financial institutions and extended the pilot programs of pledge with credit assets and internal ratings within the central bank. It brought the counter-cyclical regulating and structural guiding role of the differentiated reserve fund dynamic adjustment mechanism into play, increased the relending and rediscount quotas for many times, expanded the scope of pledged supplementary lending disbursement and guided financial institutions to channel more credit resources to micro and small-sized enterprises, "Sannong" (agriculture, farmers and rural areas), shantytown renovation and other key or weak links of national economy. Meanwhile, PBC firmly advanced market-oriented financial reform and further improved the monetary policy regulation framework. It removed the cap on deposit rate, improved the central parity quotation mechanism for RMB-USD exchange and implemented the deposit insurance system step by step. Besides, it changed the assessment on required reserves from a time point-based method to an average method, and the Chinese currency RMB was successfully included in the basket of currencies which make up the IMF's Special Drawing Right (SDR). CBRC developed an inclusive finance development plan which improved its overall policy framework, strengthened the policy support for ameliorating financial services to weak areas, unveiled the guidelines on the reform and development of private banking, financial guarantee and financial leasing sectors and changed the "loan-to-deposit ratio" from a regulatory indicator to a monitoring indicator.

Money supply maintained stable growth in 2015. At the end of December, the M2 balance was RMB139.23 trillion, representing an increase of 13.3%. The outstanding RMB loans reached RMB93.95 trillion, representing an increase of 14.3%. The balance of RMB deposits registered RMB135.70 trillion, up 12.4%. The social financing scale was RMB15.41 trillion. The Shanghai Composite Index and the Shenzhen Component Index rose by 9.4% and 15.0% respectively. The capitalization of the free float stocks on the Shanghai and Shenzhen stock markets increased by 31.7%. The accumulative issuance amount of bonds in the bond market reached RMB22.9 trillion, up 108.3%. The central parity of RMB against the US dollar was RMB6.4936, representing a depreciation of 5.77% from the end of the previous year. The government bond yields decreased on the whole in the interbank market.

Asset scale of the banking industry grew steadily. At the end of 2015, the total assets of banking financial institutions (corporate) were RMB199.35 trillion, representing an increase of 15.67%. The balance of NPLs of commercial banks reached RMB1,274.4 billion; NPL ratio was 1.67%; allowance to NPL was 181.18%; core tier 1 capital adequacy ratio (CAR), tier 1 CAR and CAR were 10.91%, 11.31% and 13.45% respectively.

In 2016, global economy is expected to maintain mild growth, but numerous challenges lie in the way of recovery. Developed economies are expected to embrace stabilized growth while emerging economies may face greater uncertainty. Chinese economy will step further into the new normal, with economic structural adjustment and economic development approach transformation at the core. Chinese government will adhere to the general principle of making steady progress. In parallel with expanding total demand appropriately, it will promote the supply-side structural reform alongside cutting overcapacity, destocking, deleveraging, reducing costs and identifying growth areas, aimed at improving the quality and efficiency of the supply system. Besides, China will implement the macro-control policy that ensures steady government macro policies, accurate industrial policies, flexible micro policies, practical reform policies and social policies meeting people's basic needs.

FINANCIAL STATEMENTS ANALYSIS

Income Statement Analysis

In 2015, the Bank explored business growth potentials, actively pressed ahead with reform and innovation, made greater effort to increase income and reduce expenditure, implemented strict risk prevention and control, with a focus on serving the real economy and meeting the financial requirements of consumers. The profit was generally stable in spite of adversities such as rising risk cost and narrower interest spread. The Bank realized a net profit of RMB277,720 million in 2015, representing an increase of RMB1,434 million or 0.5% as compared to the previous year. Return on average total assets stood at 1.30%, and return on weighted average equities was 17.10%. Operating income amounted to RMB668,733 million, recording an increase of 5.3%. Specifically, net interest income was RMB507,867 million, growing by 2.9%. Non-interest income reached RMB160,866 million, rising by 13.8%. Operating expenses amounted to RMB220,835 million, recording an increase of 1.0%, and cost-to-income ratio dropped by 1.24 percentage points to 26.69%. Allowance for impairment losses was RMB86,993 million, indicating an increase of 53.3%. Income tax expense grew by 0.2% to RMB85,515 million.

CHANGES OF KEY INCOME STATEMENT ITEMS

In RMB millions, except for percentages

Item	2015	2014	Increase/ (decrease)	Growth rate (%)
Net interest income	507,867	493,522	14,345	2.9
Non-interest income	160,866	141,336	19,530	13.8
Operating income	668,733	634,858	33,875	5.3
Less: Operating expenses	220,835	218,674	2,161	1.0
Less: Impairment losses	86,993	56,729	30,264	53.3
Operating profit	360,905	359,455	1,450	0.4
Share of profits of associates and joint ventures	2,330	2,157	173	8.0
Profit before taxation	363,235	361,612	1,623	0.4
Less: Income tax expense	85,515	85,326	189	0.2
Profit for the year	277,720	276,286	1,434	0.5
Attributable to: Equity holders of the parent company	277,131	275,811	1,320	0.5
Non-controlling interests	589	475	114	24.0

Net Interest Income

Confronted with the accelerated interest rate liberalization reform and the increasingly fierce market competition, the Bank constantly strengthened asset and liability management, proactively adjusted its credit structure and optimized its investment portfolio structure. Meanwhile, the Bank reinforced liquidity management and interest rate pricing management, strived to control liability cost and achieved stable growth in net interest income. In 2015, net interest income was RMB507,867 million, RMB14,345 million or 2.9% higher than that of last year, accounting for 75.9% of the Bank's operating income. Interest income increased by RMB21.9 billion or 2.6% to RMB871,779 million, and interest expenses increased by RMB7,555 million or 2.1% to RMB363,912 million. Due to the five interest rate cuts and the removal of deposit interest caps by PBC in 2015, net interest spread and interest margin came at 2.30% and 2.47%, 16 basis points and 19 basis points lower than those of the previous year, respectively.

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

In RMB millions, except for percentages

Item	2015			2014		
	Average balance	Interest income/ expense	Average yield/cost (%)	Average balance	Interest income/ expense	Average yield/cost (%)
Assets						
Loans and advances to customers	11,607,327	616,541	5.31	10,599,094	615,488	5.81
Investment	4,333,202	170,833	3.94	4,047,961	159,262	3.93
Investment in bonds not related to restructuring	4,136,085	166,399	4.02	3,817,143	154,070	4.04
Investment in bonds related to restructuring(2)	197,117	4,434	2.25	230,818	5,192	2.25
Due from central banks(3)	3,161,562	47,867	1.51	3,087,982	48,384	1.57
Due from banks and other financial institutions(4)	1,448,398	36,538	2.52	826,615	26,745	3.24
Total interest-generating assets	**20,550,489**	**871,779**	**4.24**	**18,561,652**	**849,879**	**4.58**
Non-interest-generating assets	1,515,899			1,371,253		
Allowance for impairment losses	(273,612)			(253,327)		
Total assets	**21,792,776**			**19,679,578**		
Liabilities						
Deposits	15,579,271	298,010	1.91	14,627,258	298,941	2.04
Due to banks and other financial institutions(4)	2,744,339	49,801	1.81	1,819,544	42,801	2.35
Debt securities issued	435,460	16,101	3.70	397,785	14,615	3.67
Total interest-bearing liabilities	**18,759,070**	**363,912**	**1.94**	**16,844,587**	**356,357**	**2.12**
Non-interest-bearing liabilities	1,383,096			1,389,264		
Total liabilities	**20,142,166**			**18,233,851**		
Net interest income		**507,867**			**493,522**	
Net interest spread			**2.30**			**2.46**
Net interest margin			**2.47**			**2.66**

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 year and that at the end of the year.

(2) Investment in bonds related to restructuring includes Huarong bonds and special government bonds. Please see "Note 27. (a) to the Financial Statements: Receivables" for details.

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

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

ANALYSIS OF CHANGES IN INTEREST INCOME AND EXPENSE

In RMB millions

Item	Comparison between 2015 and 2014		
	Increase/(decrease) due to		Net increase/ (decrease)
	Volume	Interest rate	
Assets			
Loans and advances to customers	54,048	(52,995)	1,053
Investment	12,334	(763)	11,571
Investment in bonds not related to restructuring	13,092	(763)	12,329
Investment in bonds related to restructuring	(758)	–	(758)
Due from central banks	1,336	(1,853)	(517)
Due from banks and other financial institutions	15,745	(5,952)	9,793
Changes in interest income	**83,463**	**(61,563)**	**21,900**
Liabilities			
Deposits	18,084	(19,015)	(931)
Due to banks and other financial institutions	16,826	(9,826)	7,000
Debt securities issued	1,367	119	1,486
Changes in interest expenses	**36,277**	**(28,722)**	**7,555**
Impact on net interest income	**47,186**	**(32,841)**	**14,345**

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

Interest Income

◆ *Interest Income on Loans and Advances to Customers*

Interest income on loans and advances to customers was RMB616,541 million, RMB1,053 million or 0.2% higher than that of the previous year. PBC cut benchmark interest rates on RMB loans five times in 2015 and the average yield of loans and advances to customers decreased by 50 basis points.

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

In RMB millions, except for percentages

Item	2015			2014		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Short-term loans	3,944,455	176,248	4.47	3,684,391	185,177	5.03
Medium to long-term loans	7,662,872	440,293	5.75	6,914,703	430,311	6.22
Total loans and advances to customers	**11,607,327**	**616,541**	**5.31**	**10,599,094**	**615,488**	**5.81**

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

In RMB millions, except for percentages

Item	2015			2014		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Corporate loans	7,060,495	394,299	5.58	6,750,524	413,751	6.13
Discounted bills	432,191	19,593	4.53	221,383	12,746	5.76
Personal loans	3,228,124	171,894	5.32	2,873,029	162,346	5.65
Overseas business	886,517	30,755	3.47	754,158	26,645	3.53
Total loans and advances to customers	**11,607,327**	**616,541**	**5.31**	**10,599,094**	**615,488**	**5.81**

◆ *Interest Income on Investment*

Interest income on investment was RMB170,833 million, RMB11,571 million or 7.3% higher than that of the previous year. Specifically, interest income on investment in bonds not related to restructuring was RMB166,399 million, representing an increase of RMB12,329 million or 8.0%, mainly because the Bank increased bond investment during the reporting period, resulting in a rise of RMB318,942 million in the average balance of investment in bonds not related to restructuring. In 2015, the bond market showed an overall descending yield curve. However, thanks to the optimization of portfolio structure, the average yield of investment in bonds not related to restructuring edged down 2 basis points only.

Interest income on financial investment related to restructuring arrived at RMB4,434 million, down RMB758 million or 14.6% from the previous year, mainly because advance repayment of part of the Huarong bonds in December 2014 resulted in a decrease in the average balance during the reporting period.

◆ *Interest Income on Due from Central Banks*

Interest income on due from central banks was RMB47,867 million, RMB517 million or 1.1% lower than that of the previous year. As PBC cut deposit reserve ratio many times in 2015, surplus reserves with central banks with a low yield increased in the total deposit reserves.

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

Interest income on due from banks and other financial institutions was RMB36,538 million, RMB9,793 million or 36.6% higher than that of last year, mainly because the Bank moderately increased the lending scale, resulting in an increase of RMB621,783 million in the average balance.

Interest Expense

◆ *Interest Expense on Deposits*

Interest expense on deposits amounted to RMB298,010 million, RMB931 million or 0.3% lower than that of last year, and accounted for 81.9% of total interest expense. The decrease was principally due to PBC lowering the RMB benchmark deposit interest rates five times in 2015, resulting in a decrease of 13 basis points in the average cost.

ANALYSIS OF AVERAGE DEPOSIT COST BY PRODUCTS

In RMB millions, except for percentages

	2015			2014		
Item	Average balance	Interest expense	Average cost (%)	Average balance	Interest expense	Average cost (%)
Corporate deposits						
Time deposits	3,655,043	115,366	3.16	3,398,080	116,431	3.43
Demand deposits(1)	4,114,568	30,170	0.73	3,853,902	30,297	0.79
Subtotal	**7,769,611**	**145,536**	**1.87**	**7,251,982**	**146,728**	**2.02**
Personal deposits						
Time deposits	4,074,196	132,964	3.26	3,911,781	132,379	3.38
Demand deposits	3,131,445	10,439	0.33	2,951,896	10,326	0.35
Subtotal	**7,205,641**	**143,403**	**1.99**	**6,863,677**	**142,705**	**2.08**
Overseas business	**604,019**	**9,071**	**1.50**	**511,599**	**9,508**	**1.86**
Total deposits	**15,579,271**	**298,010**	**1.91**	**14,627,258**	**298,941**	**2.04**

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 RMB49,801 million, RMB7,000 million or 16.4% higher than the previous year, principally attributable to an increase of RMB924,795 million in the average balance driven by the fast growth of third-party custody service.

◆ *Interest Expense on Debt Securities Issued*

Interest expense on debt securities issued was RMB16,101 million, RMB1,486 million or 10.2% higher than that of last year, mainly attributable to the increase in the issuance of corporate bonds and bills by overseas institutions. Please refer to "Note 38. to the Financial Statements: Debt Securities Issued".

Non-interest Income

The Bank actively optimized income structure. In 2015, the Bank realized non-interest income of RMB160,866 million, RMB19,530 million or 13.8% higher than that of the previous year. The non-interest income took up 24.1% of the operating income, up 1.8 percentage points. Specifically, net fee and commission income grew by 8.2% to RMB143,391 million, and other non-interest income increased by 97.7% to RMB17,475 million.

NET FEE AND COMMISSION INCOME

In RMB millions, except for percentages

Item	2015	2014	Increase/ (decrease)	Growth rate (%)
Bank card business	37,684	35,133	2,551	7.3
Personal wealth management and private banking services	35,910	20,676	15,234	73.7
Settlement, clearing business and cash management	27,986	30,422	(2,436)	(8.0)
Investment banking business	26,791	30,474	(3,683)	(12.1)
Corporate wealth management services	18,305	14,929	3,376	22.6
Asset custody business	5,544	5,923	(379)	(6.4)
Guarantee and commitment business	4,687	4,614	73	1.6
Trust and agency services	1,979	2,019	(40)	(2.0)
Others	2,784	2,488	296	11.9
Fee and commission income	**161,670**	**146,678**	**14,992**	**10.2**
Less: Fee and commission expense	**18,279**	**14,181**	**4,098**	**28.9**
Net fee and commission income	**143,391**	**132,497**	**10,894**	**8.2**

Centered on customer requirements, the Bank promoted innovation in products, services and channels, propelled transformation and development of fee-based businesses, promoted the application of technological progress of financial services to benefit a wider group of customers and also improved the financial service level. In 2015, the Bank realized fee and commission income of RMB161,670 million, RMB14,992 million or 10.2% higher than that of the previous year.

Income from bank card business increased by RMB2,551 million or 7.3% to RMB37,684 million, mainly due to the increase in income from relevant business driven by the increase in the number of bank cards issued and consumption volume.

Income from personal wealth management and private banking services amounted to RMB35,910 million, increasing by RMB15,234 million or 73.7%, of which, income from private banking business added by RMB7,114 million or 201.6% to RMB10,642 million, while income from personal wealth management, personal fund agency business and personal insurance agency services also grew rapidly.

Income from corporate wealth management services rose by RMB3,376 million or 22.6% to RMB18,305 million, mainly benefitting from the fact that larger sales volume of corporate wealth management products fueled sales commissions and investment management fees increased.

Income from investment banking, settlement, clearing business, cash management and asset custody services was lowered because of a series of factors, including external economic environment, execution of the new version of service price list, as well as voluntary lowering or exemption of certain business fees in order to reduce fees and share profits to the real economy and consumers.

Fee and commission expense increased by RMB4,098 million or 28.9% to RMB18,279 million mainly as a result of the rise in bank card business related fees and business communication expense of ICBC Messenger.

OTHER NON-INTEREST RELATED GAIN

In RMB millions, except for percentages

Item	2015	2014	Increase/ (decrease)	Growth rate (%)
Net trading income	4,227	1,745	2,482	142.2
Net loss on financial assets and liabilities designated at fair value through profit or loss	(5,953)	(10,024)	4,071	(40.6)
Net gain on financial investments	4,920	1,803	3,117	172.9
Other operating income, net	14,281	15,315	(1,034)	(6.8)
Total	**17,475**	**8,839**	**8,636**	**97.7**

Other non-interest related gain was RMB17,475 million, RMB8,636 million or 97.7% higher than that of the previous year. Specifically, net trading income increased by RMB2,482 million, mainly driven by more earnings from investment in held-for-trading interbank CDs. Net loss on financial assets and liabilities designated at fair value through profit or loss declined by RMB4,071 million mainly because of a decrease in expenses from structural deposits and principal-guaranteed wealth management products paid to customers. Besides, a higher return from investment in available-for-sale financial instruments raised the net gain on financial investments by RMB3,117 million.

OPERATING EXPENSES

OPERATING EXPENSES

In RMB millions, except for percentages

Item	2015	2014	Increase/ (decrease)	Growth rate (%)
Staff costs	114,173	112,022	2,151	1.9
Premises and equipment expenses	28,114	28,898	(784)	(2.7)
Business tax and surcharges	42,320	41,351	969	2.3
Amortisation	2,295	2,211	84	3.8
Others	33,933	34,192	(259)	(0.8)
Total	**220,835**	**218,674**	**2,161**	**1.0**

The Bank duly exercised strict cost management and continued to boost its operating efficiency. Operating expenses recorded at RMB220,835 million, RMB2,161 million or 1.0% higher than that in 2014. Cost-to-income ratio declined by 1.24 percentage points to 26.69%.

Impairment Losses

The Bank continued to strengthen credit risk prevention and control and maintained its capability in risk offsetting. It set aside allowance for impairment losses of RMB86,993 million, an increase of RMB30,264 million or 53.3% as compared to the previous year. Specifically, allowance for impairment losses on loans was RMB86,022 million, indicating a rise of RMB29,755 million or 52.9%. Please refer to "Note 26. to the Financial Statements: Loans and Advances to Customers" and "Note 15. to the Financial Statements: Impairment Losses on Assets Other than Loans and Advances to Customers" for details.

Income Tax Expense

Income tax expense was RMB85,515 million, RMB189 million or 0.2% higher than that of the previous year. The effective tax rate stood at 23.54%. Please see "Note 16. to the Financial Statements: Income Tax Expense" for the reconciliation of income tax expense applicable to profit before tax at the PRC statutory income tax rate and the effective income tax rate.

Segment Information

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

SUMMARY OPERATING SEGMENT INFORMATION

In RMB millions, except for percentages

	2015		2014	
Item	Amount	Percentage (%)	Amount	Percentage (%)
Corporate banking	325,914	48.7	308,651	48.6
Personal banking	244,969	36.6	237,070	37.4
Treasury operations	92,612	13.8	84,476	13.3
Others	5,238	0.9	4,661	0.7
Total operating income	**668,733**	**100.0**	**634,858**	**100.0**

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

SUMMARY GEOGRAPHICAL SEGMENT INFORMATION

In RMB millions, except for percentages

	2015		2014	
Item	Amount	Percentage (%)	Amount	Percentage (%)
Head Office	76,854	11.5	70,920	11.1
Yangtze River Delta	117,661	17.6	114,886	18.1
Pearl River Delta	81,307	12.2	79,061	12.5
Bohai Rim	131,004	19.6	114,660	18.1
Central China	84,447	12.6	83,771	13.2
Western China	104,258	15.6	102,591	16.2
Northeastern China	30,897	4.6	32,715	5.2
Overseas and others	42,305	6.3	36,254	5.6
Total operating income	**668,733**	**100.0**	**634,858**	**100.0**

Note: Please see "Note 54. to the Financial Statements: Segment Information" for the Bank's classification of geographic regions.

Balance Sheet Analysis

In 2015, the Bank timely adjusted its business strategy based on changes in external macroeconomic environment, improved the asset and liability structure, maintained coordinated development of deposit and loan business, strengthened liquidity management and interest rate pricing management and strived to enhance the efficiency of resource allocation for assets and liabilities. Taking development needs of the real economy into account, the Bank optimized the credit structure and balanced the loan growth in a steady manner. Closely monitoring the trends of the domestic and international financial markets, the Bank appropriately expanded its investment scale and optimized the structure of investment portfolios. It followed the fund position and the trend of price changes to expand lending on the premise of risk control. Furthermore, the Bank actively adopted measures to promote steady growth in due to customers, and managed to expand the low-cost liability business, thereby ensuring a stable and sustainable growth of funding sources.

ASSETS DEPLOYMENT

As at the end of 2015, total assets of the Bank amounted to RMB22,209,780 million, RMB1,599,827 million or 7.8% higher than that at the end of the previous year. Specifically, total loans and advances to customers (collectively referred to as "total loans") increased by RMB907,135 million or 8.2%, investment increased by RMB576,726 million or 13.0%, and cash and balances with central banks decreased by RMB463,989 million or 13.2%. In terms of structure, net loans and advances to customers accounted for 52.5% of total assets; investment accounted for 22.5%; and cash and balances with central banks accounted for 13.8%.

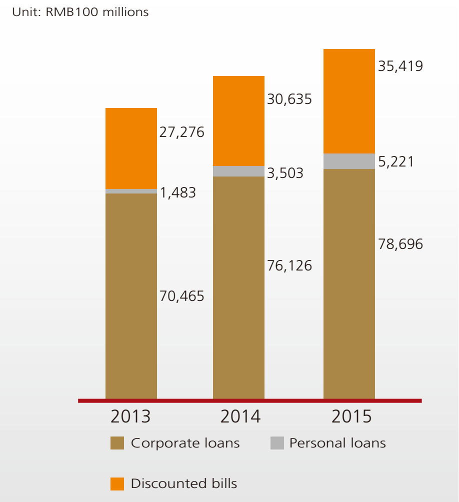
ASSETS DEPLOYMENT

In RMB millions, except for percentages

Item	At 31 December 2015		At 31 December 2014	
	Amount	Percentage (%)	Amount	Percentage (%)
Total loans and advances to customers	11,933,466	–	11,026,331	–
Less: Allowance for impairment losses on loans	280,654	–	257,581	–
Loans and advances to customers, net	11,652,812	52.5	10,768,750	52.2
Investment	5,009,963	22.5	4,433,237	21.5
Cash and balances with central banks	3,059,633	13.8	3,523,622	17.1
Due from banks and other financial institutions	683,793	3.1	782,776	3.8
Reverse repurchase agreements	996,333	4.5	468,462	2.3
Others	807,246	3.6	633,106	3.1
Total assets	**22,209,780**	**100.0**	**20,609,953**	**100.0**

Loan

Composition of Loan



In 2015, the Bank attached importance to coordinating the use of incremental credit and existing credit, credit and non-credit financing services, to lend overriding support to the improvement of the quality and efficiency of the real economy, echoing the changes in macroeconomic environment and financial regulatory requirements. The Bank continued to bolster the government's construction of key programs and significant construction projects, and actively aligned with the national development strategies on the "four regions" (western regions, northeastern regions, eastern regions and central regions) and the "three supporting belts" (the "One Belt and One Road" initiative, the coordinated development of the Beijing-Tianjin-Hebei region and the development of the Yangtze River Economic Zone). In addition, it actively sought for innovation in the SME financial service model bundling offline specialized operation and online standardized operation, made greater effort to support the "Going Global" drive of Chinese-funded enterprises and took initiatives to back up the citizens' reasonable credit requirement and consumption upgrading. The Bank also took a two-pronged approach of adjusting credit structure and preventing and controlling risks. The loan growth was steady and balanced, while the structure of loan orientations was reasonable. As at the end of 2015, total loans amounted to RMB11,933,466 million, RMB907,135 million or 8.2% higher compared with the end of the previous year, of which, RMB-denominated loans of domestic branches were RMB10,598,036 million, RMB880,812 million or 9.1% higher than that at the end of 2014.

DISTRIBUTION OF LOANS BY BUSINESS LINE

In RMB millions, except for percentages

Item	At 31 December 2015 Amount	At 31 December 2015 Percentage (%)	At 31 December 2014 Amount	At 31 December 2014 Percentage (%)
Corporate loans	7,869,552	65.9	7,612,592	69.0
Discounted bills	522,052	4.4	350,274	3.2
Personal loans	3,541,862	29.7	3,063,465	27.8
Total	**11,933,466**	**100.0**	**11,026,331**	**100.0**

DISTRIBUTION OF CORPORATE LOANS BY MATURITY

In RMB millions, except for percentages

Item	At 31 December 2015 Amount	At 31 December 2015 Percentage (%)	At 31 December 2014 Amount	At 31 December 2014 Percentage (%)
Short-term corporate loans	2,885,948	36.7	2,982,425	39.2
Medium to long-term corporate loans	4,983,604	63.3	4,630,167	60.8
Total	**7,869,552**	**100.0**	**7,612,592**	**100.0**

DISTRIBUTION OF CORPORATE LOANS BY PRODUCT LINE

In RMB millions, except for percentages

Item	At 31 December 2015 Amount	At 31 December 2015 Percentage (%)	At 31 December 2014 Amount	At 31 December 2014 Percentage (%)
Working capital loans	3,454,731	43.9	3,411,064	44.8
Including: Trade finance	670,325	8.5	982,384	12.9
Project loans	3,936,017	50.0	3,711,715	48.8
Property loans	478,804	6.1	489,813	6.4
Total	**7,869,552**	**100.0**	**7,612,592**	**100.0**

Corporate loans rose by RMB256,960 million or 3.4% from the end of last year. In terms of maturity structure, short-term corporate loans reported at RMB2,885,948 million, representing 36.7% of all the corporate loans, while the figures for medium to long-term corporate loans were RMB4,983,604 million and 63.3%. In terms of product type, working capital loans were RMB43,667 million or 1.3% higher, with general working capital loans exclusive of trade finance increasing by RMB355,726 million or 14.6%, mainly because the Bank actively optimized the credit orientations and stepped up its support to superior enterprises for their working capital loan needs; project loans increased by RMB224,302 million or 6.0%, mainly due to the continuous support to national key programs and significant projects; and property loans declined by RMB11,009 million or 2.2%.

Discounted bills rose by RMB171,778 million or 49.0% compared with the end of last year, principally because the Bank moderately increased its supply of discounted bills to satisfy management needs of asset-liability portfolios.

DISTRIBUTION OF PERSONAL LOANS BY PRODUCT LINE

In RMB millions, except for percentages

Item	At 31 December 2015 Amount	At 31 December 2015 Percentage (%)	At 31 December 2014 Amount	At 31 December 2014 Percentage (%)
Residential mortgages	2,516,197	71.1	2,070,366	67.6
Personal consumption loans	311,075	8.8	309,889	10.1
Personal business loans	295,091	8.3	316,965	10.3
Credit card overdrafts	419,499	11.8	366,245	12.0
Total	**3,541,862**	**100.0**	**3,063,465**	**100.0**

Personal loans rose by RMB478,397 million or 15.6%, of which, residential mortgages grew by RMB445,831 million or 21.5%, mainly because the Bank actively supported the citizens' rational borrowing requirement for owner-occupied houses in line with the adjustment of governmental property policy. Personal business loans declined by RMB21,874 million or 6.9%, mainly dragged down by the decreasing demand of some small and micro business owners for effective financing as affected by the heavier pressure of macro-economic downturn. Credit card overdrafts grew by RMB53,254 million or 14.5%, primarily attributable to the continuously healthy development of credit card installment business as well as a stable growth in the number of credit cards issued and their consumption volume.

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

Investment

In 2015, the Bank flexibly adjusted its investment schedule and focus, optimized the investment portfolio structure in strict adherence to the trends in financial markets, suitably scaled up investment and endeavored to improve the return on investment portfolios on the basis of guaranteeing liquidity and risk under control. As at the end of 2015, investment amounted to RMB5,009,963 million, RMB576,726 million or 13.0% higher compared with the end of the previous year.

INVESTMENT

In RMB millions, except for percentages

Item	At 31 December 2015 Amount	At 31 December 2015 Percentage (%)	At 31 December 2014 Amount	At 31 December 2014 Percentage (%)
Debt instruments	**4,775,767**	**95.3**	**4,268,560**	**96.3**
Investment in bonds not related to restructuring	4,548,687	90.8	3,996,664	90.2
Investment in bonds related to restructuring	193,187	3.9	197,128	4.4
Other debt instruments	33,893	0.6	74,768	1.7
Equity instruments and others	**234,196**	**4.7**	**164,677**	**3.7**
Total	**5,009,963**	**100.0**	**4,433,237**	**100.0**

Investment in bonds not related to restructuring amounted to RMB4,548,687 million, RMB552,023 million or 13.8% higher than that at the end of last year. Investment in bonds related to restructuring was RMB193,187 million, reducing by RMB3,941 million, mainly due to advance repayment of part of the Huarong bonds in December 2015. For details on the investment in bonds related to restructuring, please refer to "Note 27.(a) to the Financial Statements: Receivables".

DISTRIBUTION OF INVESTMENT IN BONDS NOT RELATED TO RESTRUCTURING BY ISSUERS

In RMB millions, except for percentages

	At 31 December 2015		At 31 December 2014	
Item	Amount	Percentage (%)	Amount	Percentage (%)
Government bonds	1,468,674	32.3	1,026,985	25.7
Central bank bills	325,245	7.2	346,154	8.7
Policy bank bonds	1,513,092	33.3	1,687,791	42.2
Other bonds	1,241,676	27.2	935,734	23.4
Total	**4,548,687**	**100.0**	**3,996,664**	**100.0**

In terms of distribution by issuers, government bonds increased by RMB441,689 million or 43.0%; central bank bills decreased by RMB20,909 million or 6.0%; policy bank bonds went down RMB174,699 million or 10.4%; and other bonds rose by RMB305,942 million or 32.7%. Due to the changes in supply structure on the bond market, the Bank rationally stepped up the investment in local government bonds, interbank CDs and ultra-short-term financing bonds during the reporting period.

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

In RMB millions, except for percentages

	At 31 December 2015		At 31 December 2014	
Remaining maturity	Amount	Percentage (%)	Amount	Percentage (%)
Undated[(1)]	141	0.0	126	0.0
Less than 3 months	330,174	7.3	188,807	4.7
3 to 12 months	873,122	19.2	454,692	11.4
1 to 5 years	2,243,337	49.3	2,370,831	59.3
Over 5 years	1,101,913	24.2	982,208	24.6
Total	**4,548,687**	**100.0**	**3,996,664**	**100.0**

Note: (1) Refers to impaired bonds.

In terms of remaining maturity structure, bonds not related to restructuring within 1-year maturity increased by RMB559,797 million from the end of the previous year and their percentage increased by 10.4 percentage points; and bonds not related to restructuring within 1 to 5-year maturity decreased by RMB127,494 million or 10.0 percentage points, mainly because the Bank moderately increased the investment in interbank CDs and ultra-short-term commercial paper within 1-year maturity and enhanced the liquidity of bonds in line with the market situation.

DISTRIBUTION OF INVESTMENT IN BONDS NOT RELATED TO RESTRUCTURING BY CURRENCY

In RMB millions, except for percentages

	At 31 December 2015		At 31 December 2014	
Item	Amount	Percentage (%)	Amount	Percentage (%)
RMB-denominated bonds	4,290,104	94.3	3,847,713	96.3
USD-denominated bonds	176,607	3.9	98,593	2.5
Other foreign currency bonds	81,976	1.8	50,358	1.2
Total	**4,548,687**	**100.0**	**3,996,664**	**100.0**

In terms of currency structure, RMB-denominated bonds rose by RMB442,391 million or 11.5%; USD-denominated bonds increased by an equivalent of RMB78,014 million or 79.1%, and other foreign currency bonds grew by an equivalent of RMB31,618 million or 62.8%. The Bank invested more in foreign currency bonds with relatively higher yield and successfully raised the earnings of investment portfolio during the reporting period.

DISTRIBUTION OF INVESTMENT BY HOLDING PURPOSE

In RMB millions, except for percentages

Item	At 31 December 2015		At 31 December 2014	
	Amount	Percentage (%)	Amount	Percentage (%)
Financial assets at fair value through profit or loss(1)	343,272	6.9	346,828	7.8
Available-for-sale financial assets(2)	1,444,195	28.8	1,188,288	26.8
Held-to-maturity investments(2)	2,870,353	57.3	2,566,390	57.9
Receivables(2)	352,143	7.0	331,731	7.5
Total	**5,009,963**	**100.0**	**4,433,237**	**100.0**

Notes: (1) Include financial assets held for trading and financial assets designated at fair value through profit or loss.

(2) Please refer to "Note 27. to the Financial Statements: Financial Investment".

As at the end of 2015, the Group held RMB2,073,128 million of financial bonds[1], including RMB1,513,092 million of policy bank bonds and RMB560,036 million of bonds issued by banks and non-bank financial institutions, accounting for 73.0% and 27.0% of financial bonds, respectively.

TOP 10 FINANCIAL BONDS HELD BY THE BANK

In RMB millions, except for percentages

Debt securities	Nominal value	Annual interest rate	Maturity date	Impairment loss
Policy bank bonds 2007	17,900	5.07%	29 November 2017	–
Policy bank bonds 2008	16,480	4.95%	11 March 2018	–
Policy bank bonds 2011	13,990	4.49%	25 August 2018	–
Policy bank bonds 2011	11,395	4.25%	24 March 2018	–
Policy bank bonds 2012	11,300	4.04%	25 June 2022	–
Policy bank bonds 2010	11,050	3.51%	27 July 2020	–
Policy bank bonds 2011	10,740	4.68%	26 September 2016	–
Policy bank bonds 2011	10,505	4.62%	22 February 2021	–
Policy bank bonds 2012	10,490	3.94%	21 August 2019	–
Policy bank bonds 2010	10,450	Benchmark interest rate + 0.59%	25 February 2020	–

Note: Benchmark interest rate refers to the interest rate on lump-sum deposit with 1-year maturity that is published by PBC on the first day of bond issuance and the value day of other years.

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

Cash and Balances with Central Banks

Cash and balances with central banks declined by RMB463,989 million or 13.2% compared with the end of last year to RMB3,059,633 million, mainly because PBC cut deposit reserve ratio for deposits of financial institutions.

Reverse Repurchase Agreements

Reverse repurchase agreements rose by RMB527,871 million or 112.7% compared with the end of last year to RMB996,333 million, mainly because the Bank had relatively adequate RMB funds and rationally granted more lending on the premise of risk control in order to enhance the fund operating efficiency during the reporting period.

Liabilities

As at the end of 2015, total liabilities of the Bank amounted to RMB20,409,261 million, RMB1,336,612 million or 7.0% higher than that at the end of the previous year.

LIABILITIES

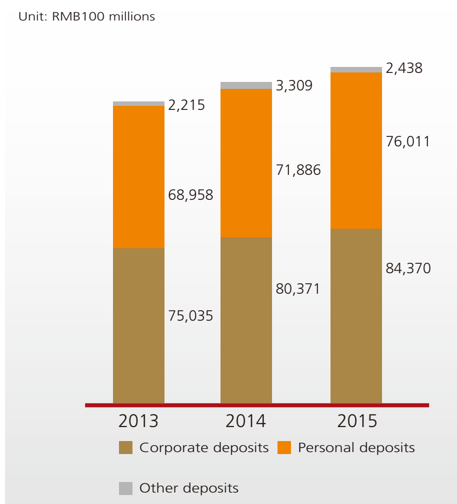
In RMB millions, except for percentages

Item	At 31 December 2015		At 31 December 2014	
	Amount	Percentage (%)	Amount	Percentage (%)
Due to customers	16,281,939	79.8	15,556,601	81.6
Due to banks and other financial institutions	2,265,860	11.1	1,539,239	8.1
Repurchase agreements	337,191	1.7	380,957	2.0
Debt securities issued	306,622	1.5	279,590	1.4
Others	1,217,649	5.9	1,316,262	6.9
Total liabilities	**20,409,261**	**100.0**	**19,072,649**	**100.0**

Due to Customers

Due to customers is the Bank's main source of funds. As at the end of 2015, the balance of due to customers was RMB16,281,939 million, RMB725,338 million or 4.7% higher than that at the end of the previous year. In terms of customer structure, the balance of corporate deposits grew by RMB399,881 million or 5.0%; and the balance of personal deposits increased by RMB412,507 million or 5.7%. In terms of maturity structure, the balance of time deposits grew by RMB202,858 million or 2.6%, while the balance of demand deposits increased by RMB609,530 million or 8.4%.

Composition of Due to Customers



DISTRIBUTION OF DUE TO CUSTOMERS BY BUSINESS LINE

In RMB millions, except for percentages

Item	At 31 December 2015		At 31 December 2014	
	Amount	Percentage (%)	Amount	Percentage (%)
Corporate deposits				
Time deposits	3,929,353	24.1	3,902,305	25.1
Demand deposits	4,507,661	27.7	4,134,828	26.6
Subtotal	**8,437,014**	**51.8**	**8,037,133**	**51.7**
Personal deposits				
Time deposits	4,210,600	25.9	4,034,790	25.9
Demand deposits	3,390,514	20.8	3,153,817	20.3
Subtotal	**7,601,114**	**46.7**	**7,188,607**	**46.2**
Other deposits[1]	**243,811**	**1.5**	**330,861**	**2.1**
Total	**16,281,939**	**100.0**	**15,556,601**	**100.0**

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

DISTRIBUTION OF DUE TO CUSTOMERS BY GEOGRAPHIC AREA

In RMB millions, except for percentages

Item	At 31 December 2015		At 31 December 2014	
	Amount	Percentage (%)	Amount	Percentage (%)
Head Office	74,081	0.5	76,972	0.5
Yangtze River Delta	3,185,840	19.5	3,078,463	19.8
Pearl River Delta	2,086,992	12.8	2,001,180	12.8
Bohai Rim	4,339,841	26.6	4,163,766	26.8
Central China	2,374,052	14.6	2,189,392	14.1
Western China	2,717,941	16.7	2,572,310	16.5
Northeastern China	938,199	5.8	901,068	5.8
Overseas and others	564,993	3.5	573,450	3.7
Total	**16,281,939**	**100.0**	**15,556,601**	**100.0**

DISTRIBUTION OF DUE TO CUSTOMERS BY REMAINING MATURITY

In RMB millions, except for percentages

Remaining maturity	At 31 December 2015		At 31 December 2014	
	Amount	Percentage (%)	Amount	Percentage (%)
Demand deposits[1]	8,515,746	52.3	7,908,683	50.8
Less than 3 months	2,133,439	13.1	2,290,971	14.7
3 to 12 months	3,574,017	22.0	3,361,635	21.6
1 to 5 years	2,055,662	12.6	1,958,020	12.6
Over 5 years	3,075	0.0	37,292	0.3
Total	**16,281,939**	**100.0**	**15,556,601**	**100.0**

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

In terms of the currency structure, the balance of RMB deposits amounted to RMB15,435,986 million, which accounted for 94.8% of the total balance of due to customers, RMB637,110 million or 4.3% higher than that at the end of the previous year. The balance of foreign currency deposits was equivalent to RMB845,953 million, an increase of RMB88,228 million or 11.6%.

Due to Banks and Other Financial Institutions

Due to banks and other financial institutions scored RMB2,265,860 million, up RMB726,621 million or 47.2% compared with the end of the previous year, mainly because of the third-party custody service expansion.

Shareholders' Equity

As at the end of 2015, shareholders' equity amounted to RMB1,800,519 million in aggregate, RMB263,215 million or 17.1% higher than that at the end of the previous year. Equity attributable to equity holders of the parent company recorded an increase of RMB258,615 million or 16.9% to RMB1,789,474 million, which was mainly due to net profit realized and the non-public offering of domestic preference shares. Please refer to the "Financial Statements: Consolidated Statement of Changes in Equity" for details.

For details on off-balance sheet items, please refer to "Note 49. to the Financial Statements: Commitments and Contingent Liabilities; Note 50. to the Financial Statements: Designated Funds and Loans".

Analysis on Statement of Cash Flows

Net cash inflows from operating activities amounted to RMB1,131,764 million, mainly due to the decrease in cash and balances with central banks and the increase in cash inflows as a result of more deposits from banks and other financial institutions as compared to the previous year. Specifically, net cash outflows of operating assets fell by RMB419,598 million compared with last year and net cash inflows of operating liabilities rose by RMB491,710 million.

Net cash outflows from investing activities amounted to RMB666,961 million, mainly due to the changes in bond investment. Specifically, cash inflows increased by RMB365,936 million to RMB1,382,654 million; and cash outflows increased by RMB886,156 million to RMB2,049,615 million.

Net cash outflows from financing activities amounted to RMB36,732 million, of which, cash inflows were RMB161,537 million, mainly due to the issuance of debt securities; and cash outflows were RMB198,269 million, primarily resulting from the repayment of debt securities and the distribution of dividends.

BUSINESS OVERVIEW

Corporate Banking

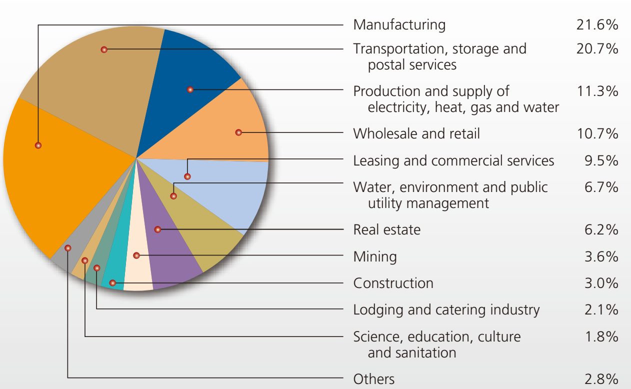
The Bank actively responded to the complicated and changing economic and financial environment at home and abroad and took initiatives to be aligned with the overall requirements of China's economic structural restructuring, transformation and upgrading. Seizing the new opportunities arising from economic development under the new normal, it coordinated the use of incremental credit and existing credit, credit and non-credit financing, and thus timely and effectively supported enterprises' requirements for financing and diversified financial services. Actively adapting to the fast developing trend of direct financing, the Bank vigorously effected the transformation of corporate banking business and sped up the growth of bond underwriting, asset trading, syndicated loan, equity financing, entrusted loan and other businesses, aimed at bolstering the real economy's financing requirements through a variety of channels. To meet the diversified and individualized financial needs of customers, the Bank endeavored to provide tailor-made services and expand the base of small and medium-sized enterprise customers while at the same time lifting the marketing level and service capability for key customers. Leveraging on the global service network and the integrated platform at home and abroad, the Bank provided robust support to the "Going Global" projects of Chinese-funded enterprises and also enhanced its global service capabilities. The Bank was awarded the title of the "Best Corporate Bank in China" by Global Finance for six years in a row.

At the end of 2015, the Bank's corporate customers increased by 227 thousand over the end of the previous year to 5,321 thousand. According to statistics from PBC, the Bank had the largest balance of both corporate loans and corporate deposits in the banking industry.

Corporate Deposits and Loans

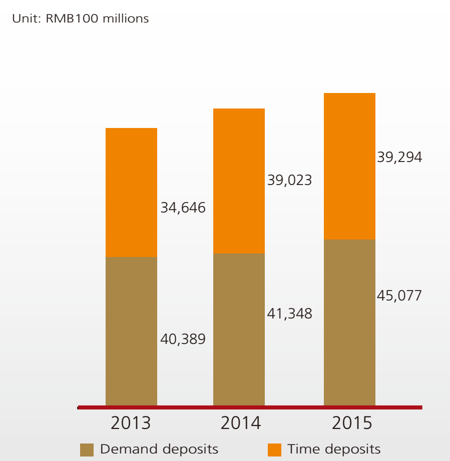
- In line with the new changes in customer requirements and deposit business, the Bank exerted its advantages in providing diversified financial services such as corporate wealth management, cash management, E-banking, asset custody and cross-border RMB settlement, thereby scoring a stable growth of deposits.
- The Bank strengthened financial services to the real economy for the development of key industries and key sectors. The Bank also continuously followed up on the national strategy of "four regions" and "three supporting belts". Besides, it prioritized the support to the construction of major engineering projects, the infrastructure construction in key cities, the Made in China 2025 project, the modern services industry, the modern agriculture and the new-typed consumption.
- At the end of 2015, the balance of corporate loans reached RMB7,869,552 million, representing an increase of RMB256,960 million or 3.4% over the end of the previous year. The balance of corporate deposits hit RMB8,437,014 million, representing an increase of RMB399,881 million or 5.0%.

Breakdown of Corporate Loans by Industry



Note: Domestic operations data.

Growth of Corporate Deposits



Small and Medium-Sized Enterprise Business

- The Bank increased the number of micro and small enterprise banking centers to 154, thus boosting the growth and structural optimization of micro and small enterprise loans and also raising the business processing efficiency. The micro and small enterprise banking business was enlarged through supply chains, commercial districts and e-commerce platforms, etc.
- Proactively utilizing Internet and big data technologies, the Bank promoted online financing products for micro and small enterprises including "Online Revolving Loan", "Corporate Easy Loan", "eLoan", which enabled the financing for micro and small enterprises to be smaller in value but simple in procedures.
- At the end of December 2015, the balance of loans to micro and small enterprises stood at RMB1,883,208 million, representing an increase of 9.4% over the end of last year. The growth rate was faster than the average growth rate of domestic loans.
- The Bank was honored with the "Excellent SME Financial Service Team" by CBRC.

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

In RMB millions, except for percentages

	At 31 December 2015		At 31 December 2014	
Item	Amount	Percentage (%)	Amount	Percentage (%)
Loans to (micro), small and medium-sized enterprises	**4,738,830**	**43.5**	**4,525,444**	**44.8**
Medium-sized enterprises	2,855,622	26.2	2,803,904	27.7
Small and micro enterprises	1,883,208	17.3	1,721,540	17.1

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

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

Institutional Banking

- The Bank improved people's livelihood related financial services and actively blazed new trails into interbank cooperation. The Bank kept on leading the market in the number of third-party custody customers and the amount of funds under custody for six straight years. The Bank ranked the first in the banking industry in terms of the amount of central finance and government business cards under agency service, the amount of payments from pooled social security funds, as well as the number of local government bonds for which it was the lead underwriter.
- The Bank was designated as one of the first banks to provide stock option settlement service and to work on the customs-treasury networking project. It was the first to launch the bond and foreign exchange agency clearing business system and the trans-regional traffic violation fines payment system, and also the first to try the national tax funds monitoring system and cover the entire operating process on a pilot basis.

Settlement and Cash Management

- The Bank offered comprehensive cash management solutions to enterprises across account and information management, liquidity management, collection and payment management, short-term investment and financing and risk management. It innovatively launched new products such as "ICBC e Bill Payment" and cross-border cash pooling.
- The global cash management business was extended to over 70 countries and regions, and boasted more than 20 products including global account management, collection and payment management and liquidity management. The Bank was able to purvey global cash management services relating to the centralized operation of cross-border RMB/foreign exchange fund, free trade zones and cross-border e-commerce.

- The Bank was awarded the "Most International Asian Cash Management Bank in Asia Pacific" and the "Best Counterparty Bank in China" by The Asian Banker, the "Best Treasury & Cash Management Bank in China" by Global Finance and the "Best Bank in China for Payments and Collections" by Treasury Management International.
- At the end of 2015, the Bank maintained 6,397 thousand corporate settlement accounts, representing an increase of 4.4% over the end of the previous year, and the volume of settlements reached RMB2,264 trillion, up 19.3% over the previous year. The Bank maintained its leading position in the business size. The Bank's cash management customers grew by 12.9% to 1,270 thousand and global cash management customers stood at 4,915, representing an increase of 12.4%.

International Settlement and Trade Finance

- The Bank further sharpened the edges in cross-border remittance products by further optimizing the "ICBC Quick Remittance" product functions, and unveiled USD-denominated remittances under it.
- The global documents management system went alive in all of the overseas institutions, further enhancing the centralized and specialized processing level of documents and trade finance business.
- In 2015, domestic branches disbursed an aggregate of USD104 billion in international trade finance. International settlements registered USD2.6 trillion, of which USD950 billion were handled by overseas institutions.

Investment Banking

- Funds portfolio, industry fund and Public-Private-Partnership project capital fund, among other innovative equity financing products, were made debut officially, which enriched and improved the capital fund financing product system. The Bank also tried to enter into new sectors such as investments in the New Third Board, mergers and acquisitions of listed companies and market-linked fund and actively expanded the equity financing services in the capital market.
- The Bank actively promoted the cross-border buyout fund business and successfully participated in establishing the Overseas Buyout Industry Fund of China Oil and Food Import and Export Corporation, thereby further enriching the buyout product line. According to the Global M&A League Table: Thomson Reuters, the Bank ranked in the first place in terms of M&A deals per financial advisor in the Asia Pacific and China.
- With more efforts in transformation and upgrading of basic investment banking businesses, the Bank continuously enriched the service content and improved the service quality and expertise.
- The Bank actively expanded bond underwriting business and underwrote various debt financing instruments worth RMB1,152 billion as a lead manager throughout 2015. Besides, as the sole Chinese-funded bank appointed to be a global coordinator, the Bank assisted PBC in issuing central bank bills worth RMB5 billion in London for the first time. The Bank was awarded the "Best Bond House — Domestic" by The Asset and the "Best Bank for Commercial Paper/ MTNs" by Global Finance.
- In 2015, the investment banking income reported RMB26,791 million.

Personal Banking

The mega retail strategy was advanced on a full scale. The Bank targeted at important customer groups, constantly expanded the base of basic customers and optimized the customer structure. In view of customer requirements, the Bank launched integrated innovation of all products including payment, deposit, financing, bank card, trading, insurance, investment and wealth management to enhance the customer viscidity. On the strength of the internet-based finance platform, the Bank strengthened the application and promotion of retail products and services and rolled out mobile financial products such as ICBC e Campus. It used the big data technology to excavate customer information, explored on establishment of a personal customer remote operation and maintenance team and pressed ahead with the transformation of precision marketing-centered marketing models. The Bank promoted the information integration and process optimization of personal customers in an in-depth way, accelerated the improvement of online and offline integrated service capabilities and continued to provide customers with better service experience. With premier comprehensive service capabilities and market competitiveness in the sector of retail banking, the Bank was awarded the "Best Consumer Bank in China" by Global Finance.

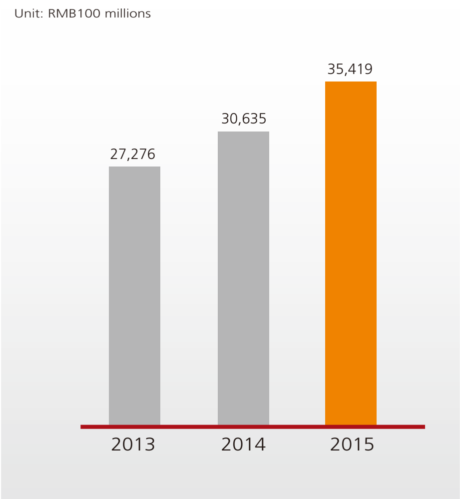
At the end of 2015, personal financial assets totaled to RMB11.59 trillion, representing an increase of RMB1.09 trillion compared with the end of last year and making the Bank remain the largest holder of personal financial assets. Meanwhile, the Bank had 496 million personal customers, including 10.44 million personal loan customers, representing an increase of 31.51 million and 0.80 million from the end of the previous year respectively.

Personal Deposits

- The Bank targeted important customer groups and offered innovative personal deposit products. "Jie Jie Gao" was devised for individuals with average daily deposits above RMB10,000, "Salary Premium" was offered to customers under payroll payment agency and "Custody Express" was tailor-made for individual recipients of the third-party custody service. The Bank took the lead in the financial industry to market CDs for personal customers.
- At the end of 2015, the balance of the Bank's personal deposits amounted to RMB7,601,114 million, representing an increase of RMB412,507 million or 5.7% from the end of the previous year, of which, personal demand deposits and personal time deposits added by 7.5% and 4.4% respectively.

Personal Loans

Growth of Personal Loans



- The Bank made efforts to support the citizens' requirements of funding for owner-occupied houses. Capturing the favorable market opportunity that the property market rallied, it actively developed the residential mortgage business and optimized the pricing mechanism and business process. Therefore, residential mortgages went upwards at a fast speed.
- Availing of the opportunity from the upgrading of citizens' consumption structure, the Bank improved the product policy, strengthened innovation in Internet financing products and progressed the growth of new businesses such as comprehensive consumption loan mortgaged with personal house, self-service loan pledged with personal financial asset and personal online mortgage loan.
- At the end of 2015, the balance of the Bank's personal loans amounted to RMB3,541,862 million, representing an increase of RMB478,397 million or 15.6% from the end of the previous year. According to the PBC data, the Bank remained an industry leader in terms of personal loan balance.

Private Banking

- The Bank took an extra step to exploit the market potentials in key regions and of important branches, enhanced the professional service capabilities and rolled out the ICBC Family Wealth Management business.
- ICBC Private Banking Center (Middle East) commenced business, making the Bank the first Chinese-funded bank offering private banking business in the Middle East. Private banking service network was formed across 22 countries and regions and capable of offering individualized cross-border advisory and consultancy service for customers. Besides, the Bank issued the global wealth management fund of private banking in Singapore for the first time.
- The Bank was awarded the Best Private Bank in China by Global Finance, FinanceAsia, Asset and National Business Daily.
- At the end of 2015, the Bank managed RMB1.06 trillion assets for 62.4 thousand private banking customers. The managed assets increased by RMB325.9 billion or 44.3% compared with the previous year end and the customer size expanded by 19.3 thousand or 44.8%.

Bank Card Business

At the end of 2015, the Bank issued 750 million cards, representing an increment of 82.87 million from the end of the previous year. In 2015, bank card purchase volume increased by 18.0% compared with last year to RMB8,841.6 billion. Bank card business income rose by 7.3% to RMB37,684 million.

Item	At 31 December 2015	At 31 December 2014	Growth rate (%)
Issued bank cards (in 10 thousands)	74,575	66,288	12.5
Debit cards	63,684	56,232	13.3
Credit cards	10,891	10,056	8.3
	2015	2014	Growth rate (%)
Purchase volume (in RMB100 millions)	88,416	74,915	18.0
Debit cards	65,146	56,229	15.9
Credit cards	23,270	18,686	24.5
Average purchase volume per card[(1)] (in RMB yuan)	12,578	12,056	4.3

Note: (1) Average purchase volume per card = Purchase volume during the reporting period/Average monthly cards issued during the reporting period.

◆ *Credit Card Business*

✧ Greater efforts were made in promoting Chimelong Co-brand Credit Card, Global Travel Credit Card, airline travel card products and corporate card products. ICBC HCE Cloud Quick Pay Credit Card was released, making ICBC the first bank to issue cloud-based contactless products with Visa in Asia and with UnionPay in the world.

✧ Credit card installment business for vehicles and digital products were developed proactively. The Bank rolled out a slew of new businesses, including aggregated installment, customized installment and cash installment. The new aggregated installment enables cardholders to turn their purchases in the last statement wholly or partly to installment at one time.

✧ Consumer Credit Finance Center was set up as an initiative to develop a new model of standardized, fully online and credit-based financial operation that seeks for collaboration between credit card and consumer credit loan, and to grant credit line on a dynamic and customized basis and monitor risks in a real-time fashion.

✧ The Bank was presented with the "Best Credit Card of the Year" prize by sina.com, the "Best Partner in 2015" and the "Best Payment Innovation Award in 2015" by Visa and the "Best High-end Product Service Award" by American Express.

✧ In 2015, the Bank outperformed its peers in terms of number of credit cards issued, purchase volume and overdraft balance.

◆ *Debit Card Business*

✧ The Bank further ameliorated the debit card usage environment, improved the payment security and actively promoted the issuing of single chip debit cards and native cipher algorithm-based debit cards in synchronization with the enhancement of online and offline card use security.

✧ The Bank rolled out many products featured innovative payment means of debit cards such as using E-cash. Such products consists of Small-value Payment Free of Password Debit Cards, 360eID Chip Card Pasting and Payment and Debit Cards' HCE Cloud Payment.

✧ The Bank built an inclusive commercial district for debit cards and launched a promotional event of debit cards called "Hui Ju MoneyLink Cards" across the country.

Financial Asset Services

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

Wealth Management Services

- Wealth management products were further transformed to net-worth products with more reasonable maturity, the yields of which could better reflect the market status. With more efforts on product innovation, the Bank released "e-MoneyLink", "T-bond Futures", "CSI Medium Term Note", "Enjoy Credit Enhancement" and "Bo Gu Tong Li".
- The cross-border asset management allocation plans were tailor-made for customers, with a system mixing different cross-border asset management products (e.g. QDII, RQDII, QFII, RQFII and QFLP) incepted. In overseas and offshore markets, the Bank expanded the services for cross-border wealth management products in free trade zones, European UCITS fund and asset management of foreign central banks in order to enhance the global allocation and asset management capabilities.
- The Bank gave full play to the advantages of internet-based finance to provide wealth management service in innovative ways, e.g. selling wealth management products on ICBC Mobile and ICBC Mall, promoting wealth management product information on ICBC Link and WeChat. The year 2015 saw that the wealth management products sold through the Internet channels were valued at more than RMB2 trillion.
- At the end of 2015, the Bank's stock wealth management products increased by 32.0% compared with the previous year end to RMB2,616,598 million, remaining the largest in the industry.

Asset Custody Services

- The Bank developed a sound asset custody product and service system and remained a market leader in respect of major custody products, e.g. securities investment funds, insurance, banking wealth management, enterprise annuities, special fund accounts and global asset custody.
- The Bank actively developed a global custody service network. ICBC (Asia), ICBC (USA), ICBC (Europe) and Singapore Branch, among other overseas institutions, provided cross-border custody services in the sectors of QDII, RQDII, QFII, RQFII and sovereign wealth funds of foreign governments for more than 150 domestic and overseas investment institutions.
- The Bank was recognized as the "Best Subcustodian Bank in China" by Global Finance.
- At the end of 2015, total net value of assets under the Bank's custody increased by 97.4% from the previous year end to RMB11.5 trillion.

Pension Services

- The Bank actively exploited in such sectors as enterprise annuities, occupational annuities and welfare plans for enterprises and public institutions in tandem with the progress of China's old-age security system reform. With enhanced capabilities in trusteeship, the performance in the investment under the Bank's custody became better steadily. Besides, the Bank raised the operating efficiency of account management business to satisfy customers' personalized service requirements. The Bank's pension services won the "Best Performance Award for Pension Service" and the "Best Growth Award for Pension Service" from China Banking Association.
- At the end of 2015, the pension funds under the Bank's trusteeship amounted to RMB82.7 billion; the Bank managed 15.23 million individual pension accounts, and the pension funds under the Bank's custody totaled RMB439.7 billion. The Bank led other banks in terms of the scale of enterprise annuity funds under the Bank's trusteeship, number of individual enterprise annuity accounts and enterprise annuity funds under the Bank's custody.

Precious Metal Business

- To echo the changes in market demands, the Bank developed a variety of new brands on assorted themes and introduced a slew of products, e.g. Chinese Zodiac Coins and Panda Gold and Silver Coins, under agent sales. The Bank expanded the online channels, through which the flagship store "ICBC Gold Manager" witnessed substantial growth of sales, and it also piloted the direct distribution of logistics suiting to the characteristics of e-commerce.
- The Bank completed the construction of the warehouses for deliveries on the International Board of the Shanghai Gold Exchange in the China (Shanghai) Pilot Free Trade Zone and launched the clearing business of cross-border deliveries of precious metals. The Bank also strengthened cooperation with overseas institutions and enhanced the Bank's cross-border trading and service capabilities.
- The Bank became the winner of the "Best Precious Metal Trading Bank in China" from the Euromoney for the fourth time in a row.
- In 2015, the sum of precious metal business transactions was RMB1.25 trillion. The Bank cleared RMB388.4 billion on behalf of the Shanghai Gold Exchange, ranking No. 1.

Franchise Treasury Business

- The Bank expanded the coverage of foreign exchange settlement and sales outlets and enriched the convertible currencies. Foreign exchange transaction business in respect of the currencies of 80 emerging countries was launched for corporate clients. The Bank actively provided foreign currency interest/exchange rate hedging plans and products to key customers and innovatively developed the Non Delivery Forward (NDF) of currencies of emerging markets in Southeast Asia and South America. The volume of foreign exchange settlement and sales together with franchise foreign exchange trading stood at USD726,500 million. The Bank was named the "Best Foreign Exchange Provider" by Global Finance and the "Best FX Bank" by the FinanceAsia.
- The Bank continued to enrich the paper trading products and shaped a product system comprised of paper precious metals, foreign exchange, energy, base metals and agricultural products. "ICBC e-Investment" mobile terminal went alive, which expanded the online transaction channels. The above paper trading sized up 70.0% compared with the previous year to RMB324 billion. The corporate commodity trading offerings were further developed and coco trading were added.
- The Bank continued the issuance of counter-based innovative bonds and issued seven of this kind in 2015. It was the first bank to offer 24-hour trading of counter-based book-entry bonds. On behalf of offshore institutional customers, the Bank innovatively dealt with interbank CD investment and interbank CD and bond repurchase in free trade zones.

Asset Securitization Business

- The Bank issued two tranches of credit assets backed securities on 10 February 2015 and 17 September 2015, respectively. Corporate loans were the underlying assets of this project in which the Bank served as originator and lending services provider.
- Besides, subsidiaries of the Bank, ICBC Leasing, ICBC (Argentina), and Chinese Merchantile Bank under ICBC (Asia), originated asset securitization products.

Agency Sales

- By attracting new customers, enhancing refined management level, creating innovative fund marketing models, expanding electronic channels and fund product lines, the Bank increased the funds under agency sales to RMB1,037.9 billion.
- Widening the electronic distribution channels such as self-service terminals and Internet banking, the Bank saw a sharp rise in distributed property/life insurance products, and agency insurance business covered more medium and high-end customers. In 2015, the Bank sold RMB166.8 billion worth of insurance products on an agency basis, increasing by 62.4%.

Treasury Operations

In 2015, the Bank flexibly arranged for the investment progress and focus, timely adjusted investment and trading strategies, and took different measures to increase the profitability of treasury operations in tandem with the financial market trends.

Money Market Activities

- The Bank's liquidity remained appropriately ample overall. Based on the market situation and own capital position, the Bank appropriately increased RMB lending and rationally controlled borrowings. On the premise of risk control, it actively met the liquidity requirements of various institutions in the market and enhanced the fund use efficiency.
- The Bank made greater efforts to attract good-quality non-banking peers such as finance companies of large-sized enterprise groups and financial leasing companies to engage in interbank foreign-currency borrowing/lending.
- In 2015, domestic trading amount in the interbank market was RMB52.26 trillion, of which lending amounted to RMB50.36 trillion. The transaction volume in foreign exchange money markets recorded USD156.6 billion.

Investment

- In 2015, the yield on RMB bonds descended in general. Following the market trends, the Bank appropriately increased investment in RMB bonds in the first half year when the interest level was relatively high, increased the weight of premier credit bonds on the premise of risk control and steadily replaced existing low-yield bonds in order to enhance the return on investment in bonds.
- The Bank actively optimized the structure of foreign currency bond portfolio and increased the return on investment in foreign currency bonds. It steadily expanded the investment scale, mainly in the countries and regions with lower country risk exposures and raised the proportion of offshore USD-denominated bonds of premier Chinese institutions. In addition, it properly controlled the investment duration, hedged against the USD interest increase risk and strengthened bank operations to earn the spread income.
- In 2015, the transaction volume of RMB bonds and foreign currency bonds in trading book scored RMB588.9 billion and USD10.1 billion respectively.

Financing

- The Bank made innovations in the liability models. A variety of liability approaches, e.g. issuing CDs, were taken to boost the support of diversified liabilities to the growth of asset business.
- For details on the Bank's CDs and debt securities issued, please refer to "Notes to the Financial Statements: 36. CDs; 38. Debt Securities Issued".
- For details on the Bank's issuing of preference shares and tier-2 capital instruments, please refer to "Details of Changes in Share Capital and Shareholding of Substantial Shareholders — Details of Securities Issuance and Listing".

Internet-based Finance

e-ICBC

The Bank went all out to promote the upgrading and development of internet-based finance e-ICBC. An overall structure governing internet-based finance covering and linking through financial services, e-commerce and social life, which is underpinned by the e-commerce platform ICBC Mall, the instant communication platform ICBC Link, the open-ended online banking platform ICBC Mobile and Internet Financing Center, was established on the basis of finance, guided by innovation and using Internet. Thus, the Bank created new power to fuel the real economy's quality & efficiency enhancement and also new engine for propelling self-operation transformation with new business format and new ecology of a big bank. Riding on the three platforms and the new mechanism of internet-based finance marketing services, financing, payment, investment and wealth management product lines all grew quickly in 2015.

ICBC Mall

The e-commerce platform "ICBC Mall" helps the Bank to gather together customers and merchants, connect trading and financing, innovate in the new-typed customer relationships featuring the integration of finance and commerce, and improve the customer viscosity and activeness.

- The business coverage of ICBC Mall included B2C, B2B and B2G (enterprise and government procurement e-commerce platform), the goods and services available on it covered daily consumer goods, financial products, as well as property, tourism, auto, education and centralized procurement sectors.
- ICBC Mall launched eight overseas pavilions including Spain Pavilion and Canada Pavilion for the provision of cross-border e-commerce service.
- ICBC Mall probed into the new e-commerce model on the basis of bank-government cooperation by proceeding from tourism and agriculturalproducts.

In 2015, ICBC Mall achieved an accumulative transaction amount of over RMB800 billion and had more than 30 million registered customers.

ICBC Mall joined hands with a lot of famous Chinese property developers in building the business pattern of "selecting houses online, applying for mortgages online and making payment online" and recorded a sales amount of over RMB22 billion.

ICBC Link

ICBC Link aims at becoming an interactive platform for instant information exchange, business consultancy, communication and sharing between the Bank and its customers, inside the Bank and among the customers, and developing a new financial service model featuring socialized finance and interactive marketing.

- In 2015, the Bank actively facilitated ICBC Link's function improvement, application and organization setup, as well as internal promotion and socialized marketing.

ICBC Mobile

The Bank went all out to promote the construction of ICBC Mobile's open-ended network banking, by highlighting the open, intelligent and individualized concepts and comprehensively upgrading its brand, functions and services.

- The customer experience was improved by the following means: launching of ICBC Mobile application, enabling the platform, customers and businesses to open, authorizing non-ICBC customers to register for ICBC Mobile, permitting customers to view all the businesses without login and providing "Intelligent Service" and "Life Benefits" functions.
- Product iterative R&D and product-use testings were organized, while market promotions, e.g. marketing toward fan groups, were carried out toimprove the brand image.

In 2015, users of ICBC Mobile application numbered to

190 million.

According to the public assessment results released by such Chinese authoritative data analysis agencies and media as Analysys, TalkingData and China Times, the Bank

topped the industry

in terms of the

market share,
user viscosity and
user base

of mobile banking, and led China's mobile financial market.

Financing Product Line

- The Bank made innovation in the credit operating models, set up the Internet Financing Center and carried out the standardized operation of credit business.
- In respect of standardized small loan service with symmetrical information, the Bank utilized Internet and big data to establish the risk control models, improve the product and process, and realize self-service online operation, automatic business processing and accurate risk monitoring, which enhanced the customer experience.
- At the end of 2015, online financing balance exceeded RMB500 billion. Easy Loan, an unsecured loan product based on the online & offline direct consumption of customers, had 4.5 million customers and a balance of more than RMB210 billion.
- The online revolving loan product designed to address the short-term, frequent and urgent financing needs of micro and small-sized enterprises, has cumulatively provided loans of RMB340 billion in 2015.
- The Bank promoted the personal self-service pledge loan which accumulated to RMB133.5 billion in 2015, and established the Consumer Credit Finance Center to provide purely unsecured and entirely online personal consumption credit business without mortgage or guarantee.

Payment Product Line

- The Bank optimized the functions of its payment products, enriched the application scenarios and reinforced marketing toward important quality merchants. "ICBC e-Payment" featuring small amount and convenience saw its customers doubled compared with a year ago and the full-year transaction amount surpassed RMB 210 billion.
- The Bank further diversified the service items under "ICBC e Bill Payment" and developed remarkable leading advantages in a variety of sectors such as water, electricity and gas charges, communication expense, property management and heat supply fees, traffic fines and educational fee payment.
- The online POS cashier product had more than 10 thousand merchants with a transaction amount above RMB100 billion.

Investment and Wealth Management Product Line

- The mobile terminal of "ICBC e Investment" went alive as an investment and trading platform for individual investors, and it dealt with many product lines such as paper precious metals and paper crude oil with a transaction amount exceeding RMB330 billion in 2015.

Channel Development and Service Enhancement

Channel Development

- *The Bank energetically promoted structural adjustment of offline channels and transformation of business models.*

✧ It vigorously optimized the layout of physical outlets and relocated some outlets in old urban areas to emerging market areas such as development zones, high-tech zones, large new communities and urban complexes.

✧ It optimized the internal functions of outlets to improve the overall utilization efficiency of service facilities and resources in the outlets. To explore and propel the construction of asset-light outlets including wealth management convenience stores, 1,082 asset-light outlets were reconstructed in 2015.

✧ The reform on standardization of outlet operation was accomplished based on the concepts of standardized operation and lean management, and an all-around outlet operation and management system which can provide standards, criteria and bases for resource allocation, post setting and efficiency evaluation is to be built.

✧ For the purpose of popularizing intelligent service mode of outlets, 3,121 outlets accumulatively completed intellectualized reconstruction in the year, in which, Shenzhen Branch was the first one to intellectualize all the outlets under its jurisdiction. The intelligent service mode has achieved remarkable results in the release of human resources, improvement of service efficiency and enhancement of customer experience.

✧ The Bank continuously strengthened the development of self-service channels and reinforced the functional complementation and coordinated development of physical outlets.

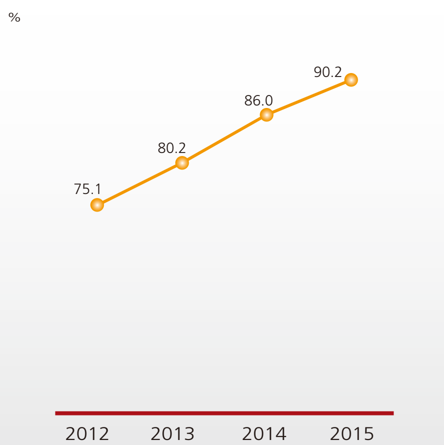
✧ At the end of 2015, the Bank had 16,732 physical outlets, less than the end of last year; it maintained 29,043 self-service banking facilities, up 12.3% from the end of last year; the number of ATMs was 99,789, an increase of 8.1%, and the transaction volume reached RMB12,666.8 billion, expanding by 16.7%.

- *The Bank accelerated the strategic layout of online channels and functional improvement.*

✧ It drove ahead the development of mobile channels vigorously, with the launching of ICBC Mobile application and comprehensive upgrade of mobile banking. The Lean Six Sigma management project for mobile banking was carried out, and the services including service enabling, login assistance and after-sale service were enabled under mobile banking, to improve the customer experience.

✧ The Bank also energetically promoted the open and intelligent reconstruction of personal online banking system. For example, wealth management products were distributed on a pilot basis through the B2C mall of ICBC Mall, the e-commerce sales mode was tentatively applied to provide internal and external customers of the Bank with one-stop transaction services, and the big data technology was utilized to recommend financial products and services suitable to customers' needs online.

Proportion of E-banking Business



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

✧ The Bank deepened the hierarchical marketing service mechanism for E-banking customers, raised the coverage of bank-enterprise interlink services for Chinese enterprises among the Fortune 500 to 86%, and upgraded the electronic services for micro and small-sized businesses.

✧ The E-banking transaction amount hit RMB592 trillion, an increase of 30% over the previous year; the number of E-banking transactions accounted for 90.2% of total transactions of the Bank, rising by 4.2 percentage points from the last year. At the end of 2015, personal and corporate E-banking users grew by 11.6% and 12.5% respectively.

✧ The Bank won the "Best Internet Bank in China" from *The Asian Banker*.

◆ *The Bank advanced the development of a service system with integrated online and offline channels.*

✧ It built and enriched new channel entrances and realized full coverage of WIFI services in domestic outlets, so that the customers of the Bank and other banks can access to the Bank's financial products at these outlets.

✧ The Internet start-up mode was utilized to accelerate the pilot of channel two-dimensional code marketing project, and the LBS (location-based services) project was successfully implemented, to boost the integration and interconnectivity of outlets and online channels as well as real-time and collaborative marketing.

Service Enhancement

Under the theme of the "Service Experience Building Year", the Bank continued to deepen service improvement and enhance service level with a focus on ameliorating the customers' field service experience, multi-channel service experience and service request solving experience.

✧ The service models were innovated to better customer experience. Referring to the internet-based finance thinking, the Bank continued to seek innovations in the service models and business processes of traditional outlets, made WIFI available in all the outlets and launched intelligence transformation of more than 3,000 outlets based on the combination of new-typed intelligent devices and outlets. The service efficiency and customer satisfaction degree of intelligent outlets were substantively enhanced, thus enabling the customers to enjoy good service experience.

✧ Deficiencies causing bad customer experience were corrected at the root of the problem. The Bank strengthened the service work committee mechanism and carried out big data analysis concerning customers' comments and feedback and satisfaction survey findings to identify such deficiencies. Then, their causes were analyzed case by case and improvement measures were taken through inter-departmental coordination. The Bank made greater efforts to simplify and optimize the service processes. For example, it streamlined all the ID related business processes one by one for minimization.

✧ The outlet services were made more initiative and friendly. Personnel allocation to the post of lobby managers and marketing service management were strengthened, while the active identification of and guidance to customers were reinforced. The Bank raised the initiatives of frontline personnel and improved the customers' field service experience through supervision upon service standardization and guidance on service assessment.

Consumer Protection

✧ The Bank embedded the principle of consumer protection into the corporate governance and business development strategies and also improved the consumer protection work mechanism. In strict accordance with the regulatory requirements on service charges, the Bank constantly normalized the product and service charge policy.

✧ The customer complaints management mechanism was improved, thus the Bank could handle complained matters accepted through all the channels timely and properly, which enhanced the customers' satisfaction ratio of compliant handling. The Bank voluntarily recognized customer complaints as a precious resource for service enhancement. It actively searched for and solved own weaknesses through enhancing IT application to customer complaint management and its leanness.

✧ The Bank organized and launched a series of centralized financial knowledge promotions including "Popularising Financial Knowledge", "National Financial Education Campaign" and "Financial Literacy Education Month", and themed educational activities such as "3.15 Financial Consumer Publicity and Education Courses" and "Preventing and Countering Illegal Fundraisings". New media channels, e.g. official microblog, WeChat and wireless network platform of outlets, were employed to inform consumers of financial consumption knowledge and risk prevention tips.

✧ The Bank attached importance to consumer protection during corporate culture construction and continued to raise all the employees' awareness and competence in this respect through well-targeted tiered and classified trainings.

Internationalized and Diversified Operation

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

- Global network layout paralleled channel building in a steady way. Riyadh Branch, Yangon Branch and ICBC (Mexico) were established. The Bank acquired 60% shares of Standard Bank PLC, thus officially stepping into global commodities and money market trading business. In addition, the Bank also acquired 92.8169% shares of Tekstilbank, thereby becoming the first Chinese-funded bank that has established an operating institution in Turkey.
- As at the end of 2015, the Bank established 404 institutions in 42 countries and regions and indirectly covered 20 African countries as a shareholder of Standard Bank Group. The Bank also established correspondent banking relationships with 1,611 overseas banking institutions in 147 countries and regions, making its service network covering six continents and important international financial centers around the world. In particular, the Bank maintained 123 institutions in 18 countries and regions along the "One Belt and One Road".
- Leveraging on the growth of such investment and financing product lines as global financing, investment banking and financial leasing, the Bank supported the "Going Global" drive of Chinese-funded enterprises in the aspects of serving the "One Belt and One Road" initiative, the cooperation in international production capacity and the export of advantageous production capacity. A slew of global key product lines involving foreign exchange business, trade finance, financial markets, investment banking, asset management, private banking and cash management were developed in depth and breadth in a bid to sharpen competitive edges and influence on the international market. The cross-border e-commerce business was promoted on ICBC Mall. As a result, eight overseas pavilions were opened, and this platform saw a swift expansion in both the base and business scale of overseas E-banking customers.
- Comprehensive subsidiaries played a stronger role in terms of contributing to the Group's profit-making and exerting strategic synergistic effects. Capturing the good opportunity of the multi-level capital market improving, ICBC Credit Suisse Asset Management leveraged on its advantage as an all-around asset management platform and remarkably increased the assets under management, operating income and net profit by 62.2%, 95.2% and 155.3% respectively. ICBC Leasing carved out a niche in the international and Chinese markets as well as key industries and sectors, with total assets and net profit growing by 26.8% and 17.4% respectively, while asset size, operating income and gross profit maintaining the first place among peers. ICBC-AXA actively advanced the transformation of regular business resulting in its premium income increasing by 52.8% compared with the same period of last year while the business size and market position continued to ascend. As a licensed investment bank, ICBC International enhanced its profitability with net profit soaring by 136.7% through underwriting of offshore bonds issued by Chinese-funded enterprises and engaging in cross-border asset management.

MAJOR INDICATORS FOR OVERSEAS INSTITUTIONS

Item	Assets (in USD millions)		Profit before tax (in USD millions)		Number of institutions	
	At the end of 2015	At the end of 2014	2015	2014	At the end of 2015	At the end of 2014
Hong Kong and Macau	135,988	118,110	1,543	1,374	107	106
Asia-Pacific region (except Hong Kong and Macau)	67,323	62,457	783	689	84	82
Europe	56,089	22,592	58	238	78	16
America	55,853	52,370	436	391	134	133
Africa(1)	3,295	4,305	346	331	1	1
Eliminations	(38,718)	(23,838)				
Total	**279,830**	**235,996**	**3,166**	**3,023**	**404**	**338**

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

✧ As at the end of 2015, total assets of overseas institutions (including overseas branches, subsidiaries and investments in Standard Bank) of the Bank were USD279,830 million, an increase of USD43,834 million or 18.6% from the end of the previous year, and they accounted for 8.2% of the Group's total assets, representing an increase of 1.1 percentage points. Total loans amounted to USD144,060 million, rising by USD13,077 million or 10.0%, and total deposits were USD86,758 million, falling by USD5,691 million or 6.2%. Profit before tax during the reporting period was USD3,166 million, increasing by 4.7% compared with the previous year.

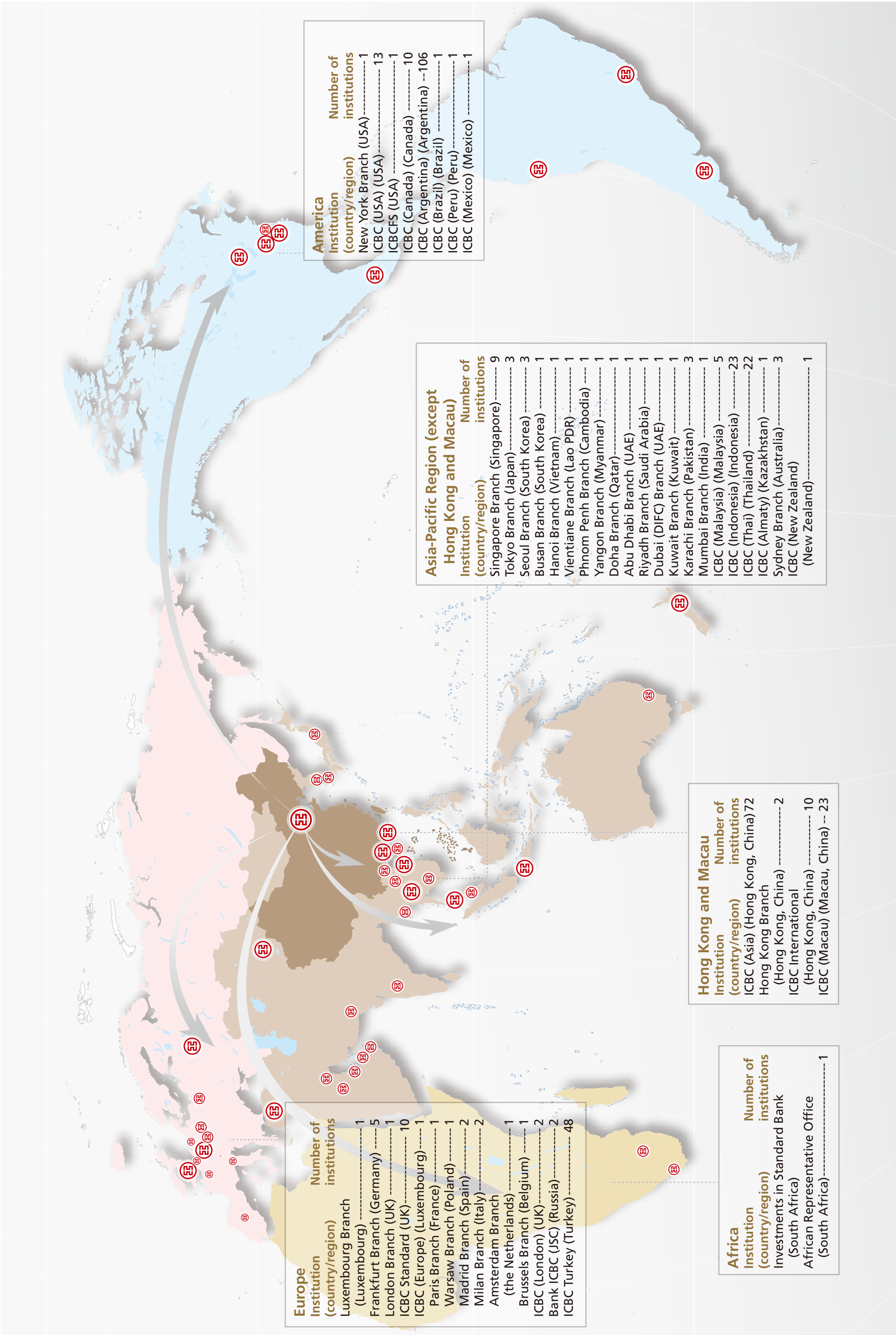
◆ *Cross-border RMB Business*

✧ The Bank made efforts to accelerate the cross-border RMB business. ICBC (Thai) and ICBC (Argentina) were successively authorized as the RMB clearing bank, thus increasing the number of the Bank's overseas RMB clearing banks with authorization from PBC to six. The Bank became the first Chinese-funded bank that is able to offer around-the-clock RMB clearing services in Asia, Europe, and the Americas.

✧ The Bank successfully nourished a product system comprised of cross-border RMB settlement and clearing, agency bond investment and foreign exchange trading, bond underwriting, RMB exchange/interest rate trading, offshore RMB loans, RQFII, asset management, asset custody and Shanghai-Hong Kong Stock Connect, among others. The cross-border use of RMB was exploited in depth in the branches of free trade zones and financial innovation pilot sites and overseas RMB clearing banks, alongside quicker innovation in cross-border RMB investment and financing business.

✧ In 2015, the cross-border RMB business volume reached RMB4.41 trillion, increasing by 20.6% over the previous year.

DISTRIBUTION MAP OF OVERSEAS INSTITUTIONS



Controlled Subsidiaries and Major Equity Participating Company

◆ *Overseas Subsidiaries*

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (ASIA) LIMITED

ICBC (Asia) is a wholly owned Hong Kong registered bank by the Bank, and has an issued share capital of HKD36,379 million. It provides comprehensive commercial banking services and the major businesses include commercial credit, trade finance, investment service, retail banking, E-banking, custody, credit card, receiving bank services for IPOs and dividend distribution. At the end of 2015, ICBC (Asia) recorded total assets of USD94,679 million and net assets of USD9,129 million respectively. It generated a net profit of USD875 million during the year.

ICBC INTERNATIONAL HOLDINGS LIMITED

ICBC International, a wholly-owned subsidiary of the Bank as well as a full-licensed investment bank in Hong Kong, has a paid-up capital of HKD4,882 million. It mainly renders a variety of investment banking services, including listing sponsor and underwriting, equity financing, bond financing, securities brokerage and fund management. At the end of 2015, ICBC International recorded total assets of USD2,087 million and net assets of USD901 million respectively. It generated a net profit of USD99 million during the year.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (MACAU) LIMITED

ICBC (Macau) is the largest local legal banking entity in Macau. It has a share capital of MOP589 million, in which the Bank holds an 89.33% stake. ICBC (Macau) mainly engages in comprehensive commercial banking services such as deposit, loan, trade finance and international settlement. At the end of 2015, ICBC (Macau) recorded total assets of USD24,039 million and net assets of USD2,120 million respectively. It generated a net profit of USD264 million during the year.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (MALAYSIA) BERHAD

ICBC (Malaysia) is a wholly-owned subsidiary of the Bank established in Malaysia. With a paid-up capital of MYR331 million, it is able to provide a full range of commercial banking services. At the end of 2015, ICBC (Malaysia) recorded total assets of USD949 million and net assets of USD96 million. It generated a net profit of USD6.60 million during the year.

PT. BANK ICBC INDONESIA

ICBC (Indonesia) is a full-licensed commercial banking subsidiary of the Bank registered in Indonesia, with a paid-up capital of IDR2.69 trillion, in which ICBC holds a 98.61% stake. ICBC (Indonesia) mainly specializes in financial services such as deposit, loan and trade finance, settlement, agency services, interbank borrowing and lending and foreign exchange. At the end of 2015, ICBC (Indonesia) recorded total assets of USD3,217 million and net assets of USD288 million. It generated a net profit of USD41.28 million during the year.

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

ICBC (Thai), a subsidiary of the Bank in Thailand, has a share capital of THB20,132 million, in which the Bank holds a 97.86% stake. ICBC (Thai) holds a comprehensive banking license and provides various services including deposit, loan, trade finance, remittance, settlement, leasing and consulting. At the end of 2015, ICBC (Thai) recorded total assets of USD5,071 million and net assets of USD682 million. It generated a net profit of USD37.09 million during the year.

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

ICBC (Almaty), a wholly-owned subsidiary of the Bank, was incorporated in Kazakhstan with a share capital of KZT8,933 million. It principally engages in commercial banking services such as deposit, loan, international settlement and trade finance, foreign currency exchange, guarantee, account management, Internet banking and bank card service, etc. At the end of 2015, ICBC (Almaty) recorded total assets of USD314 million, net assets of USD43.23 million and a net profit of USD5.88 million during the year.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (NEW ZEALAND) LIMITED

ICBC (New Zealand), a wholly-owned subsidiary of the Bank in New Zealand, has a paid-up capital of NZD60,377.7 thousand. ICBC (New Zealand) provides corporate and personal banking services such as account management, transfer and remittance, international settlement, trade finance, corporate credit, residential mortgages and credit card business. At the end of 2015, ICBC (New Zealand) recorded total assets of USD508 million and net assets of USD37 million.

ICBC (LONDON) PLC

ICBC (London), a wholly-owned subsidiary of the Bank, was incorporated in the United Kingdom with a paid-up capital of USD200 million. It provides a full spectrum of banking services such as exchange and remittance, loan, trade finance, international settlement, funds clearing, agency and custody, etc. At the end of 2015, ICBC (London) recorded total assets of USD3,213 million and net assets of USD358 million. It generated a net profit of USD34.44 million during the year.

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

ICBC (Europe), a wholly-owned subsidiary of the Bank, was incorporated in Luxembourg with a paid-up capital of EUR437 million. Paris Branch, Amsterdam Branch, Brussels Branch, Milan Branch, Madrid Branch and Warsaw Branch are structured under ICBC (Europe), which mainly offers corporate and retail banking services such as deposit, withdrawal, remittance, settlement, loan, trade finance, capital, investment banking, custody, franchise wealth management. At the end of 2015, ICBC (Europe) recorded total assets of USD8,210 million and net assets of USD619 million. It generated a net profit of USD34.53 million during the year.

BANK ICBC (JOINT STOCK COMPANY)

Bank ICBC (JSC), a wholly-owned subsidiary of the Bank, was incorporated in Russia with a share capital of RUB2,310 million. It mainly provides a full spectrum of corporate banking services including loan, settlement, trade finance, deposit, foreign currency exchange, franchise treasury business, global cash management, corporate financial consulting and financing arrangement in bond market, opening accounts in various currencies for financial institutions and handling inter-bank clearing, as well as remittance for natural persons without account. Bank ICBC (JSC) is RUB clearing bank for RMB trading against RUB on China Foreign Exchange Trade System, important market maker and RMB clearing bank for RMB trading against RUB on MICEX-RTS. At the end of 2015, Bank ICBC (JSC) recorded total assets of USD945 million and net assets of USD59.68 million. It generated a net profit of USD16.80 million during the year.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (USA) NA

ICBC (USA), a controlled subsidiary of the Bank in the United States, has a paid-up capital of USD309 million, in which the Bank holds an 80% stake. Holding a full-functional commercial banking license registered in the UFIQAC, ICBC (USA) is a member of Federal Deposit Insurance Corporation, providing corporate and retail banking services such as deposit, loan, settlement and remittance, trade finance, cross-border settlement, cash management, E-banking and bank card services. At the end of 2015, ICBC (USA) recorded total assets of USD1,714 million and net assets of USD314 million. It generated a net profit of USD3.48 million during the year.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA FINANCIAL SERVICES LLC

ICBCFS, a wholly-owned subsidiary of the Bank in the United States, has a paid-up capital of USD50.00 million. It mainly specializes in securities clearing business in Europe and America, and offers banking services including securities clearing, settlement and financing, accounting and transaction statement in European and American markets for institutional customers. At the end of 2015, ICBCFS recorded total assets of USD31,820 million and net assets of USD114.76 million. It generated a net profit of USD16.85 million during the year.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (CANADA)

ICBC (Canada) is a subsidiary of the Bank in Canada with a paid-up capital of CAD158.00 million, in which the Bank holds an 80% stake. Holding a full-functional commercial banking license, ICBC (Canada) is the RMB clearing bank in North America and provides various corporate and retail banking services such as deposit, loan, settlement, remittance, trade finance, foreign exchange trading, funds clearing, cross-border RMB settlement, RMB currency notes, cash management, E-banking, bank card and investment and financing information consulting service. At the end of 2015, ICBC (Canada) recorded total assets of USD1,107 million and net assets of USD149 million. It generated a net profit of USD9.67 million during the year.

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

ICBC (Argentina), a controlled subsidiary of the Bank in Argentina, has a share capital of ARS1,345 million, in which the Bank holds an 80% stake. With the full-functional commercial banking license, ICBC (Argentina) specializes in deposit, loan, settlement and remittance, trade finance, foreign exchange trading, capital settlement, financial market, offshore finance, cash management, investment banking, cross-border loan, E-banking, credit card, retail banking and small and medium-sized enterprise business, etc. At the end of 2015, ICBC (Argentina) recorded total assets of USD4,475 million and net assets of USD534 million respectively. It generated a net profit of USD168 million during the year.

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

ICBC (Brasil), a subsidiary of the Bank in Brazil, has a paid-up capital of BRL202 million, in which the Bank holds a 99.99% stake. ICBC (Brasil) offers commercial banking and investment banking services such as deposit, loan, trade finance, international settlement, fund transaction, franchise wealth management and financial advisory. At the end of 2015, ICBC (Brasil) recorded total assets of USD241 million and net assets of USD52.96 million. It generated a net profit of USD2.42 million during the year.

ICBC PERU BANK

ICBC (Peru), a wholly-owned subsidiary of the Bank in Peru, has a paid-up capital of USD50.00 million. Holding a full-functional commercial banking license, ICBC (Peru) offers corporate deposit, loan, financial leasing, international settlement, trade finance, foreign exchange trading, offshore finance, E-banking and other services. At the end of 2015, ICBC (Peru) recorded total assets of USD146 million and net assets of 29.56 million.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA MEXICO S.A.

ICBC (Mexico), a wholly-owned subsidiary of the Bank in Mexico, has a paid-up capital of MXN664 million. Holding a full-functional commercial banking license, ICBC (Mexico) is a member of Asociacion de bancos de Mexico and is now going through the pre-opening inspections by Mexican regulators. In the initial stage of operation, it intends to provide corporate deposit, loan, international settlement, trade finance and foreign exchange trading services. At the end of 2015, ICBC (Mexico) recorded total assets of USD36.93 million and net assets of USD36.42 million.

ICBC TURKEY BANK Anonim Şirketi

ICBC (Turkey), the first Chinese commercial bank in Turkey, holds commercial banking, investment banking and asset management licenses, with a share capital of TRY420 million. The Bank holds 92.8169% of its total stake. It provides corporate customers with a basket of local and foreign currency-denominated financial services including RMB deposit, RMB loan, project lending, syndicated loan, trade finance, small and medium-sized enterprise loan, investment and financing advisory, and renders personal customers with versatile local and foreign currency-denominated financial services such as RMB deposit, remittance, personal consumption loan, residential mortgages and credit card business. At the end of 2015, ICBC (Turkey) recorded total assets of USD2,274 million and net assets of USD205 million.

ICBC STANDARD BANK PLC

ICBC Standard Bank, a subsidiary of the Bank in the United Kingdom, has an issued share capital of USD1,083 million, in which the Bank holds an 60% stake directly. ICBC Standard Bank mainly provides global commodity trading businesses covering base metals, precious metals, bulk commodities and energy and global financial markets services such as foreign exchange, interest rate, unsecured products and equities. With its headquarters in London as the major business entity, ICBC Standard Bank has ICBC Standard Resources (China) Ltd., ICBC Standard NY Holdings Inc., ICBC Standard Securities Inc. and ICBC Standard Resources (America) Inc, as well as four branches in Singapore, Tokyo, Hong Kong and Dubai, and Shanghai Representative Office under it. At the end of 2015, ICBC Standard Bank recorded total assets of USD20,121 million and net assets of USD1,093 million.

Major Domestic Subsidiaries

ICBC CREDIT SUISSE ASSET MANAGEMENT CO., LTD.

ICBC Credit Suisse Asset Management, a subsidiary of the Bank, has a paid-up capital of RMB200 million, in which the Bank holds an 80% stake. It mainly engages in fund placement, fund distribution, asset management and such other businesses as approved by the CSRC, and owns many business qualifications including public fund, QDII, enterprise annuity, specific asset management, domestic and overseas investment manager of social security fund, RQFII, insurance asset management and special asset management. It is one of the fund companies with “full-qualification” in the industry. ICBC Credit Suisse Asset Management (International) and ICBC Credit Suisse Investment are structured under ICBC Credit Suisse Asset Management. At the end of 2015, ICBC Credit Suisse Asset Management managed a total of 74 public funds and over 170 enterprise annuities and special account portfolios, and the size of the assets under management amounted to over RMB950 billion, recorded total assets of RMB3,942 million and net assets of RMB2,839 million. It generated a net profit of RMB1,290 million during the year.

ICBC FINANCIAL LEASING CO., LTD.

ICBC Leasing, a wholly-owned subsidiary of the Bank, has a paid-up capital of RMB11.0 billion. It mainly engages in financial leasing of large-scale equipment in key fields such as aviation, shipping, energy and power, rail transit and equipment manufacturing and provides a variety of financial and industrial services including rental assignment, investment funds, securitization of investment assets, assets transactions and management. It has become a financial leasing company with the strongest comprehensive strength in China. At the end of 2015, ICBC Leasing recorded total assets of RMB298.7 billion and net assets of RMB22.5 billion respectively. It generated a net profit of RMB3,304 million during the year.

ICBC-AXA ASSURANCE CO., LTD.

ICBC-AXA, a subsidiary of the Bank, has a paid-up capital of RMB8,705 million, in which the Bank holds a 60% stake. It engages in a variety of insurance businesses such as life insurance, health insurance and accident insurance, and re-insurance of these businesses, businesses in which use of insurance capital is permitted by laws and regulations of the State, and other businesses approved by CIRC. At the end of 2015, ICBC-AXA recorded total assets of RMB66,568 million and net assets of RMB10,176 million respectively. It generated a net profit of RMB450 million during the year.

Majority Equity Participation Company

STANDARD BANK GROUP LIMITED

Standard Bank is the largest commercial bank in Africa. Its scope of business covers commercial banking, investment banking, life insurance business and other areas. The Bank holds 20.08% ordinary shares of Standard Bank. In 2015, ICBC and Standard Bank entered into a Five-year Action Framework for Promoting the Comprehensive Strategic Partnership, thereby ushering the bilateral strategic cooperation into a new stage. At the end of 2015, Standard Bank recorded total assets of ZAR1,979,349 million and net assets of ZAR178,908 million. It generated a net profit of ZAR23,754 million during the year.

IT-based Banking Development

The Bank deepened and expanded the application of big data technology, promoted the unified management and application service of data warehouse and the Group’s database, continued to diversify the basis of data warehouse for structural data and database for non-structural data, which improved the data standards and quality. It strengthened the capability of value-added data application, established an analyst platform and reinforced data mining and analysis in some crucial business fields, e.g. customer service, precision marketing and risk prevention and control.

The Bank carried forward the transformation of IT architecture. Fully capitalizing on such new technologies as cloud computing and big data processing, the Bank established a new information technology framework that meets future business growth requirement, and also set up a slew of technical architectures including API open platform, streaming data processing platform and infrastructure cloud platform.

The Bank created new ways of doing business on all fronts. It built a product R&D and market promotion mechanism meeting the characteristics of internet-based finance and established a unified, efficient system application platform. Under the Internet Financing Center, the Bank developed an online financing product system and made debut the self-service pledge loan for individuals, among other innovative products. Besides, the optimization and transformation of operational procedures for outlets' composite services at counter were continued. More efforts were made in R&D of anti-fraud functions concerning such specialized transactions as credit card and E-banking. The Bank improved the financial services in people's livelihood sectors, for instance, it expanded the functions of bank-hospital cooperative business. Furthermore, the Bank advanced the system building in respect of international and diversified operations with FOVA smoothly rolled out in ICBC (USA), the overall switch from FOVA's host system to the platform-based core system in Bank ICBC (JSC) and the development of new-generation core insurance business system for individuals in ICBC-AXA.

The Bank continued to improve the continuous operating capability of information system services and the development level of infrastructure, in addition to strengthened construction of the information safety prevention system. Based on the architecture of "three centers in two places", operations were put under integrated management, enabling them to be mutually taken over. The information safety protection system covering the Group-wide hardware and software was improved, which was capable of taking centralized management concerning real-time monitoring, treatment and safety analysis of various outside attacks. The Bank was the first Chinese bank to use the quantum communication technology, and it also completed the change of native cipher algorithm in financial IC card and mobile payment system, electronic authentication system and personal Internet banking system.

In 2015, the Bank obtained 47 patents from the State Intellectual Property Office, and the total number of patents owned by the Bank increased to 404.

Human Resources Management

In line with the strategic needs of bank-wide information-based, internationalized and diversified development, the Bank carried forward innovation in concepts, methodology, system and mechanism of the Group's human resources, reinforced compensation incentive and restraint, carried out the human resource deepening program in a comprehensive manner and expanded the career growth platform for employees. The Bank completed the organizational structure reform of branches and improved their establishment management system. What's more, it promoted the innovation and application of new organizational models characterized by flexibility and market-orientation, e.g. teams and project groups, dug out potentials inside the Group and further enhanced the human resource use efficiency. In alignment with the internet-based finance strategy, internet-based marketing center, Consumer Credit Finance Center, Internet Financing Center and ICBC Link Center were established at the Head Office, while internet-based finance marketing teams were organized at the branches, in a bid to ameliorate the whole bank's internet-based finance management framework.

To address the bank-wide needs for quality and efficiency improvement, transformation and upgrading, the Bank deepened the development of its education and training system and quickened the building of ICBC College which is all-inclusive and multi-tiered with multiple channels. Besides, the Bank improved the employee training system by practicing the credit-based management of all-employee learning and establishing courses, credit standards and training and practice mechanism for all kinds of employees. In order to have a better qualification system, the Bank rolled out quality certification in the credit sector on a pilot basis, i.e. targeted business training and qualification for front, middle and back-office credit officers. The Bank stepped up training of professionals and solidly promoted key projects such as training at Party School, internationalized talents and capability enhancement of outlet heads. In 2015, the Bank organized 52 thousand sessions of training for 4.15 million persons, averaged to approximately 11.4 days of training per person.

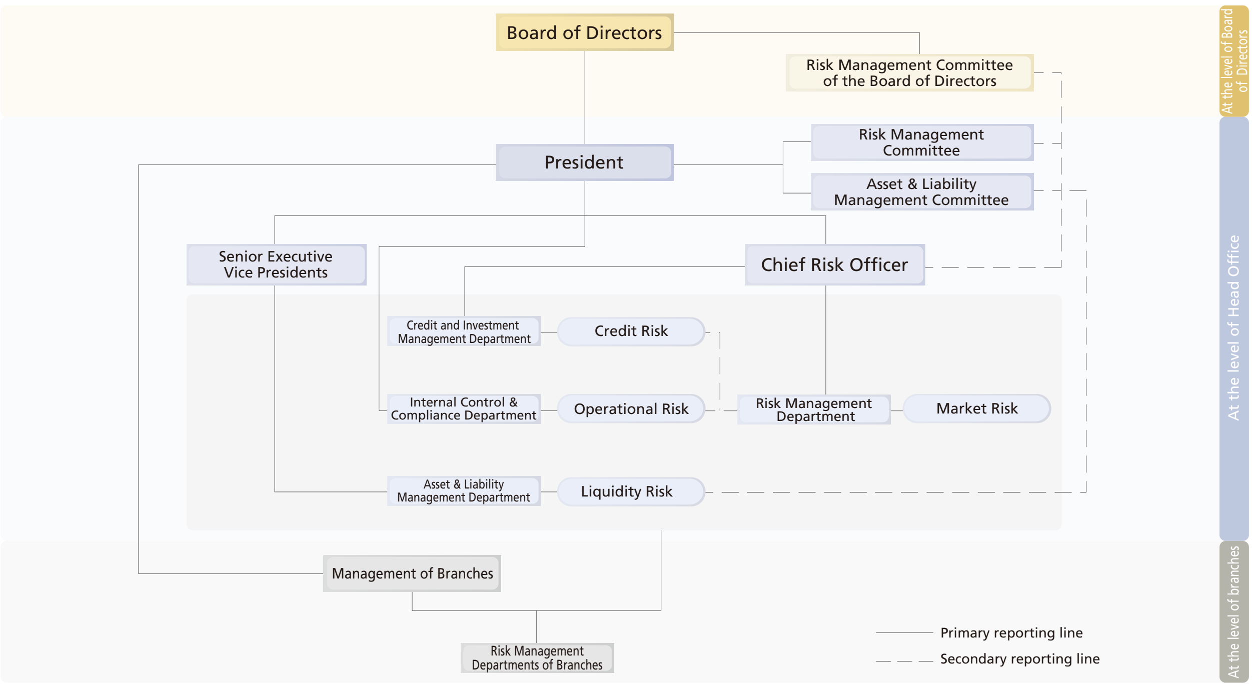
The Bank continued to deepen corporate culture building. It released the incorruptible cultural concepts of "open and transparent, scrupulous in separating public from private interests, self-disciplined and disciplining others, equal importance to honesty and diligence" to guide the development of incorruptible culture. It strengthened praises and publicity in order to set typical examples and recommend persons with outstanding performance. It carried forward the spirit of Lei Feng in the new era, strictly and tangibly launched the selection of civilized units and promoted the cultivation and practice of socialist core values. Through a survey on the employees' ideological trends, the Bank performed a scientific assessment of their thoughts under the new normal. It also successfully staged the fourth "Touching ICBC" selection activity and deeply launched the education activity themed "Service Experience Building Year" to encourage the employees to play their dominant role and change the service concepts.

RISK MANAGEMENT

Enterprise Risk Management System

Enterprise risk management is a process where the Board of Directors, the Senior Management and other employees of the Bank perform their respective duties and responsibilities to take effective control of all the risks at various business levels in order to provide reasonable guarantee to the achievement of objectives of the Bank. The principles of risk management include matching return with risk, internal check and balance with consideration as to efficiency, risk diversification, combination of quantitative and qualitative analysis, dynamic adaptability adjustments and gradual improvement, etc.

The Bank's organizational structure of risk management comprises the Board of Directors and its special committees, the Senior Management and its special committees, the Risk Management Department, the Internal Audit Department, etc. The risk management organizational structure is illustrated below:



Note: Substantial risks including country risk and reputational risk have been incorporated into the enterprise risk management framework.

In 2015, the Bank further improved the enterprise risk management system, pushed ahead with the implementation of regulatory requirements on systemically important banks, and continuously improved risk management technologies and methods. The level of its enterprise risk management was further enhanced. It reinforced consolidated risk management at the Group level, with the focus on risk management of non-banking subsidiaries, reinforced country risk management and strengthened country risk monitoring and limit management of key countries and regions. It also enhanced the market risk management through proactively classifying the market risk management of overseas institutions, carrying out standard product control and bolstering market risk management of asset management business. Additionally, it propelled the implementation of advanced capital management approaches, improved the measurement system concerning credit risk, market risk and operational risk and continued to promote monitoring, validation and management application of the risk measurement system.

Credit Risk

Credit Risk Management

The Bank is primarily exposed to credit risk. Credit risk is the risk that loss is caused to banking business when the borrower or counterparty fails to meet its contractual obligations. The Bank's credit risks mainly originate from loans, treasury operations (including due from banks, placements with banks, reverse repurchase agreements, corporate bonds and financial bonds investment), receivables and off-balance sheet credit business (including guarantees, commitments and financial derivatives trading).

The Bank strictly adheres to the guidance from CBRC regarding credit risk management and other regulatory requirements, diligently fulfills established strategies and objectives under the leadership of the Board of Directors and the Senior Management, and implements an independent, centralized and vertical credit risk management mode. The Board of Directors assumes the ultimate responsibility for the effectiveness of the implementation and monitoring of credit risk management. The Senior Management is responsible for executing the strategies, overall policy and system regarding credit risk management approved by the Board of Directors. The Credit Risk Management Committee of the Senior Management is the reviewing and decision-making organ of the Bank in respect of credit risk management, is responsible for reviewing material and important affairs of credit risk management, and performs its duty in accordance with the Working Regulations for the Credit Risk Management Committee. The credit risk management departments at different levels undertake the responsibility of coordinating credit risk management at respective levels, and the business departments play their roles in implementing credit risk management policies and standards in respective business areas.

The Bank's credit risk management has the following characteristics: (1) standardized credit management processes are implemented throughout the Bank; (2) the principles and processes of risk management focus on the entire process of credit business, covering customer investigation, credit rating, loan evaluation, loan review and approval, loan payment and post-lending monitoring; (3) special organization is set up to supervise the entire process of credit business; (4) the qualification of the employees who are responsible for credit review and approval is strictly reviewed; and (5) a series of information management systems are designed to reinforce monitoring on the risks.

According to the regulatory requirement on loan risk classification, the Bank implemented five-category classification management in relation to loan quality and classified loans into five categories: pass, special mention, substandard, doubtful and loss, based on the possibility of collecting the principal and interest of loans. In order to implement sophisticated management of credit asset quality and improve risk management, the Bank implemented the twelve-category internal classification system for corporate loans. The Bank applied five-category classification management to personal credit assets and ascertained the category of the loans based on the number of months for which the lender is in default, anticipated loss rate, credit rating, collaterals and other quantitative and qualitative factors.

In 2015, based on the macroeconomic changes and industrial development trend, the Bank concentrated its efforts in credit risk prevention and control while providing financial support to enhance quality and effectiveness of the real economy. The credit management procedures, business qualifications and responsibility mechanism were optimized in an all-round manner, with the objective of adapting to the new normal. The big data credit risk monitoring system was improved and more efforts were devoted to screening, consultation, reinforcement and mitigation of potential risks. The credit management philosophy and mode were innovated to accelerate the building of a sound internet-based credit business management system centering on the e-ICBC development strategy. Management of credit asset quality was strengthened, and special disposal team was established, leading to effective NPL collection and disposal. As a result, credit asset quality on the whole remained stable.

◆ *Credit Risk Management of Corporate Loans*

The Bank continued to strengthen the formation of the credit rule framework and improve credit system. The Bank established a globally uniform credit management system at the Group's level by integrating domestic and overseas rating and credit systems. It revised the measures regarding the collateral management for corporate credit business and improved the collateral management mechanism. It formulated the measures for evaluating project loans and established norms for the management of medium and long-term project loan evaluation at the Group's level.

The Bank continuously adjusted and improved industrial credit policy to provide financing support to the real economy in accordance with the macroeconomic policy, the prevailing trends of industry policy and the characteristics of the operation of the industry as well as the important strategic initiatives of the country. The Bank realized full coverage of industries of loan customers in its industry policy system of "18 industry segment policies + 60 key sub-industries", it also proactively supported the national "four regions" and "three supporting belts" strategies, provided support to key large projects and other infrastructure construction projects, and proactively supported the transformation and upgrading of manufacturing enterprises of quality products and leading enterprises of traditional industries. The Bank supported energy saving and environmental protection enterprises and "Going Global" of prominent product facilities. With a view to promoting the adjustment of its credit structure, the Bank also divided quality markets in more detailed manner, explored and cultivated the credit market for industries with growth prospect including strategic emerging industries, modern service industry, advanced manufacturing industry, cultural industry and industries closely related to the people's livelihood and consumption.

The Bank strengthened risk management of loans to LGFVs. The Bank earnestly implemented the relevant policies and regulatory requirements of the State Council and CBRC on loans to LGFVs. It strengthened the control over total financing amount and monitoring and analysis of loans to LGFVs, boosted differentiated management and further optimized the loan structure. The Bank also coordinated with local governments during liquidation and screening of debts as well as the replacement of loans to LGFVs with bonds.

The Bank strengthened risk management of the real estate industry. The Bank closely monitored the risk changes in the real estate market and exercised differentiated customer and project eligibility criteria. Preference was given to ordinary commercial housing projects with high quality developed by large real estate enterprises. It also improved the regional structure of real estate loans, enhanced the monitoring and analysis of outstanding real estate loans and vigorously strengthened risk prevention and control of real estate loans.

The Bank strengthened risk management in relation to trade finance. The Bank improved domestic trade finance key product rules to fortify risk management policy base for trade finance business and revised domestic and overseas trade finance credit policies to further standardize access and guarantee requirements regarding trade finance products. It also screened risks with the help of big data models and enhanced refined management of trade finance business with the focus on anti-counterfeit product efforts.

The Bank strengthened credit risk management of small enterprise loans. The Bank improved its term management policy for small enterprise loans and innovated in credit business modes to small and micro enterprises. It strengthened full-flow risk management, conducted regular and special risk monitoring, and stepped up efforts in risk prevention and control of key regions, industries and groups. It built off-site monitoring platform, optimized the system cross default control function, and uplifted the level of information-based risk management of small enterprises loans.

◆ *Credit Risk Management of Personal Loans*

The Bank improved its credit risk management system for personal loans. It revised the administrative measures regarding the collateral management for personal credit business, and standardized collateral evaluation process to achieve strict collateral management and enhance collateral management quality and efficiency. The Bank adjusted the business procedures of personal loans by stressing the importance of credit approval responsibility for risk prevention and streamlining the approval procedure. The Bank has perfected its personal credit risk monitoring models and improved the effectiveness of its risk warning system. In terms of residential mortgages, loans based on forged evidentiary materials and loans from several financial institutions were strictly administered, and stringent customer entry conditions and limits were set for better risk monitoring of the automatic approval business; differentiated pricing mechanism for regions, projects and customers of personal residential mortgages was implemented and risk pricing capability of personal residential mortgage business was enhanced. Internet-based personal financing services were upgraded. Risk control and business management of personal financial assets-pledged loans was strengthened.

◆ *Credit Risk Management of Credit Card Business*

The Bank improved credit-granting system to promote accurate credit-granting for card members and built a standardized personal loan credit-granting system. It formed the system for dynamic credit line management of credit cards and established rules regarding the follow-up of credit use and repayment behaviors of large-amount credit customers to strictly prevent credit risk of large-amount credit customers. To enhance disposal efforts of risk assets of credit cards, it boosted post-lending management of credit cards, initiated special recovery inspections over key products and customers, and adjusted recovery strategies for overdue loans. It accelerated the application of the visible monitoring platform of big data of credit cards and the building of the real-time risk monitoring system featuring around-the-clock automatic monitoring and intervention and covering all businesses, processes and risks. It strengthened trainings for credit risk monitoring personnel in risk events handling and continued to enhance risk prevention and control of the Bank.

◆ *Credit Risk Management of Treasury Operations*

The Bank's treasury operations are exposed to credit risk mainly as a result of bonds investment and trading, interbank offering, bills with reverse repurchase agreements and RMB bonds borrowing. The RMB bonds investment portfolio mainly included bonds issued by the Chinese government and other domestic issuers. The foreign currency debt securities investment portfolio mainly included investment-rated bonds. Most of the counterparties of RMB bonds borrowing business were financial peers with good asset quality. Credit risk management measures adopted by the Bank in relation to treasury operations mainly comprised defining customers' entry criteria, controlling credit limit, controlling investment limit (scale), strict margin management, rating management and controlling authorization limit for single transactions. The Bank set financing limits for each interbank offering and adopted the principle of management for both credit and authorization.

In 2015, the Bank continued to strengthen credit risk management of treasury operations. It further improved the risk monitoring and analysis mechanism for treasury operations, proactively optimized the structure of bonds investment portfolios based on international and domestic financial market trends, and maintained investments in high-quality credit bonds, thus effectively reducing credit risk of bonds investment portfolios.

◆ *Risk Management of Financial Asset Service Business*

The Bank's financial asset service business is exposed to risks mainly as a result of credit risk of financing customers, management risk of partner institutions and market risk of price fluctuation of underlying assets. The Bank took various risk management measures in the financial asset service business. The Bank implemented measures to manage access of capital according to different business nature of financial asset business and risk management requirements, performed access approval process in terms of investment customers, financing customers, partner institutions, new business types, new products and domestic and overseas affiliates of financial asset service business according to applicable access standards, included business authorization into unified authorization management of the Bank, and established risk limit management system.

In 2015, the Bank upgraded and improved its financial asset service policies and rules and kept enhancing the risk management level of financial asset service business. In particular, it formulated the measures for the management of the agency investment business with the focus on operation monitoring, duration management and other links of the non-standardized agency investment business, and strengthened process management of innovative businesses including industry funds and mergers and acquisitions investments. It also continued to manage partner institutions of the agency investment business and exercised strict access conditions and limit requirements for the partner institutions. In addition, the system construction for the financial asset service business was progressed in an orderly manner and the system-based full-flow management of the agency investment business was reinforced.

Credit Risk Analysis

By the end of 2015, the Bank's maximum exposure to credit risk without taking account of any collateral and other credit enhancements was RMB23,952,537 million, up by RMB1,511,816 million from the end of the previous year. Please refer to "Note 55.(a)(i) Details of the Bank's Maximum Exposure to Credit Risk Without Taking Account of Any Collateral and Other Credit Enhancements". For mitigated risk exposures of credit risk asset portfolio of the Bank, please refer to "Credit Risk" of the 2015 Capital Adequacy Ratio Report of Industrial and Commercial Bank of China Limited.

DISTRIBUTION OF LOANS BY FIVE-CATEGORY CLASSIFICATION

In RMB millions except for percentages

Item	At 31 December 2015		At 31 December 2014	
	Amount	Percentage (%)	Amount	Percentage (%)
Pass	11,233,456	94.14	10,582,050	95.97
Special mention	520,492	4.36	319,784	2.90
NPLs	179,518	1.50	124,497	1.13
Substandard	104,805	0.87	66,809	0.60
Doubtful	60,512	0.51	49,359	0.45
Loss	14,201	0.12	8,329	0.08
Total	**11,933,466**	**100.00**	**11,026,331**	**100.00**

Loan quality remained stable overall. As at the end of 2015, according to the five-category classification, pass loans amounted to RMB11,233,456 million, representing an increase of RMB651,406 million from the end of the previous year and accounting for 94.14% of total loans. Special mention loans amounted to RMB520,492 million, representing an increase of RMB200,708 million and accounted for 4.36% of the total. NPLs amounted to RMB179,518 million, increased by RMB55,021 million, and NPL ratio was 1.50%. Under the new normal where economic growth slows down, structural adjustment deepens and industrial transformation accelerates, some industries and enterprises faced persistent challenges and enterprises suffered from capital chain tension, which led to worsening solvency of some enterprises. Hence, the Bank faced mounting pressure in controlling and preventing credit asset quality.

DISTRIBUTION OF LOANS AND NPLS BY BUSINESS LINE

In RMB millions except for percentages

Item	At 31 December 2015				At 31 December 2014			
	Loan	Percentage (%)	NPLs	NPL ratio (%)	Loan	Percentage (%)	NPLs	NPL ratio (%)
Corporate loans	7,869,552	65.9	135,256	1.72	7,612,592	69.0	92,277	1.21
Discounted bills	522,052	4.4	524	0.10	350,274	3.2	71	0.02
Personal loans	3,541,862	29.7	43,738	1.23	3,063,465	27.8	32,149	1.05
Total	**11,933,466**	**100.0**	**179,518**	**1.50**	**11,026,331**	**100.0**	**124,497**	**1.13**

Non-performing corporate loans stood at RMB135,256 million, increasing by RMB42,979 million from the end of the previous year, and NPL ratio was 1.72%, which was mainly due to loan default by some enterprises as a result of operating difficulties in the face of greater macroeconomic downward pressure, economic structural adjustment and industry transformation and upgrading. Non-performing personal loans stood at RMB43,738 million, increased by RMB11,589 million, and NPL ratio was 1.23%, which was mainly due to the increase in NPL amount of personal loans as a result of decrease of operating income or salaries of some borrowers.

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

In RMB millions except for percentages

Item	At 31 December 2015				At 31 December 2014			
	Loan	Percentage (%)	NPLs	NPL ratio (%)	Loan	Percentage (%)	NPLs	NPL ratio (%)
Manufacturing	1,496,241	21.6	51,353	3.43	1,532,947	22.7	35,681	2.33
Chemical industry	254,497	3.7	8,566	3.37	256,186	3.8	3,637	1.42
Machinery	235,873	3.4	7,996	3.39	238,857	3.5	6,288	2.63
Metal processing	171,065	2.5	7,138	4.17	175,163	2.6	4,819	2.75
Textiles and apparels	140,369	2.0	6,644	4.73	139,117	2.1	4,181	3.01
Iron and steel	113,841	1.6	1,043	0.92	111,892	1.7	908	0.81
Computer, telecommunications equipment, and other electronic equipment	97,733	1.4	1,064	1.09	121,013	1.8	906	0.75
Transport equipment	91,944	1.3	4,710	5.12	98,443	1.5	3,569	3.63
Non-metallic mineral	69,875	1.0	1,756	2.51	70,236	1.0	1,980	2.82
Petroleum processing, coking and nuclear fuel	52,127	0.8	240	0.46	51,951	0.8	204	0.39
Others	268,917	3.9	12,196	4.54	270,089	3.9	9,189	3.40
Transportation, storage and postal services	1,429,697	20.7	3,985	0.28	1,335,127	19.8	4,226	0.32
Production and supply of electricity, heat, gas and water	780,370	11.3	1,494	0.19	699,649	10.4	1,353	0.19
Wholesale and retail	734,994	10.7	48,522	6.60	772,536	11.5	35,612	4.61
Leasing and commercial service	652,956	9.5	4,906	0.75	575,469	8.5	2,164	0.38
Water, environment and public utility management	461,542	6.7	278	0.06	470,014	7.0	56	0.01
Real estate	427,306	6.2	6,293	1.47	443,471	6.6	3,713	0.84
Mining	246,541	3.6	3,722	1.51	262,338	3.9	1,576	0.60
Construction	210,294	3.0	3,047	1.45	205,881	3.1	1,242	0.60
Accommodation and catering	145,175	2.1	3,453	2.38	159,469	2.4	1,312	0.82
Science, education, culture and sanitation	124,542	1.8	575	0.46	114,012	1.7	429	0.38
Others	191,430	2.8	1,967	1.03	172,986	2.4	1,306	0.75
Total	**6,901,088**	**100.0**	**129,595**	**1.88**	**6,743,899**	**100.0**	**88,670**	**1.31**

In 2015, the Bank navigated credit and credit structure adjustment in a scientific manner, proactively adapted to the national development strategies of "four regions" and "three supporting belts", and continued to support the national key projects and major engineering constructions as well as the transformation and upgrading of quality product manufacturing enterprises and leading enterprises of traditional industries. Loans granted to the transportation, storage and postal services industry increased by RMB94,570 million or 7.1%, which was mainly used to support high-quality transportation infrastructure construction projects. Loans granted to the production and supply of electricity, heat, gas and water industry rose by RMB80,721 million or 11.5%, mainly meeting the loan demand of the clean energy sector. The increment of loans to the leasing and commercial service industry was RMB77,487 million, up 13.5%, which was mainly attributable to the rapid growth of loans to investment and asset management, corporate headquarters management and other commercial services and lease of machinery equipment.

NPLs of the manufacturing industry and the wholesale and retail industry increased by a large margin. Increase in NPLs of the manufacturing industry was largely attributable to loan default of some manufacturing enterprises triggered by deteriorating operation status and funds shortage, which is caused by increasing macroeconomic downward pressure, falling market demand, declining ex-factory price of products and excess of low-end capacity. Increase in NPLs of the wholesale and retail industry was largely attributable to loan default of some wholesale enterprises triggered by operating difficulties, which is caused by increasing macroeconomic downward pressure and falling price of bulk commodity.

DISTRIBUTION OF LOANS AND NPLS BY GEOGRAPHIC AREA

In RMB millions except for percentages

	At 31 December 2015				At 31 December 2014			
Item	Loan	Percentage (%)	NPLs	NPL ratio (%)	Loan	Percentage (%)	NPLs	NPL ratio (%)
Head Office	541,087	4.5	9,053	1.67	475,485	4.3	5,139	1.08
Yangtze River Delta	2,283,391	19.1	39,297	1.72	2,191,188	19.9	26,208	1.20
Pearl River Delta	1,545,400	13.0	29,946	1.94	1,453,273	13.2	23,858	1.64
Bohai Rim	2,007,028	16.8	30,605	1.52	1,861,749	16.9	20,611	1.11
Central China	1,668,136	14.0	23,707	1.42	1,500,909	13.6	17,194	1.15
Western China	2,171,273	18.2	32,472	1.50	1,988,934	18.0	20,701	1.04
Northeastern China	668,572	5.6	8,518	1.27	625,457	5.7	6,932	1.11
Overseas and others	1,048,579	8.8	5,920	0.56	929,336	8.4	3,854	0.41
Total	**11,933,466**	**100.0**	**179,518**	**1.50**	**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. The Bank actively supported the regional development of Central China, Western China and Northeastern China, and granted RMB349,566 million loans to Central China and Western China, accounting for 38.5% of the total new loans. Overseas and other loans increased by RMB119,243 million or 12.8%, accounting for 13.1% of the total new loans, which was mainly due to the stable growth of cross-border lending via cooperation with domestic institutions, large syndicated loans and other credit businesses, resulting from their stronger support to the "One Belt and One Road" initiative and their active participation in cross-border financial services for "Going Global" of Chinese-funded enterprises.

The Yangtze River Delta, the Western China and the Bohai Rim witnessed relatively large increases in NPLs. NPL increase in the Yangtze River Delta and the Bohai Rim was mainly caused by loan default growth resulting from operating difficulties of some enterprises in the manufacturing industry and the wholesale and retail industry against the backdrop of greater macroeconomic downward pressure, economic structural adjustment and industry transformation and upgrading. NPL rise in the Western China primarily resulted from loan default due to profitability decrease of resource-based enterprises in the face of falling prices of coal and other products in addition to the impact brought by the manufacturing industry and the wholesale and retail industry.

CHANGES IN ALLOWANCE FOR IMPAIRMENT LOSSES ON LOANS

In RMB millions

	Individually assessed	Collectively assessed	Total
Balance at the beginning of the year	**41,245**	**216,336**	**257,581**
Charge for the year	63,728	22,294	86,022
Including: Impairment allowances charged	91,878	134,262	226,140
Impairment allowances transferred	902	(902)	–
Reversal of impairment allowances	(29,052)	(111,066)	(140,118)
Accrued interest on impaired loans	(4,156)	–	(4,156)
Acquisition of subsidiaries	326	88	414
Write-offs	(50,365)	(9,931)	(60,296)
Recoveries of loans and advances previously written off	721	368	1,089
Balance at the end of the year	**51,499**	**229,155**	**280,654**

As at the end of 2015, the allowance for impairment losses on loans stood at RMB280,654 million, a year-on-year increase of RMB23,073 million. Allowance to NPL was 156.34%; allowance to total loans was 2.35%.

DISTRIBUTION OF LOANS BY COLLATERAL

In RMB millions except for percentages

Item	At 31 December 2015 Amount	At 31 December 2015 Percentage (%)	At 31 December 2014 Amount	At 31 December 2014 Percentage (%)
Loans secured by mortgages	5,499,003	46.1	4,964,791	45.0
Including: Residential mortgages	2,516,196	21.1	2,070,366	18.8
Pledged loans	1,505,144	12.6	1,372,605	12.5
Including: Discounted bills	522,052	4.4	350,274	3.2
Guaranteed loans	1,642,370	13.8	1,534,012	13.9
Unsecured loans	3,286,949	27.5	3,154,923	28.6
Total	**11,933,466**	**100.0**	**11,026,331**	**100.0**

Loans secured by mortgages stood at RMB5,499,003 million, representing an increase of RMB534,212 million or 10.8% from the end of the previous year. Pledged loans amounted to RMB1,505,144 million, representing an increase of RMB132,539 million or 9.7% from the end of the previous year. Guaranteed loans amounted to RMB1,642,370 million, representing an increase of RMB108,358 million or 7.1% from the end of the previous year. Unsecured loans amounted to RMB3,286,949 million, representing an increase of RMB132,026 million or 4.2% from the end of the previous year.

OVERDUE LOANS

In RMB millions except for percentages

Overdue periods	At 31 December 2015 Amount	At 31 December 2015 % of total loans	At 31 December 2014 Amount	At 31 December 2014 % of total loans
1 to 90 days	169,902	1.42	95,410	0.87
91 days to 1 year	84,808	0.71	65,134	0.59
1 to 3 years	62,783	0.53	35,152	0.32
Over 3 years	15,205	0.13	14,882	0.13
Total	**332,698**	**2.79**	**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 RMB332,698 million, representing an increase of RMB122,120 million from the end of the previous year. Among which, loans overdue for over 90 days amounted to RMB162,796 million, representing an increase of RMB47,628 million.

RENEGOTIATED LOANS

Renegotiated loans and advances amounted to RMB4,557 million, representing a decrease of RMB22 million as compared to the end of the previous year. Renegotiated loans and advances overdue for over three months amounted to RMB1,570 million, representing a decrease of RMB356 million.

BORROWER CONCENTRATION

The total amount of loans granted by the Bank to the single largest customer and top ten single customers accounted for 4.2% and 13.3% of the Bank's net capital respectively. The total amount of loans granted to the top ten single customers was RMB267,878 million, accounting for 2.2% of total loans. The table below shows the details of the loans granted to the top ten single borrowers of the Bank as at the end of 2015.

In RMB millions except for percentages

Borrower	Industry	Amount	% of total loans
Borrower A	Transportation, storage and postal services	84,849	0.7
Borrower B	Transportation, storage and postal services	30,925	0.3
Borrower C	Transportation, storage and postal services	28,148	0.2
Borrower D	Information transmission, software and information technology services	21,600	0.2
Borrower E	Transportation, storage and postal services	19,072	0.2
Borrower F	Transportation, storage and postal services	18,211	0.2
Borrower G	Transportation, storage and postal services	16,585	0.1
Borrower H	Transportation, storage and postal services	16,368	0.1
Borrower I	Transportation, storage and postal services	16,288	0.1
Borrower J	Transportation, storage and postal services	15,832	0.1
Total		**267,878**	**2.2**

Market Risk

Market risk is defined as the risk of loss to the Bank's on- and off-balance sheet activities caused by adverse movements in market rates (including interest rates, exchange rates, and stock price and commodity prices).The Bank is primarily exposed to interest rate risk and currency risk (including gold).

The Bank's market risk management is the process of identifying, measuring, monitoring, controlling and reporting market risk for the purposes of setting up and enhancing the market risk management system, specifying responsibilities and process, determining and standardizing the measurement approaches, limit management indicators and market risk reports, controlling and mitigating market risk and improving the level of market risk management. The objective of market risk management is to control market risk exposures within a tolerable level and maximize risk-adjusted return according to the Bank's risk appetite.

The Bank strictly complies with the Guidelines on Market Risk Management of Commercial Banks issued by CBRC and other related regulatory requirements, implemented an independent, centralized and coordinated market risk management model under the leadership of the Board of Directors and the Senior Management, and formed a management organizational structure featuring the segregation of the front office, the middle office and the back office in the financial market business. The Board of Directors assumes the ultimate responsibility for the implementation and monitoring of market risk management. The Senior Management is responsible for executing the strategies, overall policy and system regarding market risk management approved by the Board of Directors. The Market Risk Management Committee of the Senior Management is the reviewing and decision-making organ of the Bank in respect of market risk management, and is responsible for reviewing important matters of market risk management, and performs its duty in accordance with the Working Regulations for the Market Risk Management Committee. The market risk management departments at different levels are responsible for coordinating the market risk management at respective levels, and the business departments play their roles in implementing market risk management policies and standards in respective business areas.

In 2015, the Bank continued to strengthen consolidated management of market risk and persistently enhanced the management and measurement of market risk at the Group's level. It improved market risk management rules and regulations including the measures for market risk consolidated management, implemented institution classified management and delicacy management of overseas institutions. It accelerated overseas expansion of the Global Market Risk Management (GMRM) system, covering more institutions. It also actively optimized the measurement models and IMA verification, enhanced independent research and development capacity of market risk internal models, and deepened the core application of the IMA in limit management, risk reporting, stress test and capital measurement.

Banking Book and Trading Book

In order to take more effective market risk management measures and accurately measure regulatory capital arising from market risk, the Bank categorized all on- and off-balance sheet assets and liabilities into its trading book and banking book according to the nature and characteristics of different books. The trading book includes tradable financial instruments and commodity positions held by the Bank for the purposes of trading or hedging the risks of other items in the trading book, whereas all other positions are included in the banking book.

Market Risk Management of the Banking Book

◆ *Interest Rate Risk Management*

Interest rate risk is defined as the risk of loss in the overall gain and economic value of the banking book arising from adverse movements in interest rate and term structure, etc. Interest rate risks mainly include repricing risk, yield curve risk, benchmark rate risk and option risk, of which, repricing risk and benchmark rate risk are the Bank's primary interest rate risks.

The Bank's interest rate risk management is aimed at maximizing the risk-adjusted net interest income within the tolerable level of interest rate risk under its risk management and risk appetite. The Bank adheres to the prudence principle in interest rate risk management of the banking book. The department in charge of interest rate risk management of the banking book and business departments jointly monitor and forecast interest rate trends and manage the interest rate risk based on monitoring results, so as to maximize the risk-adjusted income.

In 2015, in light of policy trends and market changes, the Bank made comprehensive analysis on the impact brought by interest rate liberalization and actively researched and worked out solutions. It improved differentiated deposit pricing management, and established the total amount management mechanism for deposit interest rate upward floating. It developed interest rate-sensitive liability classified management system, strengthening its efforts in classified management and quantitative analysis of active liabilities and passive liabilities. Therefore, the interest rate risk management of the Bank was enhanced.

◆ *Currency Risk Management*

Currency risk is the risk of adverse movements of exchange rate resulting in losses on the foreign currency exposure, which is due to the currency structure's mismatch between foreign currency assets and liabilities.

The Bank's objective of currency risk management is to control the impact of exchange rate fluctuations on the Bank's financial position and shareholders' equity within a tolerable extent. The Bank mitigates such risk principally by limit management and hedging of risks. The Bank carries out sensitivity analysis and stress test of currency risk on a quarterly basis, and submits currency risk reports to the Senior Management and the Market Risk Management Committee.

Market Risk Management of the Trading Book

The Bank continued to improve risk measurement and product control of the trading book by adopting multiple methods including Value at Risk (VaR), sensitivity analysis and exposure analysis to measure and manage products in the trading book. The Bank also optimized the market risk limit management system based on trading portfolios, established and improved the three-tier limit approval mechanism consisting of the Board of Directors, the Market Risk Management Committee and business departments. In addition, it optimized limit setting in a scientific manner and realized fast and flexible limit monitoring and dynamic adjustment relying on the Global Market Risk Management (GMRM) system. For value at risk (VaR) of the trading book of the Bank, please refer to "Note 55.(c)(i) to the Financial Statements: Value at Risk (VaR)".

Market Risk Analysis

◆ *Interest Rate Risk Analysis*

In 2015, the domestic interest rate liberalization reform achieved critical progress and interest rate control was basically lifted. The Bank attached more importance to the scenario analysis and the stress test on interest rate risk and studied over and formulated the differentiated pricing strategy. It strengthened monitoring of the interest rate implementation as well as comparisons with the peers to reasonably control the floating range of interest rates and optimize the interest rate structure. It reinforced loan pricing management by promoting the market-based loan pricing mechanism, improved differentiated pricing management, and established the management mechanism for deposit interest rate upward floating to foster coordinated growth of deposit scale and price.

As at the end of 2015, the Bank had a cumulative interest rate sensitivity positive exposure within one year of RMB107,036 million, representing an increase of RMB6,567 million, mainly because of the increase of loans, bond investment and due from banks and other financial institutions repriced and matured within one year. Cumulative interest rate sensitivity positive exposure over one year stood at RMB1,519,205 million, an increase of RMB134,752 million from the end of the previous year, mainly due to rise of available-for-sale financial assets and financial assets at fair value through profit or loss matured over one year. The structure of the Bank's interest rate risk exposure according to the contractual repricing date or maturity date (whichever is earlier) is shown in the following table:

INTEREST RATE RISK EXPOSURE

In RMB millions

	Less than 3 months	3 months to 1 year	1 to 5 years	Over 5 years
At 31 December 2015	(1,481,484)	1,588,520	399,606	1,119,599
At 31 December 2014	(1,047,439)	1,147,908	361,676	1,022,777

Note: Please refer to "Note 55.(c)(ii) to the Financial Statements: Interest Rate Risk".

For interest rate sensitivity analysis of the Bank, please refer to "Note 55.(c)(ii) to the Financial Statements: Interest Rate Risk".

◆ *Currency Risk Analysis*

In 2015, Renminbi depreciated slightly against US dollar with obvious characteristics of two-way fluctuations, exchange rate elasticity was significantly enhanced, and Renminbi maintained generally stable against the basket of currencies. The central parity of Renminbi against US dollar depreciated 5.77% compared to the end of 2014. The Bank closely watched the changes in external market and exchange rate, actively took a combination of measures such as price leverage to adjust and optimize the aggregate amount and structure of foreign exchange assets and liabilities, and strengthened assets and liabilities currency structure management and capital fund preservation management of overseas institutions. The currency risk of the Bank was under control.

FOREIGN EXCHANGE EXPOSURE

In RMB (USD) millions

Item	At 31 December 2015		At 31 December 2014	
	RMB	USD equivalent	RMB	USD equivalent
Exposure of on-balance sheet foreign exchange items, net	189,756	29,222	262,643	42,334
Exposure of off-balance sheet foreign exchange items, net	(36,322)	(5,593)	(136,602)	(22,018)
Total foreign exchange exposure, net	**153,434**	**23,629**	**126,041**	**20,316**

Please refer to "Note 55.(c)(iii) to the Financial Statements: Currency Risk" for the exchange rate sensitivity analysis.

Liquidity Risk

Liquidity risk is the risk that the Bank is unable to raise funds on a timely basis or at a reasonable cost to settle liabilities as they fall due, perform other payment obligations and satisfy other funding demands of normal business development. Liquidity risk may arise from the following events or factors: withdrawal of customers' deposits, drawing of loans by customers, overdue payment of debtors, mismatch between assets and liabilities, difficulties in assets realization, operating losses, derivatives trading risk and risk associated with its affiliates.

Liquidity Risk Management

In 2015, according to the macroeconomic environment and changes of financial regulatory policies, the Bank strengthened the development of its liquidity risk management mechanism and managed liquidity on and off balance sheet and of domestic and overseas institutions in a coordinated way, which further raised funds operation and liquidity risk prevention and control capability of the Group. Real-time funds monitoring and warning mechanism was improved to ensure smooth and orderly operation of the RMB payment system (CIPS) and promote refined liquidity management across the Bank. City-wide fund clearing management and system building were implemented, effectively enhancing funds operation and liquidity risk centralized management. Overseas funds were managed in a more centralized manner, and the overall planning and coordination mechanism for the Group's liquidity risk was improved. Overseas institutions were guided to further optimize the structure of assets and liabilities and expand sources of liabilities and to continuously boost their liquidity risk prevention capability. Development of systems for identification, monitoring, measurement and control procedures for liquidity risk was steadily progressed, in a bid to further improve the automatic level of liquidity risk management.

◆ *Liquidity Risk Management System and Governance Structure*

The Bank's liquidity risk management system conforms to the overall development strategy and the entire risk management system of the Bank, and is commensurate with the business scale, business nature, complexity and other aspects of the Bank. The system includes the following fundamental elements: effective governance structure for liquidity risk management; sound strategy, policy and procedures for liquidity risk management; effective identification, measurement, monitoring and control procedures for liquidity risk and a complete management information system.

In respect of liquidity risk management, the Bank's governance structure embodies the decision-making system comprising the Board of Directors and its special committees as well as the Asset and Liability Management Committee and the Risk Management Committee of the Head Office; the supervision system comprising the Board of Supervisors, the Internal Audit Bureau and the Internal Control and Compliance Department; and the execution system comprising the Asset and Liability Management Department, leading management departments of on and off-balance sheet businesses, the Information Technology Department, operation management departments of the Head Office and relevant departments of branches. Each of these systems performs corresponding decision making, supervision and execution functions according to division of responsibilities.

◆ *Objective, Strategy and Important Policy of Liquidity Risk Management*

Objective of liquidity risk management: By establishing and improving the liquidity risk management system, the Bank aims at realizing complete identification, accurate measurement, continuous monitoring and effective control of the liquidity risk at the Group level, the Bank, the branches and the business lines, and ensuring the liquidity demand is satisfied at a reasonable cost in time under the normal business scenario and the stress scenario.

Formulated taking into account the liquidity risk appetite, the liquidity risk management strategy, policy and procedure cover all businesses on and off the balance sheet, all domestic and overseas business departments and branches that are likely to deliver a material impact on the liquidity risk, and contain the liquidity risk management under normal and stress scenarios. The liquidity risk management strategy specifies the overall objective and management mode of liquidity risk management and lists major policies and procedures for liquidity risk management. Important policies for liquidity risk management are formulated in accordance with external and macro operating environments and business development of the Bank, with a view to striking an effective balance among security, liquidity and profitability.

◆ *Liquidity Risk Management Mode*

The mode of liquidity risk management of the Bank is consolidated liquidity risk management based on management of liquidity risk at the bank level. The Head Office manages the liquidity risk of the Bank in a unified and centralized manner and ensures liquidity security of the Bank through dynamic adjustment of the aggregate and structure of assets and liabilities, whereas the affiliates assume primary responsibilities concerning liquidity risk management of respective institution, and undertake corresponding responsibilities as required by the leading liquidity risk management departments of the Head Office.

◆ *Stress Test*

Following the prudence principle, the Bank employs the scenario analysis and the sensitivity analysis to perform stress test on liquidity risk. The Bank has taken full consideration of various macroscopic and microscopic factors that may influence the Bank's liquidity status to set stress scenarios against those products, businesses and institutions with concentrated liquidity risk in line with the characteristics and complexity of the Bank's businesses. The Bank performs stress tests on a quarterly basis. Where necessary, the Bank may carry out temporary and special stress tests at a particular time in light of changes in the external operating environment and regulatory requirements.

Liquidity Risk Analysis

The Bank paid close attention to the macro-control policy and the trend of market funds, dynamically adjusted its RMB funds operation strategy in accordance with the Bank's assets and liabilities business development and funds management characteristics in different periods, and took various measures to ensure a safe and stable liquidity level. In order to further consolidate the deposit business, it promoted the steady and balanced growth of each type of deposits, and applied comprehensive means including price and scale measures to optimize deposit structure, which effectively enhanced the stability of liabilities. It also intensified the efforts in treasury business term structure management, taking funds security, liquidity and profitability into consideration.

In respect of foreign currencies, the Bank closely observed the changes in external markets and funds, adjusted foreign currency liquidity management strategy and internal and external fund prices in a flexible manner and maintained the coordinated development of foreign currency assets and liabilities business while ensuring a safe liquidity level.

The deposit and loan businesses of the Bank maintained coordinated development, and liquidity risk management ability was further strengthened. RMB liquidity ratio, foreign currency liquidity ratio and liquidity coverage ratio of the Bank were 35.5%, 98.1% and 145.1%, respectively, meeting the regulatory requirements. Loan-to-deposit ratio was 71.4%. Please refer to "Discussion and Analysis — Other Information Disclosed Pursuant to Regulatory Requirements" for details.

For the quantitative information for liquidity coverage ratio based on the Administrative Measures for Liquidity Coverage Ratio of Commercial Banks promulgated by CBRC, please refer to "Unaudited Supplementary Financial Information".

The Bank also assessed the liquidity risk status by using liquidity exposure analysis. As at the end of 2015, the liquidity exposure for the less than 1 month category turned positive from negative, which was mainly due to the increase of due from and placements with banks and other financial institutions with corresponding term and the decrease of financial liabilities at fair value through profit or loss; the negative liquidity exposure for the 1 to 3 months category fell following the decrease of financial liabilities at fair value through profit or loss with corresponding term; the liquidity exposure for the 3 months to 1 year category turned positive from negative and the positive liquidity exposure for the over 5 years category edged up, which was mainly due to loans and bond investment with corresponding term increased. Deposits of the Bank maintained steady growth with a high deposition rate, and at the same time the Bank made major investment in central bank bills, treasury bonds and other high-liquidity assets, and possessed sufficient liquidity reserves. Therefore, the overall liquidity of the Bank maintained at a safe level. The liquidity exposure analysis of the Bank as at the end of 2015 is shown in the table below:

LIQUIDITY EXPOSURE ANALYSIS

In RMB millions

	Overdue/ repayable on demand	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Undated	Total
At 31 December 2015	(9,385,821)	322,595	(540,886)	26,247	3,197,027	5,136,733	3,044,624	1,800,519
At 31 December 2014	(7,958,354)	(325,851)	(782,933)	(479,125)	3,082,273	4,628,344	3,372,950	1,537,304

Note: Please refer to "Note 55.(b) to the Financial Statements: Liquidity Risk".

Operational Risk

Operational Risk Management

Operational risk is defined as the risk of loss resulting from insufficient or problematic internal processes, employees and IT systems or from external events, including legal risk, but excluding strategic and reputational risk. There are seven major types of operational risks faced by the Bank, including internal fraud, external fraud, employment system and workplace safety, customers, products and business activities, damage to physical assets, IT system, execution and delivery and process management. Among these, external fraud, execution and delivery and process management constitute major sources of operational risk losses of the Bank.

The Bank strictly followed the requirements of the Guidance to the Operational Risk Management of Commercial Banks issued by CBRC. Under the leadership of the Board of Directors and the Senior Management, the Bank adopted the operational risk control mode of "integrated management, classified control". The Board of Directors assumes relevant responsibility for the effectiveness of the operational risk management according to the Articles of Association, and the Senior Management is responsible for implementing the strategy, overall policy and system for operational risk management approved by the Board of Directors. The Operational Risk Management Committee under the Senior Management, as the organizer and coordinator of operational risk management of the Bank, is responsible for reviewing and approving significant matters related to operational risk management according to the Working Regulations for the Operational Risk Management Committee. Marketing and product departments at all levels form the first line of defense of operational risk management, which assume direct responsibility for operational risk management in each business line. Internal control and compliance departments at various levels are comprehensive management departments for operational risk in institutions at various levels and assume the duty of operating the second line of defense of operational risk management, which are responsible for the overall management of operational risks of institutions at various levels and for the arrangement and organization for the establishment and implementation of operational risk management system at each level; discipline enforcement, security, human resources, IT, finance and accounting, legal affairs, operation management, credit management and risk management departments at all levels are classification control departments for operational risk in institutions at various levels, which are responsible for management and control on specific types of operational risk. These departments, together with comprehensive management departments, form the second line of defense of operational risk management. The internal audit departments at all levels are responsible for auditing and evaluating the operation of the operational risk management system, and form the third line of defense.

In 2015, in accordance with latest regulatory requirements concerning operational risk and the trends of operational risk, the Bank continuously strengthened the refined management of operational risks in key fields and core links, further promoted operational risk management in overseas institutions, and improved the operational risk management of the Group. It continuously improved the operational risk control system of each business line, strenuously effected the risk management functions of internal and external frauds control departments, established better case prevention mechanisms and systems, and promoted the application of the external fraud risk information system in all business areas and overseas institutions. It bolstered in-process operational risk control and pre-trading risk control and persistently enhanced credit business compliance supervision. It proactively implemented the establishment of the information security integrated mechanism and terminal security management, in order to increase the resilience of the information technology system against external attacks. It reinforced operational risk limit management and compliance management, raised the flexibility of limit indicators, standardized compliance review processing flow, and focused on compliance management of overseas institutions. It intensified operational risk data quality control of the Group, laying a solid foundation for the implementation of the advanced measurement approach (AMA) for operational risk. During the reporting period, the operational risk management system of the Bank operated smoothly and the operational risk was controllable on the whole.

Legal Risk

Legal risk is the risk of incurring legal sanctions, regulatory penalties, financial losses, reputational losses or other negative consequences that arise out of or in connection with the failure of the Bank to comply with relevant laws, regulations, administrative rules, regulatory provisions and requirements of other relevant rules in the operational management of the Bank; the unfavorable legal defects that exist in products, services or information provided, transactions engaged in, and contracts, agreements or other documents executed by the Bank; legal disputes (legal or arbitration proceedings) between the Bank and its customers, counterparties and stakeholders; important changes in relevant laws and regulations, administrative rules, regulatory provisions and other relevant rules; and other relevant legal events that occur internally and externally.

Based on the objective to ensure legal and compliant operation, the Bank always attaches importance to establishing a sound legal risk management system and forming a full-process legal risk prevention and control mechanism to support and secure business innovation and market competition, and prevent and eliminate various potential or practical legal risks. The Board of Directors is responsible for reviewing and determining the strategy and policy relating to legal risk management, and assumes the ultimate responsibility of legal risk management. The Senior Management is responsible for executing the legal risk management strategy and policy, formulating relevant systems and measures, and examining and approving relevant important affairs. The Legal Affairs Department of the Head Office is the functional department in charge of legal risk management across the Bank, with relevant business departments providing related support and assistance on the work regarding legal risk prevention and control, and the affiliates and domestic and overseas branches undertaking the responsibility of legal risk management of their respective institutions.

In 2015, the Bank continued to strengthen legal risk management and control and provided stronger legal support to business transformation and innovative development with a view to ensuring the legal and compliant operation and healthy business development of the Group. The Bank advanced IT-based legal risk prevention and control and upgraded the working mechanism and process for consolidated legal risk management. The Bank collected NPLs by legal means and improved the effectiveness of legal collection. Besides, the Bank strengthened the risk control and management of lawsuits where the Bank was the defendant, to continuously enhance litigation management. Additionally, it assisted the online enforcement investigation and control system and increased the efficiency of assistance to enforcement. Last but not least, the Bank further standardized contract management and reinforced authorization management, related parties management, trademark management and intellectual property protection.

Anti-Money Laundering

In strict compliance with applicable laws and regulations concerning anti-money laundering, the Bank actively implemented the "risk-based" regulatory requirements in respect of anti-money laundering, earnestly fulfilled the social duties and legal obligations concerning anti-money laundering, and kept enhancing the Group's risk management level regarding anti-money laundering and anti-terrorist financing.

In 2015, the Bank continued to deepen centralized processing and comprehensive pilot reform in anti-money laundering, with its suspicious report quality and centralized judgment mode highly recognized by PBC. Money laundering risk assessment policies for institutions, customers and products were formulated and improved, money laundering self assessment was carried out steadfastly, customer risk levels were reassessed, and regular analysis report on money laundering types was improved. Special inspection and selective quality inspection of sensitive transactions were conducted, and special campaign against customer information was implemented in an in-depth manner, and money laundering risk and counter-terrorist financing risk control in major business areas was reinforced. The overseas anti-money laundering monitoring system was improved, and the reform of sensitive information compliance review mechanism was promoted in an orderly manner. Audit of overseas institutions with respect to anti-money laundering was reinforced, and anti-money laundering personnel allocation and performance appraisal and supervision of overseas institutions were strengthened. The Bank proactively prevented and controlled anti-money laundering compliance risk facing the Group in process of internationalization. Publicity activities and trainings on anti-money laundering were launched, anti-money laundering qualification authentication was promoted, and the building of anti-money laundering expert team was intensified, so as to improve the compliance awareness, professionalism and duty performance ability of anti-money laundering professionals.

Reputational Risk

Reputational risk is defined as the risk of negative assessment or comments on a commercial bank from stakeholders as a result of its operation, management and other behaviors or external events. Reputational risk may arise in any part of the Bank's operation and management, and usually co-exists and correlates with credit risk, market risk, operational risk and liquidity risk.

Reputational risk management of the Bank refers to the process and method for ensuring the achievement of the overall objective of reputational risk management based on the objective and planning for reputational risk management, including the establishment and improvement of the reputational risk management system through the identification, assessment, monitoring and handling of reputational risk factors and reputational events. The Bank adheres to the prevention oriented principle and incorporates reputational risk management into each aspect of operational management of the Bank and every customer service process, with a view to controlling and mitigating reputational risk at its source and minimizing the possibility of occurrence of and influence from reputational events.

As the highest decision-making body of the Bank's reputational risk management, the Board of Directors is responsible for formulating strategies and policies concerning reputational risk management that are in line with the strategic objective of the Bank. The Senior Management is responsible for implementing such strategies and policies established by the Board of Directors and leading reputational risk management of the Bank. The Bank has established a special reputational risk management team to take charge of the daily management of reputational risk.

In 2015, the Bank comprehensively strengthened reputational risk management, proactively prevented reputational risk and enhanced the reputational risk management level and prevention ability across the Bank. According to the latest regulatory requirements and external situation changes, the Bank improved reputational risk management working mechanism, carried out identification, evaluation, monitoring, control, mitigation and assessment of reputational risk in an in-depth manner and strengthened consolidated management of reputational risk. It conducted reputational risk assessment on new businesses and products, made comprehensive inspections on reputational risk and created the reputational risk management ledger level by level. It organized emergency response drill on reputational risk and reinforced prevention control and mitigation of reputational risk. It made active response to concerns from the society and effectively communicated with the stakeholders and the public.

Country Risk

Country risk is the risk incurred to a bank arising from the inability or refusal by the borrower or debtor to repay bank debt, losses suffered by the Bank or its commercial presence in such country or region and other losses due to economic, political and social changes and events in a country or a region. Country risk may be triggered by deterioration of economic conditions, political and social turmoil, asset nationalization or expropriation, government's refusal to pay external debt, foreign exchange control or currency depreciation in a country or a region.

The Bank strictly observes the Guidelines on the Management of Country Risk by Banking Financial Institutions and other regulatory requirements of CBRC, implemented a management model where responsibilities of each department or business line are clearly defined under the leadership of the Board of Directors and the Senior Management. The Board of Directors assumes the ultimate responsibility for the effectiveness of country risk management. The Senior Management is responsible for executing the country risk management policies approved by the Board of Directors. The Risk Management Committee of the Head Office is responsible for reviewing matters regarding country risk management. The Bank manages and controls country risk through a series of management tools, including country risk assessment and rating, country risk limits for the entire group and continuous statistics, analysis and monitoring of country risk exposure, as well as country risk assessment using stress tests. The Bank reviews the country risk rating and limits at least once every year.

In 2015, in response to the complicated international political and economic situation, the Bank continued to strengthen country risk management according to regulatory requirements and business development. It closely monitored country risk exposure, kept tracking, monitoring and reporting country risk and promptly updated and adjusted the rating and limits of country risk. It also further improved the country risk early warning mechanism, actively conducted stress tests on country risk and effectively controlled country risk while pushing ahead the internationalization strategy.

CAPITAL MANAGEMENT

The Bank implements a group-based capital management mechanism, and takes capital as the object and an instrument for its management activities, including planning, measurement, allocation, application and operation. The Bank's capital management aims at maintaining appropriate capital adequacy ratio and continuously meeting capital supervisory regulations and policies; ceaselessly consolidating and enhancing the bank-wide capital base and supporting business growth and implementation of strategic planning; establishing a value management system focusing on economic capital, reinforcing capital constraint and incentive mechanism and improving capital allocation efficiency; innovating and expanding capital replenishment channel, raising capital quality and optimizing capital structure. The Bank's capital management covers various operating entities in the Group, and its contents include capital adequacy ratio management, economic capital management and capital financing management.

In 2015, the Bank further improved its capital management mechanism and effectively communicated regulatory requirements; strived to promote the optimization of bank-wide capital utilization, intensified the rigid constraint of economic capital on risk-weighted assets across the Bank and continued to elevate the capital use efficiency and return on capital. On the basis of supplementing capital with retained profits, the Bank continued to issue preference shares and eligible tier 2 capital instruments to replenish capital, further consolidating the bank-wide capital base and reinforcing its capacity in supporting the real economy development. Moreover, the Bank coordinated, allocated and utilized various capital resources to satisfy capital supplement requirements of subsidiaries. At the end of 2015, the Bank's capital management indicators performed soundly, of which capital adequacy ratio was kept at an ideal level, fully representing its reputation of strong capital base and stable and sustainable operation.

Capital Adequacy Ratio and Leverage Ratio

The Bank calculated its capital adequacy ratios in accordance with the Capital Regulation. In accordance with the applicable scope of advanced capital management approaches approved by CBRC, the foundation internal ratings-based (IRB) approach was adopted for corporate credit risk, the IRB approach for retail credit risk, the internal model approach (IMA) for market risk, and the standardized approach for operational risk meeting regulatory requirements. Weighted approach was adopted for credit risk not covered by IRB approach and standardized approach for market risk not covered by IMA.

RESULTS OF CAPITAL ADEQUACY RATIO CALCULATION OF THE GROUP AND PARENT COMPANY

In RMB millions, except for percentages

	At 31 December 2015		At 31 December 2014	
Item	Group	Parent Company	Group	Parent Company
Calculated in accordance with the Capital Regulation:				
Net core tier 1 capital	1,701,495	1,571,403	1,486,733	1,393,120
Net tier 1 capital	1,781,062	1,650,778	1,521,233	1,427,548
Net capital base	2,012,103	1,869,237	1,812,137	1,699,357
Core tier 1 capital adequacy ratio	12.87%	12.88%	11.92%	12.05%
Tier 1 capital adequacy ratio	13.48%	13.53%	12.19%	12.35%
Capital adequacy ratio	15.22%	15.32%	14.53%	14.70%
Calculated in accordance with the Regulation Governing Capital Adequacy of Commercial Banks and related regulations:				
Core capital adequacy ratio	11.83%	12.09%	11.49%	11.82%
Capital adequacy ratio	14.75%	14.67%	14.29%	14.35%

As at the end of 2015, the core tier 1 capital adequacy ratio, tier 1 capital adequacy ratio and capital adequacy ratio calculated by the Bank in accordance with the Capital Regulation stood at 12.87%, 13.48% and 15.22%, respectively, complying with regulatory requirements. In 2015, the Bank's profits maintained continuous growth and effectively replenished the core tier 1 capital. The Bank proactively carried out external capital replenishments and effectively replenished the additional tier 1 capital and tier 2 capital. Meanwhile, the Bank further reinforced its capital constraint mechanism so that the growth rate of risk-weighted assets was controlled effectively and that the capital adequacy ratio remained at a moderate level.

CAPITAL ADEQUACY RATIO

In RMB millions, except for percentages

Item	At 31 December 2015	At 31 December 2014
Core tier 1 capital	**1,713,160**	**1,498,403**
Paid-in capital	356,407	353,495
Valid portion of capital reserve	151,963	144,874
Surplus reserve	178,040	150,752
General reserve	246,356	221,622
Retained profits	781,853	650,308
Valid portion of minority interests	4,340	2,191
Others	(5,799)	(24,839)
Core tier 1 capital deductions	**11,665**	**11,670**
Goodwill	8,478	8,487
Other intangible assets other than land use rights	1,356	1,279
Cash flow hedge reserves that relate to the hedging of items that are not fair valued on the balance sheet	(3,869)	(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	**1,701,495**	**1,486,733**
Additional tier 1 capital	**79,567**	**34,500**
Additional tier 1 capital instruments and related premium	79,375	34,428
Valid portion of minority interests	192	72
Net tier 1 capital	**1,781,062**	**1,521,233**
Tier 2 capital	**244,641**	**306,704**
Valid portion of tier 2 capital instruments and related premium	180,242	187,829
Surplus provision for loan impairment	63,398	118,633
Valid portion of minority interests	1,001	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	**2,012,103**	**1,812,137**
Risk-weighted assets(2)	**13,216,687**	**12,475,939**
Core tier 1 capital adequacy ratio	**12.87%**	**11.92%**
Tier 1 capital adequacy ratio	**13.48%**	**12.19%**
Capital adequacy ratio	**15.22%**	**14.53%**

Notes: (1) Please refer to "Note 55.(d) to the Financial Statements: Capital management".

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

Please refer to the 2015 Capital Adequacy Ratio Report of Industrial and Commercial Bank of China Limited issued by the Bank for further information on capital measurement of the Bank.

LEVERAGE RATIO

In RMB millions, except for percentages

Item	At 31 December 2015	At 31 December 2014
Net tier 1 capital	1,781,062	1,521,233
Balance of adjusted on- and off-balance sheet assets	23,813,992	23,409,777
Leverage ratio	**7.48%**	**6.50%**

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

Capital Financing Management

The Bank proactively carried out external capital replenishment and constantly promoted the issuance of new capital instruments on the basis of achieving capital replenishment by retained profits. Pursuant to the issuance plans on eligible tier 2 capital instruments and preference shares as reviewed and approved by the Board of Directors of the Bank, the Bank issued tier 2 capital bonds worth of USD2 billion at a fixed price in the overseas markets in September 2015 to replenish its tier 2 capital. In November 2015, the Bank privately offered 450 million domestic preference shares, raising a total of RMB45 billion. All of these funds (net of costs of issuance) were used to replenish additional tier 1 capital. As a result of the issuance of preference shares and tier 2 capital instruments, the Bank further strengthened its capital strength and ability to support the real economy, optimized its capital structure and raised its risk resistance capability. For details on the issuance of tier 2 capital bonds and domestic preference shares, please refer to the announcements published by the Bank on the websites of SSE and SEHK.

For details on relevant fundraising activities, please refer to "Details of Changes in Share Capital and Shareholding of Substantial Shareholders — Details of Securities Issuance and Listing".

Allocation and Management of Economic Capital

Economic capital management of the Bank includes three major aspects: measurement, allocation and application. Economic capital indicators include Economic Capital (EC), Risk-Adjusted Return on Capital (RAROC) and Economic Value-added (EVA). All of the above are applied in credit resource allocation, quota management, performance assessment, expenditure allocation, product pricing and customer management, etc. The Bank intensified the adjustment of the aggregate amount and structure of risk-weighted assets through its economic capital management, further raising the level of resource allocation efficiency and maintaining a satisfactory return on capital.

In 2015, the Bank further strengthened its economic capital management, improved the policies on economic capital measurement and quota management and continued to intensify the capital constraint mechanism, in order to enhance the capital management efficiency and vigorously promote operational management and business front-line application of economic capital.

OUTLOOK

In 2016, global economy will experience a mild recovery. Though faced with big downward pressure in the critical period of growth slowdown and structural adjustment, Chinese economy will be able to maintain medium-to-high growth rate as it has great potential, resilience and maneuvering room.

The Bank will embrace the following opportunities. First, supply-side structural reform will optimize the supply-demand structure of the economic system, improve production factor allocation efficiency and play a stronger leveraging role in economic development, thus providing the Bank with favorable conditions for innovative transformation. Second, the implementation of key strategies including "mass entrepreneurship and innovation", "Internet plus" and "made in China 2025" will guide positive industrial and corporate transformation and offer vaster space for the Bank's business development. Third, with all-round and thorough implementation of major regional initiatives such as the "One Belt and One Road", coordinated development of Beijing-Tianjin-Hebei region, and Yangtze River Economic Zone, the Bank will have the opportunity to explore regional growth potential and foster new profit growth drivers. Fourth, China's new round of opening up and profound financial reform will expand the Bank's channels for international and diversified development and enhance its cross-border, cross-market service ability and international competitiveness.

The Bank will also face the following major challenges. First, evolution of traditional risks interwoven with new risk factors in the course of economic adjustment will further test the Bank's risk management and quality control capacity. Second, interest rate liberalization will narrow interest rate spread during a certain period of time, requiring the Bank to further optimize and adjust its business structure and step up creating a new profit growth model underpinned by multiple factors. Third, the in-depth integration of Internet and finance will continuously change the financial business format, which requires the Bank to profoundly transform its operation management model and rebuild customer relations and innovative service pattern from new perspectives and with new methods. Fourth, imbalanced global economy recovery and constant fluctuations of international financial market will add to difficulty in the Bank's cross-border operation and global asset and liability management.

In 2015, the Bank launched a new round of ten-year outline and three-year planning, firmly implemented development strategies of the new era, overcame numerous difficulties and successfully achieved goals for the year. 2016 is the starting year of the new round of "13^{th} Five-Year Plan" and also a critical year for the Bank's transformation and development. The Bank will, persistently guided by strategies of the new era, focus on quality stability, structure adjustment, innovation and reform, to ensure development with higher quality and efficiency.

✧ **Strengthen asset quality management and keep risks under control.** Towards enhancing prudential operation culture and implementing substantial risk control, the Bank will reform its credit framework and procedures, coordinate credit increment and existing credit management, accelerate application of big data and information technology in credit management and establish a whole-process lifecycle credit management system. In addition, the Bank will explore such innovative methods as investment banking, asset securitization and Internet platforms to improve the efficiency and professionalism of non-performing asset disposal. Furthermore, the Bank will make an overall arrangement for prevention of credit and non-credit, on- and off-balance sheet and domestic and overseas risks and keep improving the risk management system at the Group and corporate level, so as to effectively control cross-sector, cross-border and cross-market risks on the whole.

✧ **Deepen business transformation and further improve its ability to serve real economy.** By seizing major new opportunities in supply-side structural reform and implementation of China's key regional initiatives, the Bank will strengthen credit support to environment-friendly sector, strategic emerging sector, modern service sector and Internet-based sector, thus optimizing credit allocation structure. Taking opportunities arising from increase of wealth management clients, steady growth of consumption demand and in-depth transformation of consumption model under the new normal, the Bank will comprehensively enhance its abilities in innovative retail banking growth, integrated services, value creation and continuous competition and build up a mega retail landscape featuring customer need satisfaction, information resource sharing, marketing service synergy and business and product integration. Rising to the occasion of direct financing market development, the Bank will build a mega retail management system across the value chain, improve specialized operation of mega asset management business and establish an integrated risk management system of mega asset management.

✧ **Accelerate innovation reform and foster new advantages in competitive development.** The Bank will further propel development of the internet-based finance business, and continue to improve its ICBC Mall, ICBC Mobile and ICBC Link and reinforce three major product lines, namely internet-based payment, financing and wealth management and investment, so as to consolidate its leading position among peers in terms of internet-based finance. It will also fully leverage the internet to implement customer-centric reform on business procedures and management mode, striving to build new-type customer relations. Besides, the Bank will promote the application of big data in operation and management and build a highly aggregated information system focusing on customers, to improve the accuracy of risk management and marketing services in an all-round manner. The Bank will vigorously promote standard and intelligent outlet transformation and keep expanding the access of connecting online and offline channels, making full efforts to shape a new channel network featuring online and offline integration.

OTHER INFORMATION DISCLOSED PURSUANT TO REGULATORY REQUIREMENTS

Major Regulatory Indicators

Item		Regulatory criteria	2015	2014	2013
Liquidity ratio (%)	RMB	>=25.0	35.5	33.2	30.2
	Foreign currency	>=25.0	98.1	91.1	61.0
Loan-to-deposit ratio (%)(2)	RMB and foreign currency		71.4	68.4	66.6
Liquidity coverage ratio (%)	RMB and foreign currency	>=100.0(3)	145.1	142.4	—
Percentage of loans to single largest customer (%)		<=10.0	4.2	4.8	4.2
Percentage of loans to top 10 customers (%)			13.3	14.9	16.2
Loan migration ratio (%)	Pass		4.4	2.7	1.7
	Special mention		29.6	17.2	9.7
	Substandard		38.9	37.4	43.9
	Doubtful		10.5	5.2	9.5

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

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

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

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

In respect of the financial statements of the Bank prepared under PRC GAAP and those under IFRSs, net profit attributable to equity holders of the parent company for the year ended 31 December 2015 and equity attributable to equity holders of the parent company as at the end of the reporting period have no differences.

Corporate Bonds

The Bank did not issue any corporate bonds which shall be disclosed according to the No. 38 Standards on the Content and Format of Information Disclosure of Companies with Public Offerings — Content and Format of Annual Report of Corporate Bonds.

GLOBAL SYSTEMICALLY IMPORTANCE ASSESSMENT INDICATORS OF COMMERCIAL BANKS

In RMB millions

Indicator	2015	2014
Balance of adjusted on- and off-balance sheet assets	23,813,992	23,409,777
Intra-financial system assets	1,453,661	2,191,729
Intra-financial system liabilities	2,368,335	1,630,141
Securities and other financing instruments issued	2,338,163	1,937,790
Payments settled via payment systems or correspondent banks	345,214,765	287,748,223
Assets under custody	11,507,109	5,828,863
Underwritten transactions in debt and equity markets	1,192,434	512,679
Notional amount of over-the-counter (OTC) derivatives	4,049,645	2,529,568
Trading and available-for-sale securities	475,562	625,941
Level 3 assets	188,566	155,102
Cross-jurisdictional claims	1,222,353	915,598
Cross-jurisdictional liabilities	1,260,948	1,155,853

Social Responsibility

Taking "Providing outstanding financial services — serving the customers, providing return to shareholders, realizing employee potential, contributing to society" as the objective of the Bank's social responsibility, the Bank is dedicated to realizing sustainable development of economy, environment and society and maximization of comprehensive value based on the general appeal of all stakeholders in social development. The Bank gained extensive social recognition by its good performance in social responsibility fulfillment, and won various awards, including "Best Social Responsibility Financial Institution Award", "Most Respectable Enterprise in China" and "Best Practice Award for Caring for Climate Change and Environment Protection".

Value Creator — Serving the Real Economy and Improve Livelihood

The Bank is dedicated to meeting the essential requirement that finance shall serve the real economy. It constantly improved the efficiency of financial services, reasonably controlled the direction and pace of lending, strictly controlled credit risks and accelerated financial innovations to support the healthy development of the real economy. It helped to advance economic structural transition and upgrade, and focused on supporting energy saving and environmental protection, new energy, high-end equipment manufacturing, advanced manufacturing and other strategic emerging sectors and cultural industries, and promoted balanced development between regions. It increased support for small and micro-enterprises, "Sannong" (agriculture, farmers and rural areas) and consumer finance, made active efforts to satisfy the financial service demand in people's livelihood, and was dedicated to developing inclusive finance, thus demonstrating responsibilities and values of a large bank.

Brand Builder — Striving for Service Innovation to Build a Global Brand

The Bank carried out activities themed the "Service Experience Building Year" to comprehensively improve service quality by enhancing customer experience with onsite service, multi-channel service and satisfaction of customer needs. In response to the market demand of the internet era, it grasped the essence of value creation and risk prevention and control of the financial services, embedded the internet thinking in product innovation and promotion, upgraded the e-ICBC system, and constantly improved service delivery. Besides, the Bank actively improved its overseas strategic layout to support the internationalization of RMB and the implementation of the "One Belt and One Road" initiative, and provided full financial support for Chinese-funded enterprises in "Going Global" and international capacity cooperation by strengthening its global service capacity and competitiveness.

Green Bank — Advocating Green Finance to Advance Ecological Progress

The Bank upheld the green and low-carbon concept throughout the process of service delivery, improved the green credit system, strengthened process management and risk management and control of green credit, and improved the levels of execution, IT-based management and values of green credit. It upgraded green services in an all-round way by promoting the intelligent service mode at outlets and accelerating the construction of and innovation in channels like mobile banking, telephone banking and internet banking. It constantly strengthened the green and environmental protection awareness of employees, combined the low-carbon and healthy concept with outdoor activities, and took practical actions in green public welfare. It continued to promote IT application in office work and adopted innovative energy saving and emission reduction modes to advance green operations.

Creditworthy Bank — Strengthening Internal Control and Compliance to Build Creditworthy Finance

The Bank included customer rights protection into its corporate governance and business development strategy, constantly improved the customer rights protection mechanism, refined product and service charging policies, handled customer complaints in a timely and proper manner, and conducted financial knowledge publicity. It adhered to the guideline of compliance culture, strengthened the compliance management mechanism, advanced the construction of the internal control system, supervised employees in terms of integrity and self-discipline, and built up its image as a creditworthy, compliant and clean enterprise. It deepened the building of the safest bank, reinforced centralized procurement management, earnestly fulfilled the social duties and legal obligations concerning anti-money laundering, and played a leading role in fostering a trustworthy financial consumption environment.

Harmonious Bank — Protecting Employee Rights and Interests to Create Harmonious Finance

Adhering to the "people-oriented" concept, the Bank constantly improved labor and employment systems and fulfilled all obligations stipulated in relevant national policies. It gave full play to the role of the employees' congress and trade union in protecting the rights and interests of employees, and made its operations as transparent as possible. It attached importance to the growth of employees, provided them with diverse career development paths, implemented the whole-process performance management system, improved employee training and certification, and promoted integration of employees. It gave high attention to employee health and safety, improved the relief mechanism for employees in need, and cared for female employees and retirees, so as to build a harmonious bank where employees and the bank grow together.

Charity Bank — Engaging in Public Undertakings and Foster Community Concept

Committed to the balance between economic benefits and social benefits, the Bank carried out activities such as recognizing outstanding rural teachers, subsidizing financially challenged university students and engaging in green poverty alleviation and poverty reduction through financial services to boost the economic and social development of poverty-stricken areas. It showed care for the vulnerable groups and conducted social support activities such as the Bright Program and the disaster relief efforts after the explosion in Tianjin. It held the Banking Product Innovative Design Competition for college students and granted loans to university students from poor families. It also encouraged employees at home and abroad to take part in voluntary services, launched the online charity store, and was committed to building a brand that is known for its caring about society.

For more details on the Bank's social responsibilities, please refer to the 2015 Social Responsibility Report of Industrial and Commercial Bank of China Limited published on its official website.

Details of Changes in Share Capital and Shareholding of Substantial Shareholders

Changes in Ordinary Shares

DETAILS OF CHANGES IN SHARE CAPITAL

Unit: Share

	At 31 December 2014		Increase/decrease during the reporting period	At 31 December 2015	
	Number of shares	Percentage (%)	Conversion of convertible bonds	Number of shares	Percentage (%)
I. Shares subject to restrictions on sales	–	–	–	–	–
II. Shares not subject to restrictions on sales	353,494,213,820	100.00	2,912,043,269	356,406,257,089	100.00
1. RMB-denominated ordinary shares	266,700,169,270	75.45	2,912,043,269	269,612,212,539	75.65
2. Foreign shares listed overseas	86,794,044,550	24.55	–	86,794,044,550	24.35
III. Total number of shares	353,494,213,820	100.00	2,912,043,269	356,406,257,089	100.00

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

Details of Securities Issuance and Listing

The Bank did not conduct any rights issue or issued any convertible bonds during the reporting period.

For details on the issuance of preference shares of the Bank, please refer to "Details of Changes in Share Capital and Shareholding of Substantial Shareholders — Particulars of Preference Shares".

The Bank issued tier 2 capital bonds worth of USD2.0 billion offshore on 15 September 2015. Such tier 2 capital bonds were 10-year bonds at a fixed coupon rate of 4.875%. For information on the tier 2 capital bonds and other bonds issued by the Bank and its subsidiaries, please refer to "Note 38. to the Financial Statements: Debt Securities Issued" for details.

The Bank did not have any employee shares.

Number of Shareholders and Particulars of Shareholding

As at the end of the reporting period, the Bank had a total number of 624,193 ordinary shareholders and no holders of preference shares with voting rights restored, including 134,869 holders of H shares and 489,324 holders of A shares. As at the end of the month immediate before the release day of the Annual Report (29 February 2016), the Bank had a total number of 634,877 ordinary shareholders and no holders of preference shares with voting rights restored.

PARTICULARS OF SHAREHOLDING OF THE TOP 10 ORDINARY SHAREHOLDERS OF THE BANK (The following data are based on the register of shareholders as at 31 December 2015)

Unit: Share

Name of shareholder	Nature of shareholder	Class of shares	Shareholding percentage (%)	Total number of shares held	Number of pledged or locked-up shares	Increase/ decrease of share during the reporting period
Huijin	State-owned	A share	34.71	123,717,852,951	None	-438,000,000
MOF	State-owned	A share	34.60	123,316,451,864	None	–
Hong Kong Securities Clearing Company Limited/ HKSCC Nominees Limited[3]	Foreign legal person	A share	0.09	308,324,177	None	-316,704,584
		H share	24.15	86,059,557,613	Unknown	38,517,695
China Securities Finance Co., Ltd.	State-owned legal person	A share	1.23	4,374,260,086	None	4,170,647,177
Ping An Life Insurance Company of China, Ltd. — Traditional — Ordinary insurance products	Other entities	A share	1.21	4,322,828,137	None	-180,943,273
Sycamore Investment Platform Co., Ltd.	State-owned legal person	A share	0.40	1,420,781,042	None	1,420,781,042
Central Huijin Asset Management Co., Ltd.[4]	State-owned legal person	A share	0.28	1,013,921,700	None	1,013,921,700
Anbang Life Insurance Co., Ltd. — Conservative investment portfolio	Other entities	A share	0.11	390,487,231	None	390,487,231
China Life Insurance Company Limited — Traditional — Ordinary insurance products— 005L — CT001 Hu	Other entities	A share	0.09	317,038,827	None	–
GIC PRIVATE LIMITED	Foreign legal person	A share	0.07	264,466,161	None	209,964,262

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 had no shares subject to restrictions on sales.

(3) Hong Kong Securities Clearing Company Limited held 308,324,177 A shares and HKSCC Nominees Limited held 86,059,557,613 H shares.

(4) Central Huijin Asset Management Co., Ltd. is a wholly-owned subsidiary of Huijin. Save as disclosed above, the Bank is not aware of any connected relations or concert party action among the afore-mentioned shareholders.

Particulars of Substantial Shareholders

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

◆ *Controlling shareholders*

The largest single shareholder of the Bank is Huijin, whose full name is Central Huijin Investment Ltd. Huijin is a state-owned company founded by the State according to the Company Law on 16 December 2003. Its registered capital is equal to its paid-in capital at RMB828,209 million. Its registered address is New Poly Plaza, 1 Chaoyangmen North Street, Dongcheng District, Beijing, its organizational code is 71093296-1, and its legal representative is Ding Xuedong. Huijin is a wholly-owned subsidiary of China Investment Corporation. It, in accordance with authorization by the State Council, makes equity investments in major state-owned financial enterprises, and shall, to the extent of its capital contribution, exercise the rights and perform the obligations as an investor on behalf of the State in accordance with applicable laws, to achieve the goal of preserving and enhancing the value of state-owned financial assets. Huijin does not conduct any other business or commercial activity. It does not intervene in the day-to-day business operations of the firms in which it invests.

As at 31 December 2015, Huijin held approximately 34.71% shares of the Bank. It held shares in the institutions listed below:

No.	Company name	Huijin's shareholding percentage (%)
1	China Development Bank Corporation	34.68
2	Industrial and Commercial Bank of China Limited (A; H)	34.71
3	Agricultural Bank of China Limited (A; H)	40.03
4	Bank of China Limited (A; H)	64.02
5	China Construction Bank Corporation (A; H)	57.11
6	China Everbright Group Ltd.	55.67
7	China Everbright Bank Company Limited (A; H)	21.96
8	China Export & Credit Insurance Corporation	73.63
9	China Reinsurance (Group) Corporation	71.56
10	New China Life Insurance Company Limited (A; H)	31.34
11	China Jianyin Investment Limited	100.00
12	China Galaxy Financial Holdings Company Limited	78.57
13	Shenwan Hongyuan Group Co., Ltd. (A)	25.03
14	China International Capital Corporation Limited (H)	28.45
15	China Securities Co., Ltd.	40.00
16	China Investment Securities Co., Ltd.	100.00
17	Jiantou CITIC Asset Management Co., Ltd.	70.00
18	Guotai Junan Investment Management Co., Ltd.	14.54
19	Central Huijin Asset Management Co., Ltd.	100.00

Notes: (1) A represents A share listed company, while H represents H share listed company.

The second single largest shareholder of the Bank is MOF, which held approximately 34.60% shares of the Bank as at 31 December 2015. MOF is a department under the State Council, and is responsible for overseeing the State's fiscal revenue and expenditure, formulating the financial and taxation policies, and supervising State finance at a macro level.

◆ *Particulars of other Corporate Shareholders Holding 10% Shares or More (excluding HKSCC Nominees Limited)*

None.

◆ *Particulars of the De Facto Controller*

None.

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

Interests or short positions of ordinary shares of the Bank:

HOLDERS OF A SHARES

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

Notes: (1) According to the register of shareholders of the Bank as at 31 December 2015, MOF held 123,316,451,864 shares in the Bank.

(2) According to the register of shareholders of the Bank as at 31 December 2015, Huijin held 123,717,852,951 shares in the Bank.

HOLDERS OF H SHARES

Name of substantial shareholder	Capacity	Number of H shares held (share)	Nature of interests	Percentage of H shares (%)	Percentage of total ordinary shares (%)
SSF	Beneficial owner	8,663,703,234	Long position	9.98	2.43
Temasek Holdings (Private) Limited	Interest of controlled corporations	8,682,954,081	Long position	10.00	2.44
JPMorgan Chase & Co.	Beneficial owner	957,009,506	Long position	1.10	0.27
	Investment manager	504,502,036	Long position	0.58	0.14
	Trustee (excluding bare trustee)	90,880	Long position	0.00	0.00
	Custodian/ approved lending agent	3,734,395,964	Shares available for lending	4.30	1.05
	Total	5,195,998,386		5.99	1.46
	Beneficial owner	214,762,754	Short position	0.25	0.06
BlackRock, Inc.	Interest of controlled corporations	5,189,411,277	Long position	5.98	1.46
		9,616,000	Short position	0.01	0.00

Conversion and Redemption of Convertible Bonds

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 the remaining RMB14,236,000 ICBC Convertible Bonds were fully redeemed by the Bank. The redemption payment date was 26 February 2015 and the delisting date of ICBC Convertible Bonds was 26 February 2015. For the redemption results, payment and delisting details, please refer to the Announcement on Results of Redemption and Delisting of ICBC Convertible Bonds issued by the Bank on 16 February 2015.

Preference Shares

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

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

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

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

The Bank privately issued 450 million preference shares in domestic market on 18 November 2015 upon the approval by CBRC pursuant to Yin Jian Fu [2015] No. 189 and by CSRC pursuant to Zheng Jian Xu Ke [2015] No. 1023. Each domestic preference share had a nominal value of RMB100 and were issued at nominal value. The coupon rate, as determined by benchmark rate plus a fixed spread, shall remain unchanged for the first 5 years commencing from the issuance date. Subsequently, the benchmark rate shall be readjusted once every 5 years during which the coupon rate shall remain unchanged. The coupon rate for the Domestic Preference Shares is determined at 4.50% through price discovery. The dividends of the domestic preference shares will be non-cumulative. Holders of domestic preference shares are only entitled to dividends at the prescribed coupon rate, and are not entitled to any distribution of residual assets of the Bank together with the holders of ordinary shares. Upon approval by SSE pursuant to Shang Zheng Han [2015] No. 2391, the domestic preference shares were listed on the integrated trading platform of SSE for transfer as of 11 December 2015 (stock name: ICBC Preference Share 1, stock code: 360011). Total proceeds from the issuance amounted to RMB45.0 billion, net proceeds from the issuance amounted to around RMB44.95 billion. All proceeds after deduction of the expenses relating to the issuance will be used to replenish additional tier 1 capital.

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

◆ *Changes in Preference Shares*

As at the end of the reporting period, the Bank had 28 preference shareholders (or proxies), including two offshore preference shareholders (or proxies) and 26 domestic preference shareholders. As at the end of the month immediate before the release day of the Annual Report (29 February 2016), the Bank had 28 preference shareholders (or proxies), including two offshore preference shareholders (or proxies) and 26 domestic preference shareholders.

PARTICULARS OF SHAREHOLDING OF THE TOP 10 OFFSHORE PREFERENCE SHAREHOLDERS (OR PROXIES) OF THE BANK (The following data are based on the register of offshore preference shareholders as at 31 December 2015)

Unit: Share

No.	Name of shareholder	Nature of shareholder	Type of shares	Increase/ decrease during the reporting period	Shares held at the end of the period	Shareholding percentage (%)	Number of shares subject to restrictions on sales	Number of pledged or locked-up shares
1	Cede & Co.	Foreign legal person	USD offshore preference shares	–	147,000,000	47.9	–	Unknown
2	The Bank of New York Depository (Nominees) Limited	Foreign legal person	RMB offshore preference shares	–	120,000,000	39.1	–	Unknown
			EUR offshore preference shares	–	40,000,000	13.0	–	Unknown

Notes: (1) 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 and among the afore-mentioned preference shares and top 10 ordinary shareholders.

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

PARTICULARS OF SHAREHOLDING OF THE TOP 10 DOMESTIC PREFERENCE SHAREHOLDERS OF THE BANK (The following data are based on the register of domestic preference shareholders as at 31 December 2015)

Unit: Share

No.	Name of shareholder	Nature of shareholder	Class of shares	Increase/ decrease during the reporting period	Shares held at the end of the period	Shareholding percentage (%)	Number of shares subject to restrictions on sales	Number of pledged or locked-up shares
1	China Mobile Communications Corporation	Other entities	Domestic preference shares	200,000,000	200,000,000	44.4	–	None
2	China National Tobacco Corporation	Other entities	Domestic preference shares	50,000,000	50,000,000	11.1	–	None
3	China Life Insurance Company Limited	State-owned legal person	Domestic preference shares	35,000,000	35,000,000	7.8	–	None
4	Ping An Life Insurance Company of China, Ltd.	Domestic non-state-owned legal person	Domestic preference shares	30,000,000	30,000,000	6.7	–	None
5	CCB Trust Co., Ltd.	State-owned legal person	Domestic preference shares	15,000,000	15,000,000	3.3	–	None
6	BOCOM Schroders Asset Management Co., Ltd.	Domestic non-state-owned legal person	Domestic preference shares	15,000,000	15,000,000	3.3	–	None
7	China Resources SZITIC Trust Co., Ltd.	State-owned legal person	Domestic preference shares	15,000,000	15,000,000	3.3	–	None
8	BOC International (China) Limited	Domestic non-state-owned legal person	Domestic preference shares	15,000,000	15,000,000	3.3	–	None
9	China National Tobacco Corporation Shandong Branch	Other entities	Domestic preference shares	10,000,000	10,000,000	2.2	–	None
	China National Tobacco Corporation Heilongjiang Branch	Other entities	Domestic preference shares	10,000,000	10,000,000	2.2	–	None
	Ping An Property & Casualty Insurance Company of China Ltd.	Domestic non-state-owned legal person	Domestic preference shares	10,000,000	10,000,000	2.2	–	None

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) China National Tobacco Corporation Shandong Branch and China National Tobacco Corporation Heilongjiang Branch are both wholly-owned subsidiaries of China National Tobacco Corporation. Save as disclosed above, the Bank is not aware of any connected relations or concert party action among the afore-mentioned preference shareholders and among the afore-mentioned preference shares and top 10 ordinary shareholders.

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

◆ *Dividend Distribution of Preference Shares*

As per the resolution and authorization of the General Meeting, the Bank reviewed and approved the first dividend distribution plan in respect of the Bank's offshore preference shares at the meeting of its Board of Directors on 30 October 2015. Dividends on the Bank's offshore preference shares are paid annually in cash, and calculated based on the aggregate value of the offshore preference shares. The dividends of the Bank's offshore preference shares will be non-cumulative. The Bank's offshore preference shares are only entitled to dividends at the prescribed dividend rate, but are not entitled to any distribution of residual assets of the Bank together with the ordinary shares. According to the dividend distribution plan in the offshore preference share issuance proposal, the Bank will distribute a dividend of USD196,000,000, EUR40,000,000 and RMB800,000,000 on the offshore preference shares (pre-tax), aggregating to approximately RMB2,331 million. According to relevant laws, when the Bank distributes dividends for offshore preference shares, the enterprise income tax shall be withheld by the Bank at a rate of 10%. According to the requirements of the terms and conditions of the offshore preference shares, the Bank will pay the relevant taxes, in addition to the dividends for offshore preference shares.

For particulars of the Bank's distribution of dividends on offshore preference shares, please refer to the announcements of the Bank on the websites of SSE, SEHK and the Bank. The afore-said dividends have been fully paid in cash on 10 December 2015.

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

In 2015, distribution of dividends on preference shares by the Bank is shown as follows:

	2015	
Type of preference share	Dividend rate	Dividend distributed (pre-tax, in RMB millions)
Offshore preference shares	6%	2,331
Domestic preference shares	4.5%	–

Redemption or Conversion of Preference Shares

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

Restoration of Voting Rights of Preference Shares

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

Accounting Policy Adopted for Preference Shares and Grounds

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

Directors, Supervisors, Senior Management, Employees and Institutions

Basic Information on Directors, Supervisors and Senior Management

Name	Position	Gender	Age	Tenure
Jiang Jianqing	Chairman of the Board of Directors, Executive Director	Male	62	October 2005–January 2018
Yi Huiman	Vice Chairman, Executive Director, President	Male	51	July 2013–July 2016
Qian Wenhui	Chairman of the Board of Supervisors	Male	53	June 2015–June 2018
Zhang Hongli	Executive Director, Senior Executive Vice President	Male	50	June 2015–June 2018
Wang Xiquan	Executive Director, Senior Executive Vice President	Male	55	June 2015–June 2018
Wang Xiaoya	Non-executive Director	Female	51	January 2012–January 2018
Ge Rongrong	Non-executive Director	Female	47	January 2012–January 2018
Fu Zhongjun	Non-executive Director	Male	58	December 2013–December 2016
Zheng Fuqing	Non-executive Director	Male	52	February 2015–February 2018
Fei Zhoulin	Non-executive Director	Male	57	March 2015–March 2018
Cheng Fengchao	Non-executive Director	Male	56	March 2015–March 2018
Malcolm Christopher McCarthy	Independent Non-executive Director	Male	71	December 2009–March 2016
Kenneth Patrick Chung	Independent Non-executive Director	Male	58	December 2009–March 2016
Or Ching Fai	Independent Non-executive Director	Male	66	May 2012–June 2018
Hong Yongmiao	Independent Non-executive Director	Male	51	August 2012–December 2018
Yi Xiqun	Independent Non-executive Director	Male	68	December 2013–December 2016
Anthony Francis Neoh	Independent Non-executive Director	Male	69	April 2015–April 2018
Wang Chixi	Shareholder Supervisor	Female	60	October 2005–January 2018
Dong Juan	External Supervisor	Female	63	May 2009–May 2015
Qu Qiang	External Supervisor	Male	49	December 2015–December 2018
Zhang Wei	Employee Supervisor	Male	53	August 2006–September 2018
Hui Ping	Employee Supervisor	Male	55	September 2015–September 2018
Gu Shu	Senior Executive Vice President	Male	48	October 2013–
Wang Jingdong	Senior Executive Vice President	Male	53	December 2013–
Wang Lin	Secretary of Party Discipline Committee	Male	50	July 2015–
Hu Hao	Senior Executive Vice President, Board Secretary	Male	53	November 2015–
Wei Guoxiong	Chief Risk Officer	Male	60	August 2006–
Directors, Supervisors and Senior Management Leaving Office				
Li Jun	Non-executive Director	Male	56	December 2008–March 2015
Wong Kwong Shing, Frank	Independent Non-executive Director	Male	67	January 2009–April 2015
Zhao Lin	Chairman of the Board of Supervisors	Male	61	June 2008–June 2015
Meng Yan	External Supervisor	Male	60	May 2009–December 2015
Li Mingtian	Employee Supervisor	Male	59	July 2012–September 2015
Zheng Wanchun	Senior Executive Vice President	Male	51	October 2013–October 2015
Lin Xiaoxuan	Chief Information Officer	Male	50	November 2010–June 2015

Notes: (1) Please refer to the section headed "Directors, Supervisors, Senior Management, Employees and Institutions — Appointment and Removal".

(2) The current terms of Mr. Jiang Jianqing, Mr. Yi Huiman, Mr. Zhang Hongli and Mr. Wang Xiquan as Directors of the Bank are set out in the above table and their terms as Senior Management members of the Bank are specified in the section headed "Directors, Supervisors, Senior Management, Employees and Institutions — Biographies of Directors, Supervisors and Senior Management". Mr. Hu Hao was appointed Senior Executive Vice President of the Bank as of November 2015 and Board Secretary of the Bank as of December 2010.

(3) According to the Articles of Association, before the newly elected directors/supervisors take office, the current directors/ supervisors shall continue to act as directors/supervisors.

(4) According to the latest regulation of CSRC, the day of first appointment of a re-elected director, supervisor and senior management member shall be the commencement date of his/her tenure as indicated in the above table.

(5) During the reporting period, the Bank did not implement any share incentives. None of the directors, supervisors and Senior Management members of the Bank, whether they are incumbent or have left office during the reporting period; except Mr. Zhang Hongli who held 2,000 H shares of the Bank, held shares or share options or were granted restricted shares of the Bank, and there was no change during the reporting period.

Biographies of Directors, Supervisors and Senior Management

Jiang Jianqing, Chairman, Executive Director

Mr. Jiang has served as Chairman of the Board of Directors and Executive Director of Industrial and Commercial Bank of China Limited since October 2005. He joined ICBC in 1984, and was appointed as President in February 2000. Mr. Jiang previously served in several positions including Deputy Head of ICBC Shanghai Branch, President of Shanghai Urban Cooperation Commercial Bank (now known as Bank of Shanghai), Head of ICBC Shanghai Branch and Senior Executive Vice President of ICBC. At present, he is concurrently Vice Chairman of China Society for Finance and Banking, and a tutor to PhD students of Shanghai Jiao Tong University. Mr. Jiang graduated from Shanghai University of Finance and Economics and Shanghai Jiao Tong University, and received a Master's degree in Engineering and a Doctorate degree in Management from Shanghai Jiao Tong University.

Yi Huiman, Vice Chairman, Executive Director, President

Mr. Yi has served as Vice Chairman and Executive Director of Industrial and Commercial Bank of China Limited since July 2013, and President since May 2013. He joined ICBC in 1985 and has served as a member of Senior Management of Industrial and Commercial Bank of China Limited since October 2005. He had previously served in several positions including Deputy Head of ICBC Zhejiang Branch, Head of ICBC Jiangsu Branch and ICBC Beijing Branch and Senior Executive Vice President of ICBC. He obtained a Master's degree in Executive Business Administration from Guanghua School of Management of Peking University.

Qian Wenhui, Chairman of the Board of Directors

Mr. Qian has served as Chairman of the Board of Supervisors of Industrial and Commercial Bank of China Limited since June 2015. He was appointed as Executive Vice President of Bank of Communications Co., Ltd. (BOCOM) in October 2004 and became Executive Director and Executive Vice President of BOCOM as of August 2007. During his tenure at China Construction Bank (CCB), he served as Deputy General Manager of Shanghai Branch, General Manager of the Asset and Liability Management Department and Director of the Restructuring and Reform Office. Besides, Mr. Qian has served in several other positions, e.g. Senior Vice President of BOCOM and concurrently General Manager of BOCOM Shanghai Branch, Chairman of BOCOM Life Insurance Company and Chairman of BOCOM Schroder Fund Management Co., Ltd. He graduated from Shanghai University of Finance and Economics with an MBA degree. He is a senior economist.

Zhang Hongli, Executive Director, Senior Executive Vice President

Mr. Zhang has served as Executive Director of Industrial and Commercial Bank of China Limited since June 2015, and Senior Executive Vice President since May 2010. He worked as Financial Manager at the headquarters of Hewlett-Packard, Director and Head of the China operations of Schroders PLC, Executive Director of Goldman Sachs Asia and Chief Representative of Goldman Sachs (China) LLC Beijing Representative Office, and Head of Deutsche Bank Investment Banking Greater China, Vice Chairman of Deutsche Bank Asia and Chairman of Deutsche Bank China, member of the Global Banking Management Committee and Head of Asia — Pacific of Deutsche Bank Global Banking and Chairman of Deutsche Bank (China) Co., Ltd. He was concurrently Chairman of ICBC International Holdings Limited and Chairman of Industrial and Commercial Bank of China (Brasil) S.A., and once served as Vice Chairman of Standard Bank Group Limited (SBG) and Chairman of Industrial and Commercial Bank of China (USA) NA. Mr. Zhang received a Bachelor's degree from Heilongjiang Bayi Agricultural University and a Master's degree in Genetics from the University of Alberta, Canada, as well as a Master's degree in Business Administration (MBA) from the Santa Clara University in California, USA, and a Doctorate degree in Management Science and Engineering from the Chinese Academy of Social Sciences.

Wang Xiquan, Executive Director, Senior Executive Vice President

Mr. Wang has served as Executive Director of Industrial and Commercial Bank of China Limited since June 2015, and Senior Executive Vice President since September 2012. He joined ICBC in 1985 and has served as a member of Senior Management of Industrial and Commercial Bank of China Limited since April 2010. He previously served in several positions at ICBC, including Head of Yangquan Branch in Shanxi Province, Deputy Head of Hebei Branch, General Manager of the Asset Risk Management Department, Director-General of the Internal Audit Bureau and General Manager of the Human Resources Department of the Head Office. He graduated from Nanjing University, and received a Doctorate degree in Management.

Wang Xiaoya, Non-executive Director

Ms. Wang has served as Non-executive Director of Industrial and Commercial Bank of China Limited since January 2012. She has joined Central Huijin Investment Ltd. since 2012. She joined the Research Bureau of the People's Bank of China in 1997 where she served as Deputy Chief of division, Chief of division and Deputy Director and served as Deputy Mayor of Tongliao City in Inner Mongolia Autonomous Region at the same time. Ms. Wang was a researcher and a Member of the Post Doctoral Academic Committee and a Post-Doctoral Co-mentor at the People's Bank of China Research Institute of Finance. She previously taught at Central China Normal University where she served as Assistant Lecturer and Lecturer. Ms. Wang graduated from the Graduate School of Chinese Academy of Social Sciences and received a Doctorate degree in Economics.

Ge Rongrong, Non-executive Director

Ms. Ge has served as Non-executive Director of Industrial and Commercial Bank of China Limited since January 2012. She has worked at Huijin since 2005 as Deputy Officer and Officer of CCB Share Management Division of the Banking Department and an Employee Supervisor. Ms. Ge previously served as Lecturer at the Economics Management College of Beijing University of Industry in 1994, and subsequently served as Assistant Researcher at China Eagle Securities Company and staff member of the Department of Public Offering and Supervision at China Securities Regulatory Commission. Ms. Ge graduated from China University of Technology and received a Doctorate degree in Management. Ms. Ge also received a Bachelor's degree in Engineering from Zhejiang University and a Master's degree in Economics from Beijing Normal University. She is a senior economist.

Fu Zhongjun, Non-executive Director

Mr. Fu has served as Non-executive Director of Industrial and Commercial Bank of China Limited since December 2013. He joined MOF in 1983, and once served as Secretary of Organizational Communist Youth League of MOF, Deputy Chief and Chief of the Business and Finance Department, Finance Supervision Department and Inspection and Supervision Department of MOF, Vice Ombudsman of Shanghai Finance Ombudsman Office of MOF, Vice Ombudsman (person-in-charge) of Anhui Finance Ombudsman Office of MOF, Associate Counsel and Counsel of Beijing Finance Ombudsman Office of MOF. He served as the Non-executive Director of Industrial and Commercial Bank of China Limited and China Everbright Industry Group Limited. Mr. Fu graduated from Sichuan University and obtained a Bachelor's degree in Philosophy.

Zheng Fuqing, Non-executive Director

Mr. Zheng has served as Non-executive Director of Industrial and Commercial Bank of China Limited since February 2015. He joined MOF in 1989 as Deputy Head and Head of Shanxi Finance Ombudsman Office, and Assistant Ombudsman and Associate Counsel of Shanxi Finance Ombudsman Office. Mr. Zheng graduated from the Party School of the Central Committee of C.P.C. majoring in law theory. He is an economist.

Fei Zhoulin, Non-executive Director

Mr. Fei has served as Non-executive Director of Industrial and Commercial Bank of China Limited since March 2015. He joined MOF in 1995 as Deputy Head of General Section and Head of Business Section II of Shaanxi Finance Ombudsman Office, Assistant Ombudsman and Vice Ombudsman of Shaanxi Finance Ombudsman Office, and Ombudsman of Ningxia Finance Ombudsman Office. Mr. Fei graduated from the Correspondence Institute of the Party School of the Central Committee of C.P.C. in economic management.

Cheng Fengchao, Non-executive Director

Mr. Cheng has served as Non-executive Director of Industrial and Commercial Bank of China Limited since March 2015. He joined Huijin in 2009, and served as Deputy Director of Finance Bureau of Pingquan County in Hebei Province, Deputy Director of Finance Office of Hebei Province, Head of Hebei Certified Public Accountants, Vice Chairman and Secretary of Hebei Institute of Certified Public Accountants, Deputy General Manager of Shijiazhuang Office, General Manager of Evaluation Management Department, General Manager of Tianjin Office and General Manager of Development Research Department of China Great Wall Asset Management Corporation, and Non-executive Director of Agricultural Bank of China Limited. Currently, he also acts as guest professor of Peking University HSBC Business School, tutor to PhD students of Hunan University, graduate supervisor for Graduate School of Chinese Academy of Social Sciences, Central University of Finance and Economics and Capital University of Economics and Business, and member of the Expert Advisory Committee for Mergers, Acquisitions and Restructurings of CSRC. He obtained Doctorate degree in management from Hunan University. Now, he is a senior accountant, PRC Certified Public Accountant and China's Certified Public Valuer.

Malcolm Christopher McCarthy, Independent Non-executive Director

Sir M.C. McCarthy has served as Independent Non-executive Director of Industrial and Commercial Bank of China Limited since December 2009. He worked first as an economist for ICI before joining the UK Department of Trade and Industry where he held various posts from economic adviser to undersecretary. He subsequently worked as a senior executive of Barclays Bank first in Japan and then North America. He served as Chairman and Chief Executive of Office of Gas and Electricity Markets (Ofgem), Chairman of the Financial Services Authority (FSA), Non-executive Director of HM Treasury, Chairman of the board of directors of J.C. Flowers & Co. UK Ltd, and Non-executive Director of NIBC Holding N.V., NIBC Bank N.V., OneSavings Bank plc and Castle Trust Capital plc. Currently, Sir M.C. McCarthy serves as Non-executive Director of Intercontinental Exchange, Trustee of the Said Business School of Oxford University and IFRS Foundation, and Chairman in the United Kingdom of Promontory Financial Group. He is an Honorary Fellow of Merton College, an Honorary Doctorate of the University of Stirling and the Cass Business School, and a Freeman of the City of London. He has a MA History at Merton College of Oxford University, PhD Economics of Stirling University, and MS at Graduate School of Business of Stanford University.

Kenneth Patrick Chung, Independent Non-executive Director

Mr. Chung has served as Independent Non-executive Director of Industrial and Commercial Bank of China Limited since December 2009. He joined Deloitte Haskins and Sells London Office in 1980. He became a partner of PricewaterhouseCoopers in 1992, and was a financial service specialist of PricewaterhouseCoopers (Hong Kong and China) since 1996. Previously, he was the human resources partner of PricewaterhouseCoopers (Hong Kong), the responsible partner of the audit department of PricewaterhouseCoopers (Hong Kong and China), the global lead partner of the audit engagement team for Bank of China Limited, the honorary treasurer of The Community Chest of Hong Kong and was a member of the Ethics Committee, Limitation of Professional Liability Committee, Communications Committee, and the Investigation Panel of the Hong Kong Society of Accountants. Mr. Chung has also served as the audit partner for the restructurings and initial public offerings of Bank of China Limited, Bank of China (Hong Kong) Limited and BOCOM and Chairman of the Audit Committee of the Harvest Real Estate Investments (Cayman) Limited. Currently, Mr. Chung serves as Vice Chairman of International Social Service Hong Kong Branch. He is a member of the Institute of Chartered Accountants in England and Wales, a member of the Hong Kong Institute of Certified Public Accountants and a member of the Macau Society of Certified Practising Accountants. Mr. Chung received a bachelor's degree in economics from the University of Durham.

Or Ching Fai, Independent Non-executive Director

Mr. Or has served as Independent Non-executive Director of Industrial and Commercial Bank of China Limited since May 2012. Mr. Or previously served as General Manager and a Director of The Hongkong and Shanghai Banking Corporation Limited, Chairman of HSBC Insurance Limited, Chief Executive and Vice Chairman of Hang Seng Bank Limited, Chairman of Hang Seng Insurance Company Limited and Hang Seng Bank (China) Limited, Director of Cathay Pacific Airways Limited, and a Director of Hutchison Whampoa Limited. He was Chairman of the Hong Kong Association of Banks, Vice President and a Council Member of the Hong Kong Institute of Bankers, Chairman of the Financial Services Advisory Committee and a member of the Services Promotion Programme Committee of the Hong Kong Trade Development Council, a member of the Risk Management Committee of the Hong Kong Exchanges and Clearing Limited, a member of the Aviation Development Advisory Committee, Chairman of Executive and Campaign Committee of the Community Chest of Hong Kong, Acting Chairman of the Council of City University of Hong Kong, a Council Member of The University of Hong Kong, and an Adviser of the Employers' Federation of Hong Kong. Mr. Or currently acts as Chairman, CEO and Executive Director of China Strategic Holdings Limited, Chairman and Independent Non-executive Director of Esprit Holdings Limited, Vice Chairman and Independent Non-executive Director of G-Resources Group Limited, Independent Non-executive Director of Chow Tai Fook Jewellery Group Limited, Television Broadcasts Limited and Regina Miracle International Ltd., and Vice Patron of the Board of the Community Chest of Hong Kong. Mr. Or graduated from The University of Hong Kong with a Bachelor's degree in Economics and Psychology. He is an Honorary Doctorate of Social Science of City University of Hong Kong. Mr. Or was awarded a Silver Bauhinia Star from the Hong Kong Special Administrative Region and Honorary University Fellowships from The University of Hong Kong in 2009. He is a Justice of the Peace.

Hong Yongmiao, Independent Non-executive Director

Mr. Hong has served as Independent Non-executive Director of Industrial and Commercial Bank of China Limited since August 2012. Mr. Hong was previously in charge of the National Science Fund for Distinguished Overseas Young Scholars supported by the National Natural Science Foundation of China, and acted as President of the Chinese Economists Society in North America, and editor for journals such as Journal of Econometrics and Econometric Theory. He is currently an academician of the Academy of Sciences for the Developing World and a professor of Economics and International Studies at Cornell University in the United States. He has been enrolled as one of the first participants of the "Thousand Talents Plan" and serves as a lecture professor of the "Changjiang Scholars" launched by the Ministry of Education, Vice Chairman of the Steering Committee of Economics Teaching at Institutions of Higher Learning under the Ministry of Education and Dean of the School of Economics and the Wang Yanan Institute for Studies in Economics at Xiamen University. He is a part-time professor in some scientific and research institutions and colleges, including the Chinese Academy of Sciences. He is also an editorial board member of Economic Research Journal of the Chinese Academy of Social Sciences and an academic board member of China Economic Quarterly published by Peking University. Mr. Hong graduated from Xiamen University with a Bachelor of Science degree and a Master's degree in Economics, and obtained his Doctorate degree in Economics from the University of California San Diego.

Yi Xiqun, Independent Non-executive Director

Mr. Yi has served as Independent Non-executive Director of Industrial and Commercial Bank of China Limited since December 2013. He once served as Deputy General Manager of Beijing Second Light Industry Company, Deputy Director of Beijing Municipal Restructuring Economic System Office, Head of Xicheng District of Beijing, Assistant to Mayor of Beijing and concurrently Director of the Foreign Economy and Trade Committee, Director of Administrative Committee of Beijing Economic and Technological Development Zone, member of Chinese People's Political Consultative Committee Beijing Committee and Chairman of the board of directors of Beijing Holdings Limited. He had been the Chairman of the board of directors of Beijing Enterprises Holdings Limited, the Chairman of the board of directors of Beijing Enterprises Holdings Group Company Limited, the Chairman of the board of directors of Beijing Private Equity Investment & Development Fund Management Co., Ltd., the Chairman of Bowei Capital and an independent non-executive of China Merchants Bank and SOHO China Ltd. He concurrently acts as Vice President of China Association of Private Equity, an Independent Non-executive Director of China Merchants Securities Co., Ltd., Asian Capital Holdings Limited, and Zheshang Jinhui Trust Co., Ltd. and a member of Entrepreneur Advisory Committee of Zhongguancun. He graduated from Tsinghua University and obtained a Master's degree in Economics Management Engineering.

Anthony Francis Neoh, Independent Non-executive Director

Mr. Neoh has served as Independent Non-executive Director of Industrial and Commercial Bank of China Limited since April 2015. He previously served as Chief Advisor to the CSRC, a member of the Basic Law Committee of the Hong Kong Special Administrative Region under the Standing Committee of the National People's Congress of People's Republic of China, and Chairman of the Hong Kong Securities and Futures Commission. He was Chairman of the Technical Committee of the International Organization of Securities Commissions, a Non-executive Director of Global Digital Creations Holdings Limited. He was an Independent Non-executive Director of Link Management Limited, which is the Manager of Link Real Estate Investment Trust. He was also an Independent Non-executive Director of China Shenhua Energy Company Limited and Bank of China Limited. Mr. Neoh currently serves as a member of the International Consultation Committee of the CSRC, an Independent Non-executive Director of China Life Insurance Company Limited and CITIC Limited. He graduated from the University of London with a Bachelor's degree in Law. He was conferred the degree of Doctor of Laws. He is Honorary Doctorate of Law of Chinese University of Hong Kong and Open University of Hong Kong. He was elected Honorary Fellow of the Hong Kong Securities Institute and Academician of the International Euro-Asian Academy of Sciences. Mr. Neoh was appointed as Senior Counsel in Hong Kong. He is a barrister of England and Wales. He was admitted to the State Bar of California.

Wang Chixi, Shareholder Supervisor

Ms. Wang has served as Supervisor of Industrial and Commercial Bank of China Limited since October 2005. She was appointed as full-time Supervisor (at the rank of Director-General) and General Manager of the Supervisory Board Office of ICBC as designated by the State Council in 2003. She joined ICBC in 2005. Ms. Wang had taken several positions including Deputy Director-General of the Financial Audit Department of the National Audit Office, Deputy Director-General of the Agricultural, Forestry and Sea Products Audit Bureau of the National Audit Office and was appointed as full-time Supervisor (at the rank of Director-General) and General Manager of the Board of Supervisors' Office of Agricultural Bank of China as designated by the State Council. Ms. Wang graduated from Shenyang Agricultural College, and is a PRC Certified Public Accountant (as a non-practising member).

Dong Juan, External Supervisor

Ms. Dong has served as External Supervisor of Industrial and Commercial Bank of China Limited since May 2009. She is now the External Supervisor of China Huarong Asset Management Co., Ltd. She previously served as Deputy Chief and Chief of the Foreign Trade Division of Commerce and Trade Department of MOF, Director-General of the Enterprise Affairs Department of the State Administration of State-owned Assets, Director-General of the Evaluation Department of MOF, Chairperson of the Board of Directors of Grandchina International Consulting Co., Ltd. and External Supervisor of China Cinda Asset Management Corporation. Ms. Dong graduated from Shanxi Finance and Economics Institute and from Dongbei University of Finance and Economics with a Master's degree in Economics. She is a PRC Certified Public Accountant (as a non-practising member).

Qu Qiang, External Supervisor

Mr. Qu has served as External Supervisor of Industrial and Commercial Bank of China Limited since December 2015. Currently, he is a professor and tutor to PhD students of Renmin University of China, Director of China Fiscal and Financial Policy Research Center, Deputy Director of Financial and Securities Institute, a council member of China Finance Society, a Member of China Finance 40 Forum and External Expert of China Development Bank. He was Head of the Applied Finance Department of Renmin University of China The School of Finance. Mr. Qu graduated from Renmin University of China, and received a Doctorate degree in Economics.

Zhang Wei, Employee Supervisor

Mr. Zhang has served as Employee Supervisor of Industrial and Commercial Bank of China Limited since August 2006. He joined ICBC in 1994, and has served as General Manager of the Legal Affairs Department since 2004. Currently, he is also Vice Chairman of the Banking Law Research Institute, a council member of China Legal Aid Foundation and Executive Deputy Director of the Legal Work Committee of China Banking Association. He graduated from Peking University with a Doctorate degree in Law and is a research fellow.

Hui Ping, Employee Supervisor

Mr. Hui has served as Employee Supervisor of Industrial and Commercial Bank of China Limited since September 2015. He joined ICBC in 1984 and has served as Deputy Secretary of the Party Discipline Committee and concurrently as Director of the Discipline Enforcement Department since 2015. He was Deputy Head and Head of Shaanxi Branch and General Manager of the Internal Control and Compliance Department of ICBC. Mr. Hui graduated from Xiamen University and obtained a Doctorate degree in Finance. He is a senior economist.

Gu Shu, Senior Executive Vice President

Mr. Gu has served as Senior Executive Vice President of Industrial and Commercial Bank of China Limited since October 2013. He joined ICBC in 1998, where he served as Deputy General Manager of Accounting and Settlement Department, Deputy General Manager of the Planning and Finance Department, General Manager of Finance and Accounting Department, Board Secretary and General Manager of Corporate Strategy and Investor Relations Department and Head of Shandong Branch. Mr. Gu obtained a Doctorate degree in Economics from Shanghai University of Finance and Economics, Master's degree in Economics from Dongbei University of Finance and Economics and Bachelor's degree in Engineering from Shanghai Jiao Tong University. He is a senior accountant.

Wang Jingdong, Senior Executive Vice President

Mr. Wang has served as Senior Executive Vice President of Industrial and Commercial Bank of China Limited since December 2013. He joined China Development Bank in 1994 and served as Deputy Head of Harbin Branch, Deputy Director of the Human Resources Department of the Head Office, Head of Project Appraisal Department III of the Head Office, Head of Beijing Branch and Head of Human Resources Department of the Head Office. Mr. Wang graduated from Huazhong Agricultural University with a Bachelor's degree in Agronomy. He is a senior engineer.

Wang Lin, Secretary of Party Discipline Committee

Mr. Wang has served as Secretary of Party Discipline Committee of Industrial and Commercial Bank of China Limited since July 2015. He began his work career in 1987. Prior to joining ICBC, he once served as Director of Fund Supervision Department and Director of Securities and Fund Institution Supervision Department of CSRC. Mr. Wang graduated from Tsinghua University, and received a Doctorate degree in Management.

Hu Hao, Senior Executive Vice President, Board Secretary

Mr. Hu has served as Senior Executive Vice President of Industrial and Commercial Bank of China Limited since November 2015, and Board Secretary since December 2010. Mr. Hu joined ICBC in 1984, serving successively as Deputy General Manager of the Industrial and Commercial Credit Department, Deputy General Manager of the Credit Management Department, General Manager of the Institutional Banking Department, General Manager of the International Banking Department, President of Chinese Mercantile Bank and Chairman of Industrial and Commercial Bank of China Luxembourg S.A. Besides, he once served as Deputy Director-General of Construction and Administration Bureau of South-to-North Water Diversion Middle Route Project, as well as a Director of Taiping General Insurance Company Limited, Taiping Life Insurance Co., Ltd. and Xiamen International Bank. Currently, Mr. Hu is also General Manager of Corporate Strategy and Investor Relations Department of Industrial and Commercial Bank of China Limited. Mr. Hu graduated from Hunan University, and received a Doctorate degree in Economics from the Graduate School of the Chinese Academy of Social Sciences. He is a senior economist.

Wei Guoxiong, Chief Risk Officer

Mr. Wei has served as Chief Risk Officer of Industrial and Commercial Bank of China Limited since August 2006. He joined ICBC in 1987 and previously served in several positions at ICBC including Acting Head of Wenzhou Branch, Deputy Head of Zhejiang Branch and General Manager of the Industrial and Commercial Credit Department and the Credit Management Department of the Head Office. He graduated from Tianjin University of Finance and Economics, and received a Master's degree in Economics. He is a research fellow.

Ms. Wang Xiaoya, Ms. Ge Rongrong, Mr. Fu Zhongjun, Mr. Zheng Fuqing, Mr. Fei Zhoulin and Mr. Cheng Fengchao were recommended by Huijin to serve as Non-executive Directors of the Bank. Huijin holds interests in shares of the Bank. Please refer to the section headed "Details of Changes in Share Capital and Shareholding of Substantial Shareholders — Interests and Short Positions Held by Substantial Shareholders and Other Persons" for further details.

None of the directors, supervisors and Senior Management members of the Bank, whether they are incumbent or have left office during the reporting period, have been published by the securities regulator in the past three years.

Appointment and Removal

◆ *Directors*

At the First Extraordinary General Meeting of 2014 held on 15 April 2014, Mr. Zhang Hongli was appointed as Executive Director of the Bank, and his qualification has been approved by CBRC in June 2015. At the First Extraordinary General Meeting of 2015 held on 23 January 2015, Mr. Jiang Jianqing was re-appointed as Executive Director of the Bank, and Ms. Wang Xiaoya and Ms. Ge Rongrong were appointed as Non-executive Directors of the Bank. Their terms of office took effect from the date of review and approval by the meeting. In addition, Mr. Zheng Fuqing was appointed as Non-executive Director of the Bank and his qualification was approved by CBRC in February 2015. Mr. Fei Zhoulin and Mr. Cheng Fengchao were appointed as Non-executive Directors of the Bank, and their qualifications were approved by CBRC in March 2015. Mr. Anthony Francis Neoh was appointed as Independent Non-executive Director of the Bank, and his qualification has been approved by CBRC in April 2015. At the Annual General Meeting for the Year of 2014 held on 19 June 2015, Mr. Wang Xiquan was appointed as Executive Director of the Bank, and his qualification has been approved by CBRC in June 2015; Mr. Or Ching Fai was re-appointed as Independent Non-executive Director of the Bank, and his new term of office took effect from the date of review and approval by the meeting. At the Second Extraordinary General Meeting of 2015 held on 21 December 2015, Mr. Hong Yongmiao was re-appointed as Independent Non-executive Director of the Bank, and his new term of office took effect from the date of review and approval by the meeting; Mr. Yang Siu Shun was appointed as Independent Non-executive Director of the Bank, and his qualification remains to be approved by CBRC.

In March 2015, due to expiration of the term of office, Mr. Li Jun ceased to act as Non-executive Director of the Bank. In April 2015, due to expiration of the term of office, Mr. Wong Kwong Shing, Frank ceased to act as Independent Non-executive Director of the Bank. In October 2015, the Board of Directors of the Bank reviewed and approved the resignation of Mr. Yi Xiqun as Independent Non-executive Director due to work reasons, which will become effective upon approval by CBRC of the qualification of the new independent non-executive director.

◆ *Supervisors*

The Bank re-appointed Ms. Wang Chixi as Shareholder Supervisor of the Bank at the First Extraordinary General Meeting of 2015 on 23 January 2015, and her term of office took effect from the date of review and approval by the meeting. The Bank appointed Mr. Qian Wenhui as Shareholder Supervisor of the Bank at the 2014 Annual General Meeting on 19 June 2015, and his term of office took effect from the date of review and approval by the meeting. The Bank appointed Mr. Qian Wenhui as Chairman of the Board of Supervisors of the Bank at a meeting of the Board of Supervisors. On 25 September 2015, the Bank appointed Mr. Zhang Wei and Mr. Hui Ping as Employee Supervisors of the Bank at the Interim Employees' Congress, and their terms of office took effect from the date of review and approval by the Employees' Congress. On 21 December 2015, the Bank appointed Mr. Qu Qiang as External Supervisor of the Bank at the Second Extraordinary General Meeting of 2015, and his term of office took effect from the date of review and approval by the meeting.

On 19 June 2015, Mr. Zhao Lin resigned from the posts of Supervisor and Chairman of the Board of Supervisors due to his age. On 23 July 2015, the term of office of Employee Supervisor Mr. Li Mingtian expired, and he continued to perform the supervisor's responsibilities up to 25 September 2015 according to the Articles of Association of the Bank. On 21 December 2015, Mr. Meng Yan ceased to act as External Supervisor of the Bank due to expiration of the term of office.

◆ *Senior Management*

In July 2015, Mr. Wang Lin was appointed as Secretary of Party Discipline Committee. In October 2015, the Board of Directors of the Bank engaged Mr. Hu Hao as Senior Executive Vice President of the Bank, and his qualification was approved by CBRC in November 2015.

In June 2015, Mr. Lin Xiaoxuan ceased to act as Chief Information Officer of the Bank due to work change. In October 2015, Mr. Zheng Wanchun ceased to act as Senior Executive Vice President of the Bank due to work change.

Annual Remuneration

Unit: RMB10,000

Name	Remuneration from the Bank: Remuneration paid (before tax) (1)	Contribution by the employer to social insurance, housing allowance, annuities, and additional medical insurances (2)	Fee (3)	Total remuneration before tax (4) = (1) + (2) + (3)	Obtain remuneration from shareholder entities or other connected persons or not
Jiang Jianqing	44.80	9.88	–	54.68	No
Yi Huiman	44.80	9.88	–	54.68	No
Qian Wenhui	37.33	8.32	–	45.65	No
Zhang Hongli	40.32	9.88	–	50.20	No
Wang Xiquan	40.32	9.88	–	50.20	No
Wang Xiaoya	–	–	–	–	Yes
Ge Rongrong	–	–	–	–	Yes
Fu Zhongjun	–	–	–	–	Yes
Zheng Fuqing	–	–	–	–	Yes
Fei Zhoulin	–	–	–	–	Yes
Cheng Fengchao	–	–	–	–	Yes
Malcolm Christopher McCarthy	–	–	43.00	43.00	Yes
Kenneth Patrick Chung	–	–	44.00	44.00	Yes
Or Ching Fai	–	–	47.00	47.00	Yes
Hong Yongmiao	–	–	47.00	47.00	Yes
Yi Xiqun	–	–	46.25	46.25	Yes
Anthony Francis Neoh	–	–	33.00	33.00	Yes
Wang Chixi	74.56	20.03	–	94.59	No
Dong Juan	–	–	–	–	No
Qu Qiang	–	–	0.78	0.78	No
Zhang Wei	–	–	5.00	5.00	No
Hui Ping	–	–	1.25	1.25	No
Gu Shu	40.32	9.88	–	50.20	No
Wang Jingdong	40.32	9.88	–	50.20	No
Wang Lin	16.80	4.34	–	21.14	No
Hu Hao	69.27	22.31	–	91.58	No
Wei Guoxiong	74.88	23.49	–	98.37	No
Directors, Supervisors and Senior Management Leaving Office					
Li Jun	–	–	–	–	Yes
Wong Kwong Shing, Frank	–	–	11.75	11.75	Yes
Zhao Lin	22.40	4.74	–	27.14	No
Meng Yan	–	–	27.22	27.22	Yes
Li Mingtian	–	–	3.75	3.75	No
Zheng Wanchun	37.20	9.02	–	46.22	No
Lin Xiaoxuan	37.62	12.25	–	49.87	No

Notes: (1) Since January 2015, the remuneration to the Chairman of the Board of Directors, the President, the Chairman of the Board of Supervisors and other executives of the Bank has followed the State's policies relating to the remuneration reform on executives of central enterprises.

(2) According to the requirements of relevant government authorities, the total final remuneration payable to the Chairman of the Board of Directors, the President, the Chairman of the Board of Supervisors, Executive Directors, Shareholder Supervisors and other Senior Management members is still subject to final confirmation by relevant government authorities. Additional details of remuneration will be disclosed when they have been determined.

(3) During the reporting period, Ms. Wang Xiaoya, Ms. Ge Rongrong, Mr. Fu Zhongjun, Mr. Zheng Fuqing, Mr. Fei Zhoulin, Mr. Cheng Fengchao and Mr. Li Jun were paid by Huijin for their performance of responsibilities as the Bank's directors.

(4) Fees of Employee Supervisors Mr. Zhang Wei, Mr. Hui Ping and Mr. Li Mingtian are their allowances obtained as Employee Supervisors of the Bank, excluding their remuneration with the Bank in accordance with the employee remuneration system.

(5) As the Bank's independent non-executive directors and external supervisors served as directors or senior management of other legal persons or organizations other than the Bank or the controlled subsidiaries of the Bank, such legal persons or organizations became connected persons of the Bank. The Bank's independent non-executive directors and some external supervisors obtained remuneration from such connected persons. Except to the extent of the aforementioned circumstances, none of the Bank's directors, supervisors and senior management were paid by the Bank's connected persons during the reporting period.

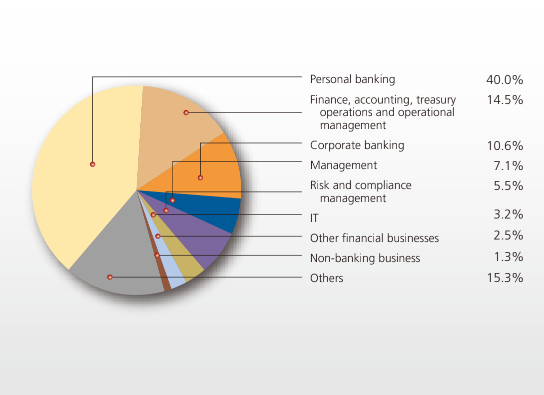
(6) For the change of the Bank's directors, supervisors and senior management, please refer to the section headed "Directors, Supervisors, Senior Management, Employees and Institutions — Appointment and Removal".

Basic Information on Employees and Institutions

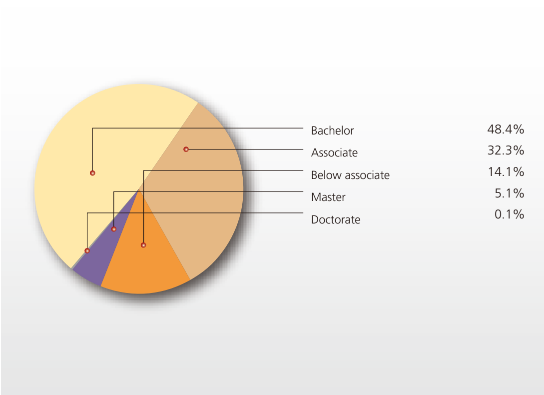
As at the end of 2015, the Bank had 466,346 employees[1], representing an increase of 4,064 from the end of the previous year, of whom 5,076 were employees in major domestic subsidiaries and 14,428 were local employees in overseas institutions.

SPECIALIZATIONS AND ACADEMIC ACHIEVEMENTS OF DOMESTIC EMPLOYEES

Employee Specialization



Academic Achievements



At the end of 2015, the Bank had a total of 17,498 institutions, representing an increase of 38 as compared with the end of the previous year. Among them, there were 17,094 domestic institutions and 404 overseas ones. Domestic institutions include the Head Office, 31 tier-one branches, five branches directly controlled by the Head Office, 27 banking offices of tier-one branches, 409 tier-two branches, 3,080 tier-one sub-branches, 13,420 outlets, 29 Head Office-level profitability units along with their directly controlled-institutions and branches, and 92 major subsidiaries and their branches.

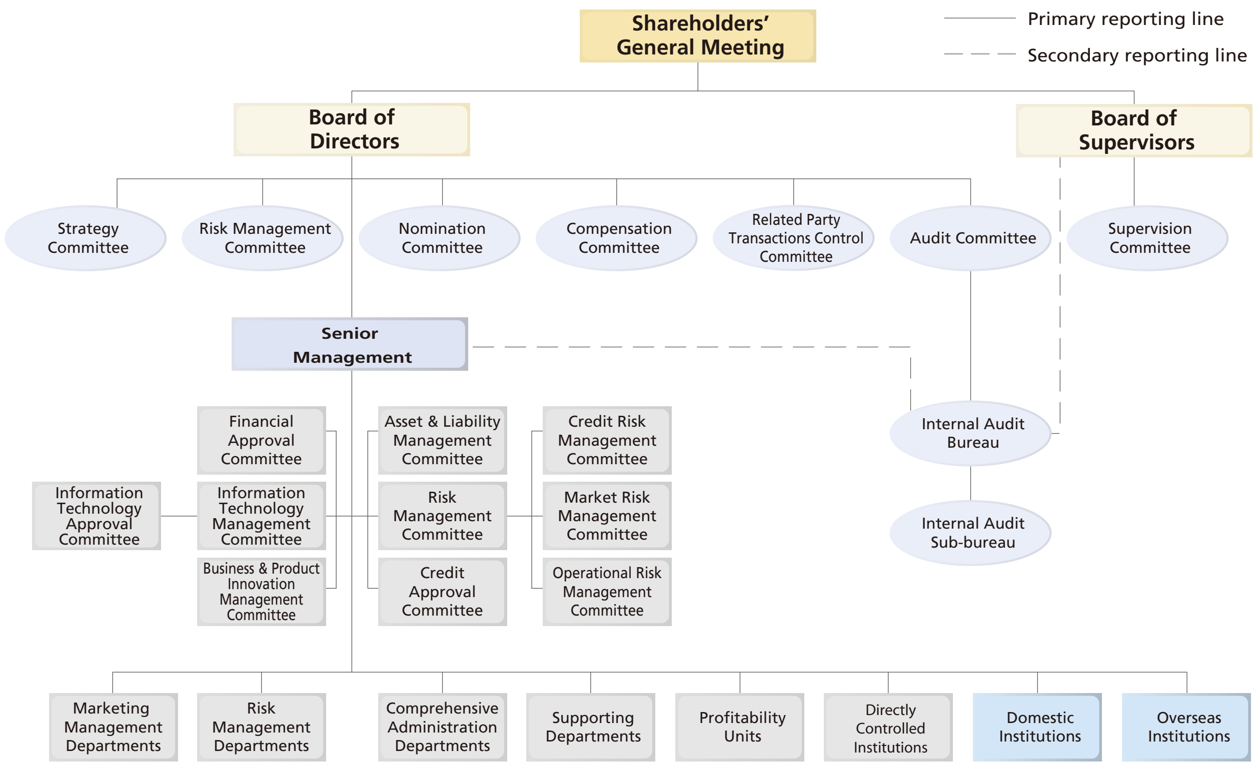
1 Does not include labor dispatched for services totaling 489 persons, of whom 41 were dispatched to major subsidiaries.

GEOGRAPHIC DISTRIBUTION OF ASSETS, INSTITUTIONS AND EMPLOYEES (As at the end of December 2015)

Item	Assets (In RMB millions)	Percentage (%)	Number of institutions	Percentage (%)	Employees	Percentage (%)
Head Office	9,142,237	41.1	30	0.2	15,271	3.3
Yangtze River Delta	4,862,465	21.9	2,637	15.1	63,646	13.6
Pearl River Delta	3,366,173	15.2	2,133	12.2	51,556	11.1
Bohai Rim	3,633,597	16.4	2,855	16.3	73,269	15.7
Central China	2,216,719	10.0	3,676	21.0	95,050	20.4
Western China	2,819,807	12.7	3,906	22.3	95,988	20.6
Northeastern China	1,069,622	4.8	1,765	10.1	52,062	11.1
Overseas and others	2,450,563	11.0	496	2.8	19,504	4.2
Eliminated and undistributed assets	(7,351,403)	(33.1)				
Total	**22,209,780**	**100.0**	**17,498**	**100.0**	**466,346**	**100.0**

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

Corporate Governance Framework



Note: The above is the corporate governance framework chart as of the end of 2015.

The Bank has made constant efforts to improve the corporate governance and checks and balances mechanism comprising the Shareholders' General Meeting, the Board of Directors, the Board of Supervisors and the Senior Management featuring clearly-defined responsibilities and accountability, coordination and effective checks and balances, and to optimize responsibilities of the authority organ, decision-making organ, supervisory organ and executive organ. As a result, the corporate governance operation mechanism with scientific decision-making process, effective supervision and steady operation has been in place.

Responsibilities of the Shareholders' General Meeting

As the authority organ of the Bank, the Shareholders' General Meeting involves all shareholders. The Shareholders' General Meeting is responsible for, among others, deciding on business policies and material investment plans of the Bank; considering and approving the proposals on the annual financial budget, final accounts, profit distribution plans and loss recovery plans, electing and changing directors, shareholder supervisors and external supervisors; considering and approving the work report of the Board of Directors and the work report of the Board of Supervisors; adopting resolutions on merger, division, dissolution, liquidation, change of corporate form, increase or decrease of registered capital, issuance and listing of corporate bonds or other negotiable securities and repurchase of stocks; and amending the Articles of Association of the Bank.

Responsibilities of the Board of Directors

As the decision-making organ of the Bank, the Board of Directors of the Bank is accountable to, and shall report to, the Shareholders' General Meeting. The Board of Directors is responsible for, among others, convening the Shareholders' General Meeting; implementing resolutions of the Shareholders' General Meeting; deciding on business plans, investment plans and development strategies of the Bank; formulating annual financial budgets and final accounts of the Bank; formulating profit distribution plans and loss recovery plans; formulating proposals on the increase or decrease of registered capital of the Bank; formulating fundamental management rules on risk management and internal control, and supervising the implementation of these rules; appointing or removing the President and the Board Secretary, and based on the President's nomination, appointing or removing Senior Executive Vice Presidents and other Senior Management members (except the Board Secretary), and deciding on their remuneration, rewards and sanctions; deciding or authorizing the President to set up relevant head office departments of the Bank; regularly evaluating and improving corporate governance of the Bank; managing information disclosure matters of the Bank; and supervising and ensuring effective performance of management responsibilities of the President and other Senior Management members.

Responsibilities of the Board of Supervisors

As the supervisory organ of the Bank, the Board of Supervisors is accountable to, and shall report to, the Shareholders' General Meeting. The Board of Supervisors is responsible for, among others, supervising the performance and due diligence of Directors and Senior Management members; supervising the performance of duties of the Board of Directors and the Senior Management; conducting audits on retiring or resigning Directors and Senior Management members where appropriate; examining and supervising the Bank's financial activities; examining financial information such as financial report, business report and profit distribution plan to be submitted to the Shareholders' General Meeting by the Board of Directors; examining and supervising business decisions, risk management and internal control of the Bank, and providing guidance for the internal audit departments of the Bank; formulating performance assessment measures for supervisors, assessing the performance and conduct of supervisors, and reporting to the Shareholders' General Meeting for approval; presenting proposals to the Shareholders' General Meeting; proposing to convene extraordinary general meetings, and convening and presiding over such meetings in case the Board of Directors fails to perform its duty of convening Shareholders' General Meeting; proposing to convene interim meetings of the Board of Directors.

Responsibilities of the Senior Management

As the executive organ of the Bank, the Senior Management is accountable to the Board of Directors. The Senior Management is responsible for, among others, carrying out operational management of the Bank; organizing the implementation of business plan and investment plan approved by the Board of Directors; formulating detailed regulations and rules for operational management; formulating proposals on remuneration distribution and performance assessment for heads of internal departments and branches of the Bank; reporting operating results to the Board of Directors and the Board of Supervisors; preparing the annual financial budget, final accounts, profit distribution plans and loss recovery plans, and proposals on the increase or decrease of registered capital, issuance or listing of bonds, and making recommendations to the Board of Directors.

Overview of Corporate Governance

During the reporting period, the Bank highlighted the improvement of corporate governance as a key move in responding to the challenges and opportunities under the new normal in economic development. The Bank accommodated to supervisory requirements on Global Systemically Important Banks, and constantly improved the structure, mechanism and culture of corporate governance, boosting the healthy and sustainable development of all businesses. There is neither any material divergence between actual corporate governance of the Bank and applicable regulatory documents regarding corporate governance issued by CSRC, nor any problem identified by regulatory authorities but remain unresolved in respect of corporate governance. During the reporting period, the Bank received various important domestic and overseas corporate governance awards, including the "Hong Kong Corporate Governance Excellence Award" by The Chamber of Hong Kong Listed Companies, the "The Asset Corporate Award — Platinum Award" by The Asset and the "Citation for Corporate Governance Disclosure" by The Hong Kong Management Association.

Construction of the Organizational Framework of Corporate Governance

During the reporting period, the Bank appointed and renewed the appointments of some Directors and changed the chairman and members of some special committees of the Board of Directors to ensure the Board of Directors operate in compliance with laws and regulations. The Bank continued to improve the structure of the Board of Directors and further gave play to the decision-making supporting role of the special committees of the Board of Directors. Besides, the Bank stepped up efforts to explore the Group's corporate governance, and perfected group management and control and collaboration mechanism as well as the corporate governance framework, institutional system and working mechanism of its subsidiaries.

Construction of the Corporate Governance Mechanism

The Bank put the strategic decision-making role and corporate governance leading role of the Board of Directors into good use. Upholding scientific development and the acceleration of change in the mode of development, the Board of Directors focused on the reform of important fields and key links, constantly followed up the implementation of strategies, plans and decisions, and thoroughly studied objectives, missions and paths of transformation and development, ensuring the stable results growth of the Group. In addition, the Board of Directors kept improving corporate governance, consolidated enterprise risk management and internal control, stepped up information disclosure and managed investor relations in a more professional manner, and constantly strengthened its self-building.

The Bank put the supervisory function of the Board of Supervisors into good use. The Board of Supervisors continuously improved its working mechanism in accordance with the priorities of the Bank, specified the details and methods of its supervision over performance of the Board of Directors and the Senior Management and earnestly conducted the annual performance assessment. Financial supervision and supervision over risk management and internal control of the Bank were enhanced. The role of the Board of Supervisors which is key to corporate governance was effectively exerted, and this promoted the legal and compliant operation and healthy and stable development of the Bank.

The Bank improved its enterprise risk management system comprehensively and amended the rules on consolidated management to enhance the consolidated management of the Group. Risk management of non-banking subsidiaries was strengthened, the risk assessment indictor system was revised, and prevention and control of credit risk during the economic downward cycle were highly valued. Moreover, the Bank continuously improved internal control and compliance management mechanism and raised its whole-process management capacity in regard to compliance risk and operational risk of the Group. As for audit work, the Bank implemented risk-oriented audit activities thoroughly and constantly promoted professional update. As for human resource management improvement, the Bank accelerated the human resource structure adjustment, enhanced human resource allocation efficiency and focused more on training and development of talents in key fields. As for social responsibility management reinforcement, the Bank explored work patterns to fulfill its social responsibilities given its own characteristics.

The Bank continuously increased the level of transparency. The Bank proactively enhanced the management of group information disclosure and continuously enhanced voluntary information disclosure by adhering to the principle of "authenticity, accuracy, completeness, timeliness and fairness". Aiming at effectively safeguarding shareholders' right to information, the Bank explored in depth new paths to improve transparency. The Bank also improved its comprehensive investor relation management system, to reconcile the market value and inherent value of the Bank.

Development of Corporate Governance Regulations

During the reporting period, the Bank amended the Plan on Authorization of the Shareholders' General Meeting to the Board of Directors and the Plan on Authorization of the Board of Directors to the President based on the actual operational and developing needs.

Compliance with the Corporate Governance Code

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

Shareholders' Rights

Proposing the convening of an extraordinary general meeting

An extraordinary general meeting should be convened within 2 months from the date when shareholders holding more than 10% of the voting shares of the Bank, either individually or jointly, request to convene in writing. Proposing shareholders shall have the right to request the board of directors in writing to convene an extraordinary general meeting of shareholders. The Board of Directors shall make a written response as to whether or not it agrees to convene such a meeting within 10 days upon receipt of the request in accordance with laws, administrative regulations, rules and the Articles of Association of the Bank. Reasonable expenses incurred from the case where shareholders convene the meeting by themselves due to the failure of the Board of Directors to convene the meeting shall be borne by the Bank, and deducted from the payment to those negligent directors.

Submitting interim proposals for the shareholders' general meeting

Shareholders who hold more than 3% of shares of the Bank, either individually or jointly, may prepare an interim proposal and submit it in writing to the Board of Directors 10 days before the Shareholders' General Meeting is convened. The Board of Directors shall issue a supplementary notice for the Shareholders' General Meeting within 2 days upon receipt of the proposal and submit such proposal to the Shareholders' General Meeting for approval.

Putting forward suggestions or inquiries

Shareholders are entitled to supervise business operation of the Bank and put forward suggestions or inquiries accordingly. Shareholders are entitled to review the information of the Bank such as the Articles of Association, the register of shareholders, share capital documents and minutes of Shareholders' General Meetings, etc.

Special provisions on rights of preference shareholders

In the following circumstances, preference shareholders of the Bank have the right to attend the shareholders' general meeting and exercise voting rights: (1) amendment of contents of the Articles of Association relating to preference shares; (2) decrease of the registered capital of the Bank by more than 10% once or cumulatively; (3) merger, division and dissolution of the Bank or change of the Bank's corporate form; (4) issuance of preference shares; or (5) other circumstances of changing or abolishing rights of preference shareholders as specified by the Articles of Association. If any of the above circumstances occurs, the Bank shall notify preference shareholders of the convening of the shareholders' general meeting, and observe the procedure specified by the Articles of Association for notifying ordinary shareholders.

In the following circumstances, preference shareholders have the right to attend the shareholders' general meeting and jointly vote with ordinary shareholders as of the date following the date on which the Shareholders' General Meeting approves the profit distribution plan for the given year not in accordance with the previous agreement: the Bank fails to pay dividends on preference shares for three accounting years accumulatively or two consecutive accounting years contrary to previous agreement. Where the dividend of the preference shares cannot be accumulated, the voting rights of preference shareholders of the Bank shall be recovered until the Bank pays the dividend in full amount for the given year.

Other rights

Ordinary shareholders of the Bank have the right to collect dividends and other forms of benefits distributed on the basis of the number of shares held by them; preference shareholders of the Bank enjoy precedence over ordinary shareholders in dividend distribution. Shareholders have other rights conferred by laws, administrative regulations, rules and the Articles of Association of the Bank.

Effective Communication with Shareholders

The Bank has strictly complied with laws, regulations, regulatory requirements and fundamental regulations of corporate governance, and has taken various measures such as improving information disclosure management, strengthening investor relations management and optimizing the operations mechanism of the Shareholders' General Meeting, with a view to safeguarding the rights of all shareholders, especially minority investors, and increasing communication and exchange among shareholders.

The Bank adhered to the principle of "authenticity, accuracy, completeness, timeliness and fairness" and the orientation of meeting investors' needs to continuously enhance the Group's information disclosure management and to improve the Bank's level of transparency, thereby effectively guaranteeing the right of all stakeholders including shareholders and customers to information.

The Bank improved various communication channels for investors through organizing press conferences in relation to periodic results and domestic and overseas road shows and attending famous investment forums at home and abroad and delivering keynote speeches during the reporting period. The Bank gave full play to the communication platforms including investor interactive platform of SSE, investor relations website, investor hotline and investor email of the Bank, to understand investors' needs and provide sufficient information feedback in a timely manner.

During the reporting period, convening, holding, notices, announcements, proposals, voting and other procedures of the shareholders' general meetings of the Bank strictly complied with the relevant provisions of the Company Law and the Articles of Association of the Bank, ensuring that shareholders could exercise their right of participation in the shareholders' general meetings smoothly. Since it was listed, in order to treat A and H minority shareholders fairly, the Bank has held the Annual General Meeting in Beijing and Hong Kong concurrently by satellite and set up registration offices of A and H shareholders both in Beijing and Hong Kong to facilitate the voting of shareholders. The number of shareholders who participated in voting at the Annual General Meeting for the Year 2014 amounted to 3,410, up 35% compared to the previous year.

Contacts

Pursuant to relevant laws and regulations as well as the Articles of Association of the Bank, shareholders can put forward suggestions and inquiries through participating in activities including the shareholders' general meetings, press conferences in relation to periodic results and road shows of the Bank or by means of platforms including investor interactive platform of SSE, investor relations website, investor hotline and investor email and hotline, fax and email of the shareholders' general meetings of the Bank as well. For contact details, please refer to the section headed "Corporate Governance Report — Investor Relations".

If a shareholder wishes to enquire about share transfer, changes in name or address, reporting loss of share certificates and dividend notes or any other information relating to his/her shares, please contact the Share Registrars of the Bank. For contact details, please refer to "Corporate Information".

Shareholders' General Meeting

During the reporting period, the Bank convened the First Extraordinary General Meeting of 2015 on 23 January 2015, the 2014 Annual General Meeting on 19 June 2015 and the Second Extraordinary General Meeting of 2015 on 21 December 2015. The aforementioned shareholders' general meetings were convened and held in strict compliance with relevant laws and regulations and the Articles of Association of the Bank. The Bank made announcements on the resolutions and disclosed legal opinions in a timely manner in accordance with regulatory requirements. For details of the above meetings, please refer to the announcements of the Bank on the websites of SSE and SEHK or the website of the Bank.

Implementation of Resolutions of the Shareholders General Meeting by the Board of Directors

The Board of Directors of the Bank earnestly and fully implemented the resolutions adopted by the Shareholders' General Meeting of the Bank during the reporting period.

Board of Directors and Special Committees

Composition of the Board of Directors

The Bank formulated relatively complete procedures for nominating and electing directors. With diversified backgrounds, the Directors complemented each other on one hand with regard to their expertise, professional competence and experience and expressed diversified perspectives and views, which ensured scientific decision-making of the Board of Directors. As at the disclosure date of this annual report, the Board of Directors of the Bank consisted of 16 directors, including four Executive Directors: Mr. Jiang Jianqing, Mr. Yi Huiman, Mr. Zhang Hongli and Mr. Wang Xiquan; six Non-executive Directors: Ms. Wang Xiaoya, Ms. Ge Rongrong, Mr. Fu Zhongjun, Mr. Zheng Fuqing, Mr. Fei Zhoulin and Mr. Cheng Fengchao; six Independent Non-executive Directors: Sir Malcolm Christopher McCarthy, Mr. Kenneth Patrick Chung, Mr. Or Ching Fai, Mr. Hong Yongmiao, Mr. Yi Xiqun and Mr. Anthony Francis Neoh. Mr. Jiang Jianqing was Chairman and Mr. Yi Huiman was Vice Chairman of the Board of Directors. All Executive Directors have worked in the areas of banking and management for a long time, possess extensive professional expertise and experience in those areas and are familiar with operation and management of the Bank. Most Non-executive Directors specialize in economic management and have rich management experience and good understanding of relevant policies and theories. The Independent Non-executive Directors are prestigious experts in the areas of economy, finance and audit, respectively, and most of them once worked at international institutions and are familiar with corporate finance and management. The number of Independent Non-executive Directors of the Bank accounted for more than one third of the total members of the Board of Directors, complying with relevant regulatory requirements.

Meetings of the Board of Directors

During the reporting period, the Board of Directors of the Bank held eight meetings, considered 58 proposals including the proposals on the 2014 Work Report of the Board of Directors, nomination of candidates for directors, appointment of senior executive vice president and engagement of accounting firm for 2015 and listened to 23 reports including the reports on the 2015 Work Plan of the Board of Directors, the directors' performance assessment by the Board of Directors for 2014, risk management of the Bank and internal and external audits. For major proposals reviewed by the Board of Directors, please refer to the announcements of the Bank on the websites of SSE and SEHK or the website of the Bank.

The attendance of each of the Directors in Shareholders' General Meetings and meetings of the Board of Directors and the special committees of the Board of Directors during the reporting period is set out below:

Attendances in person/Number of meetings requiring attendance

Directors	Shareholders' General Meeting	Board of Directors	Special Committees of the Board of Directors					
			Strategy Committee	Audit Committee	Risk Management Committee	Nomination Committee	Compensation Committee	Related Party Transactions Control Committee
Executive Directors								
Jiang Jianqing	3/3	7/8	4/4	–	–	–	–	–
Yi Huiman	3/3	8/8	4/4	–	–	4/4	2/2	–
Zhang Hongli	2/2	4/4	–	–	1/1	–	–	–
Wang Xiquan	1/1	2/3	–	–	–	–	–	2/2
Non-executive Directors								
Wang Xiaoya	3/3	8/8	4/4	–	–	–	2/2	–
Ge Rongrong	3/3	8/8	–	–	2/3	4/4	–	–
Fu Zhongjun	3/3	8/8	4/4	–	–	–	2/2	–
Zheng Fuqing	2/2	7/7	3/3	–	3/3	–	–	–
Fei Zhoulin	2/2	7/7	–	5/6	2/3	2/3	–	–
Cheng Fengchao	2/2	7/7	–	6/6	3/3	–	–	–
Independent Non-executive Directors								
Malcolm Christopher McCarthy	3/3	7/8	4/4	–	3/3	4/4	2/2	–
Kenneth Patrick Chung	3/3	8/8	–	7/7	3/3	–	2/2	4/4
Or Ching Fai	3/3	8/8	4/4	7/7	1/1	4/4	2/2	2/2
Hong Yongmiao	3/3	8/8	4/4	7/7	3/3	4/4	–	4/4
Yi Xiqun	3/3	7/8	2/2	3/7	–	2/4	1/2	4/4
Anthony Francis Neoh	2/2	6/6	–	4/5	2/2	2/3	1/1	–
Resigned Directors								
Li Jun	1/1	1/1	–	1/1	–	–	–	–
Wong Kwong Shing, Frank	1/1	2/2	2/2	2/2	–	1/1	1/1	2/2

Notes: (1) "Attendances in person" refers to attending meetings in person or on telephone or by video conference.

(2) Directors who did not attend the meetings of the Board of Directors and its special committees in person appointed other directors to attend the meetings and exercise the voting right on their behalf.

(3) For the change of directors, please refer to the section headed "Directors, Supervisors, Senior Management, Employees and Institutions — Appointment and Removal".

Special Committees of the Board of Directors

The Board of Directors of the Bank has established six special committees, namely, the Strategy Committee, the Audit Committee, the Risk Management Committee, the Nomination Committee, the Compensation Committee and the Related Party Transactions Control Committee. Except the Strategy Committee, chairmen of all the other committees were assumed by independent non-executive directors. More than half of the members of the Audit Committee, the Nomination Committee, the Compensation Committee and the Related Party Transactions Control Committee were independent non-executive directors. During the reporting period, the performance of duties by the special committees of the Board of Directors of the Bank is set out below:

◆ *Strategy Committee*

The Strategy Committee is mainly responsible for considering the Bank's strategic development plan, business and institutional development plan, major investment and financing plan and other major matters critical to the Bank's development, making recommendations to the Board, and examining and assessing the soundness of the corporate governance framework to ensure financial reporting, risk management and internal control are compliant with corporate governance criteria of the Bank. As at the disclosure date of this annual report, the Strategy Committee of the Bank consisted of nine directors, including Executive Directors Mr. Jiang Jianqing and Mr. Yi Huiman; Independent Non-executive Directors Sir Malcolm Christopher McCarthy, Mr. Or Ching Fai, Mr. Hong Yongmiao and Mr. Yi Xiqun; Non-executive Directors Ms. Wang Xiaoya, Mr. Fu Zhongjun and Mr. Zheng Fuqing. Chairman of the Board of Directors Mr. Jiang Jianqing and Independent Non-executive Director Sir Malcolm Christopher McCarthy were the chairman and vice chairman of the committee, respectively.

Performance of the Strategy Committee. During the reporting period, the Strategy Committee of the Board of Directors held four meetings, considered 9 proposals including the 2015-2017 strategic development planning and the green credit development strategy, and heard the reports on capital replenishment of the affiliates in 2015, merger and acquisition and equity investment and capital injection plan for institutions to be established. The Strategy Committee put forward comments or suggestions on matters including the strategic development planning, strategic capital allocation and major investment plan of the Bank.

◆ *Audit Committee*

The Audit Committee is mainly responsible for supervising, inspecting and evaluating internal control, financial information and internal audit of the Bank and assessing mechanisms for the Bank's staff to report misconducts in financial statements, internal control, etc. and for the Bank to make independent and fair investigations and take appropriate actions. As at the disclosure date of this annual report, the Audit Committee of the Bank consisted of seven directors, including Independent Non-executive Directors Mr. Or Ching Fai, Mr. Kenneth Patrick Chung, Mr. Hong Yongmiao, Mr. Yi Xiqun and Mr. Anthony Francis Neoh; Non-executive Directors Mr. Fei Zhoulin and Mr. Cheng Fengchao. Independent Non-executive Director Mr. Or Ching Fai was the chairman of the committee.

Performance of the Audit Committee. During the reporting period, the Audit Committee held seven meetings, considered 11 proposals including the 2015-2017 internal audit development plan, the engagement of accounting firm for 2015 and the 2014 annual report and heard 12 reports including the internal audit report and the external audit work summary. The Audit Committee put forward comments or suggestions on matters including the internal audit development plan, the engagement of accounting firm and the arrangement of internal and external audit.

- Reviewing periodical reports

  The Audit Committee reviewed financial statements of the Bank on a regular basis, and had reviewed and submitted to the Board of Directors to approve the annual report, interim report and quarterly reports of the Bank. It also organized and conducted the internal control assessment for 2014 of the Group and engaged external auditors to audit the assessment report and procedures of the Bank with respect to the relevant regulatory requirements. Additionally, it strengthened communication with external auditors, attached importance to the supervision of external auditors and heard several reports of external auditors concerning audit plan, audit results and management proposals.

During the preparation and audit of the 2015 financial statements, the Audit Committee set out related matters such as audit schedule and arrangement through negotiation with external auditors, followed the status of external audit and conducted supervisions over relevant works at appropriate time by means of listening to reports and holding informal discussions, and reviewed the unaudited and preliminarily audited annual financial statements respectively. The Audit Committee held a meeting on 28 March 2016, and considered that the annual financial statements truly and completely reflected the financial position of the Bank. The Audit Committee reviewed the summary of audit work performed by external auditors during the year and made an overall and objective assessment on its performance and quality of practice. It also approved the renewal of the engagement of KPMG Huazhen LLP and KPMG as the external auditors of the Bank for 2016 and the engagement of KPMG Huazhen LLP as the internal control auditors of the Bank for 2016, and presented the proposals to the Board of Directors for consideration.

- Examining internal control system

The Audit Committee performed its function of examining the Bank's internal control system through reviewing the administrative rules and regulations and their implementation, and examined and assessed the compliance and effectiveness of major operating activities of the Bank. In addition, the Bank amended the Working Regulations for the Audit Committee of the Board of Directors, expanding the role of the Audit Committee in respect of the continuous supervision and examination of the internal control system of the Bank.

The Board of Directors of the Bank is responsible for establishing, improving and effectively implementing internal control and truthfully disclosing internal control assessment reports according to the standard system for enterprise internal control. The objective of the internal control of the Bank is to reasonably assure the compliance of its operation and management with relevant laws, safety of its assets, as well as the authenticity and completeness of its financial reports and relevant information, in order to enhance operation efficiency and results, and to facilitate the realization of its development strategy. Due to inherent limitation of internal control, only reasonable assurance can be provided for the aforementioned objectives. The Board of Directors and the Audit Committee have reviewed and approved the 2015 Internal Control Assessment Report of the Bank. For details of the Bank's internal control, please refer to "Corporate Governance Report — Internal Control".

- Effectiveness of the internal audit function

The Bank has established a vertical and independent internal audit management system responsible and reporting to the Board of Directors. The Board of Directors regularly reviews the internal audit plan and hears internal audit reports on internal audit activities, audit supporting measures, internal audit team building, etc., thus effectively performing the function of risk management. The Audit Committee examines, monitors and assesses the internal audit work of the Bank, supervises the internal audit rules and their implementation, and makes assessment of audit procedures and results of internal audit departments. It is also responsible for urging the Bank to ensure adequate resources for internal audit departments and coordinating the communication between internal audit departments and external auditors. Internal audit departments of the Bank is accountable to and reports to the Board of Directors, is guided by the Board of Supervisors and is under the examination, supervision and assessment of the Audit Committee. For details of the Bank's internal control, please refer to "Corporate Governance Report — Internal Control".

◆ *Risk Management Committee*

The Risk Management Committee is primarily responsible for reviewing and revising the strategy, policy and procedures of risk management and internal control process of the Bank, and supervising and evaluating the performance of Senior Management members and risk management department in respect of risk management. As at the disclosure date of this annual report, the Risk Management Committee of the Bank consisted of nine directors, including Executive Director Mr. Zhang Hongli; Independent Non-executive Directors Mr. Anthony Francis Neoh, Sir Malcolm Christopher McCarthy, Mr. Kenneth Patrick Chung and Mr. Hong Yongmiao; Non-executive Directors Ms. Ge Rongrong, Mr. Zheng Fuqing, Mr. Fei Zhoulin and Mr. Cheng Fengchao. Independent Non-executive Director Mr. Anthony Francis Neoh was the chairman of the committee.

Performance of the Risk Management Committee. During the reporting period, the Risk Management Committee held three meetings, considered four proposals including the risk management plan for 2015-2017, the liquidity risk management strategy for 2015, the country risk concentration limit for 2015-2016 and the management measures for stress test, and heard six reports including the risk management for 2014 and the first half of 2015. The Risk Management Committee put forward comments or suggestions on matters including the risk management plan, the enterprise risk management, the behavior risk management and the anti-money laundering of the Group.

- Examining the risk management system

  Under the enterprise risk management system structure of the Bank, the Risk Management Committee performed its function of examining the Bank's risk management system through reviewing and revising the Bank's risk strategy, risk management policy, risk appetite and the enterprise risk management structure, monitoring and evaluating the setup, mode of organization, work procedures and results of risk management departments, regularly assessing the risk appetite and the enterprise risk management status, supervising and assessing control activities conducted by the Senior Management members in terms of credit risk, market risk, operational risk and other risks. The Board of Directors and the Risk Management Committee listened to the report made by the Management on the Group's risk management every half year and examined the Bank's risk management and internal control system. In addition, the Bank amended the Working Regulations for the Risk Management Committee of the Board of Directors, expanding the role of the Risk Management Committee in respect of continuous supervision and examination of the risk management system of the Bank. For details of the Bank's risk management, please refer to the section headed "Discussion and Analysis — Risk Management".

◆ *Nomination Committee*

The Nomination Committee is mainly responsible for making recommendations to the Board of Directors on candidates for directors and Senior Management members, nominating candidates for chairmen and members of special committees of the Board of Directors, and formulating the standards and procedures for selection and appointment of directors and Senior Management members as well as the training and development plans for Senior Management members and key reserved talents. The Nomination Committee is also responsible for assessing the structure, size and composition of the Board of Directors on a yearly basis and making recommendations to the Board of Directors based on the Bank's development strategy. As at the disclosure date of this annual report, the Nomination Committee of the Bank consisted of eight directors, including Executive Director Mr. Yi Huiman; Independent Non-executive Directors Mr. Hong Yongmiao, Sir Malcolm Christopher McCarthy, Mr. Or Ching Fai, Mr. Yi Xiqun and Mr. Anthony Francis Neoh; Non-executive Directors Ms. Ge Rongrong and Mr. Fei Zhoulin. Independent Non-executive Director Mr. Hong Yongmiao was the chairman of the committee.

The Articles of Association of the Bank specifies methods and procedures to nominate directors. Please refer to Article 115 of the Articles of Association of the Bank. During the reporting period, the Bank appointed and renewed the appointments of directors of the Bank in strict accordance with the Articles of Association of the Bank. The Nomination Committee reviews the qualifications of candidates for directors based on whether the candidate complies with applicable laws, administrative rules, regulations and the Articles of Association of the Bank. According to the requirement on diversified composition of the Board of Directors in the Rules for Recommendation and Nomination of Board Candidates of the Bank, the Nomination Committee shall pay attention to the complementarity in terms of expertise, professional competence and experience, cultural and educational background, gender, etc. of the candidates, to ensure the directors are well equipped, experienced and have diversified perspectives and views. In order to implement the requirement, the Nomination Committee assesses the improvement of diversified composition of the Board of Directors in addition to framework, number of directors and formation on a yearly basis, and discusses and designs measurable goals according to actual conditions. As at the disclosure date of this annual report, there were six Independent Non-executive Directors, accounting for more than one third of the total members of the Board of Directors; and there were two female Directors. The Bank attached importance on diversified sources and backgrounds of directors and continued the efforts to build a professional board, thus underpinning the effective operation and scientific decision-making of the Board of the Directors.

Performance of the Nomination Committee. During the reporting period, the Nomination Committee held four meetings, considered seven proposals including the nomination of Mr. Wang Xiquan as a candidate for Executive Director, the nomination of Mr. Or Ching Fai, Mr. Hong Yongmiao and Mr. Yang Siu Shun as candidates for Independent Non-executive Directors, the appointment of Mr. Hu Hao as Senior Executive Vice President, and heard the report in respect of the composition of the Board of Directors in 2014. The Nomination Committee put forward comments or suggestions on matters including the building of the talent bank of independent directors, recommendation and nomination of candidates for directors and the assessment of the composition of the Board of Directors.

◆ *Compensation Committee*

The Compensation Committee is mainly responsible for formulating assessment measures on the performance of duties for directors, organizing the assessment on the performance of duties of Directors, putting forth proposal on remuneration distribution for Directors, putting forth proposal on remuneration distribution for Supervisors based on the performance assessment on Supervisors carried out by the Board of Supervisors, formulating and reviewing the assessment measures and compensation plans for Senior Management members of the Bank and evaluating the performance and behaviors of Senior Management members. As at the disclosure date of this annual report, the Compensation Committee of the Bank consisted of eight directors, including Executive Director Mr. Yi Huiman; Independent Non-executive Directors Mr. Yi Xiqun, Sir Malcolm Christopher McCarthy, Mr. Kenneth Patrick Chung, Mr. Or Ching Fai and Mr. Anthony Francis Neoh; Non-executive Directors Ms. Wang Xiaoya and Mr. Fu Zhongjun. Independent Non-executive Director Mr. Yi Xiqun was the chairman of the committee.

Performance of the Compensation Committee. During the reporting period, the Compensation Committee held two meetings, considered three proposals on the payment of remuneration to Directors, Supervisors and Senior Management members for 2014 and the 2015 performance evaluation plan for Senior Management members, etc., and heard the 2014 assessment report on the performance of duties of the directors by the Board of Directors. The Compensation Committee put forward comments or suggestions on matters including improvement of performance standards assessment of directors.

The Compensation Committee organized the performance assessment of directors, and put forth proposal on remuneration distribution for directors and submitted the same to the Shareholders' General Meeting after the approval of the Board of Directors. It also formulated and reviewed the assessment measures and compensation plans for Senior Management members of the Bank and evaluated the performance and behaviors of Senior Management members, results of which were submitted to the Board of Directors or the Shareholders' General Meeting, if falling into the responsibilities of the Shareholders' General Meeting, for approval. According to applicable regulations including the Measures on the Assessment of Performance of Duties of Directors in Commercial Banks (Trial) issued by CBRC, the Articles of Association and the Rules on the Assessment of Performance of Duties of Directors by the Board of Directors (Trial) of the Bank, the Compensation Committee organized the performance assessment of directors by the Board of Directors for 2014.

◆ *Related Party Transactions Control Committee*

The Related Party Transactions Control Committee is mainly responsible for identifying the Bank's related parties, reviewing major related party transactions, and receiving related party transaction statistics and reporting information of general related party transactions. As at the disclosure date of this annual report, the Related Party Transactions Control Committee of the Bank consisted of five directors, including Executive Director Mr. Wang Xiquan, Independent Non-executive Directors Mr. Kenneth Patrick Chung, Mr. Or Ching Fai, Mr. Hong Yongmiao and Mr. Yi Xiqun. Independent Non-executive Director Mr. Kenneth Patrick Chung was the chairman of the committee.

Performance of the Related Party Transactions Control Committee. During the reporting period, the Related Party Transactions Control Committee held four meetings, considered the proposals in respect of the identification of related parties of the Bank, and heard three reports on the related party transactions in 2014, the inside transactions management in 2014 and the identification of related parties of the Bank in 2014. The Related Party Transaction Control Committee put forward comments or suggestions on matters including the improvement of management of related party transactions and inside transactions of the Bank.

◆ *Important Comments and Suggestions Put Forward by Special Committees of the Board of Directors*

During the reporting period, the Strategy Committee put forward comments or suggestions on matters including the strategic development planning, strategic capital allocation and major investment plans of the Bank. The Audit Committee put forward comments or suggestions on matters including the preparation of regular reports, the internal audit development plan and the engagement of accounting firm. The Risk Management Committee put forward comments or suggestions on matters including the risk management plan, the enterprise risk management, the behavior risk management, and anti-money laundering of the Group. The Nomination Committee put forward comments or suggestions on matters including the building of the talent bank of independent directors, recommendation and nomination of candidates for directors and the assessment of the composition of the Board of Directors. The Compensation Committee put forward comments or suggestions on matters including the assessment of performance standards of directors, the payment of remuneration to Directors, Supervisors and Senior Management members and the Senior Management performance evaluation plan. The Related Party Transaction Control Committee put forward comments or suggestions on matters including the identification of related parties and the improvement of management of related party transactions and inside transactions of the Bank.

◆ *Working Groups of Special Committees of the Board of Directors*

To effectively play the role of special committees of the Board of Directors in offering professional support to the Board of Directors, according to the working regulations for special committees, the Bank established a mechanism of working groups of special committees. The Board of Directors' Office led relevant departments of the Bank and set up working groups of special committees of the Board of Directors as decision-making support center, research supporting institution and regular communication bridge for special committees.

The working groups of special committees of the Board of Directors are mainly responsible for, among others, assisting on the formulation of annual work plans of the Board of Directors and special committees; preparing for meetings of special committees of the Board of Directors; assisting special committee members to draft their research plans and carry out related researches; assisting special committees to communicate with the Management; and providing assistance in daily operation of special committees.

During the reporting period, the working groups of the special committees assisted in the studies of special committees in respect of mid-term and long-term strategic planning, credit business, corporate governance framework, related party transactions management, etc., provided various services and supports to the daily performance of duties by special committees with the focus on the central works of the Board of Directors and the special committees. In this way, they enhanced the communication and exchange between the Directors, between the Directors and the Management and between branches, and helped the special committees better give play to their professional advantages.

Responsibilities of Directors in Respect of Financial Statements

The Directors of the Bank acknowledged that they are responsible for the preparation of the financial statements of the Bank. During the reporting period, in strict compliance with relevant provisions, the Bank published the 2014 Annual Report, the First Quarterly Report, the Interim Report and the Third Quarterly Report of 2015 as scheduled.

Term of Directors

The Bank has strictly complied with the exchanges on which the Bank is listed and the Articles of Association of the Bank that Directors are elected by the Shareholders' General Meeting with a term of three years, and the appointment shall take effect from the date of approval by CBRC. Directors may be re-appointed through re-election at the Shareholders' General Meeting after expiry of their term. The term for re-appointment is from the date of approval by the Shareholders' General Meeting.

Investigation and Training of Directors

During the reporting period, the Bank developed the training plan for the Board of Directors, increased training resources, and encouraged and actively organized the Directors to attend trainings, with the aim of assisting the Directors in continuing to improve their comprehensive quality and ability to perform their duties. During the reporting period, the Directors of the Bank complied with relevant regulatory requirements, and attended relevant trainings according to work needs. Besides, the Directors of the Bank enhanced their professional level by attending forums and seminars as well as conducting on-site investigations in some domestic and overseas peers and affiliates of the Bank. Subject matters of the trainings attended by the Directors of the Bank during the reporting period were mainly as follows:

Trainings held by the regulatory institutions: Interpretation of corporate bonds policies, special training on Internet-based finance, special training on financial norms for listing companies;

Special business trainings of the Bank: Hot issues of China's banking industry, latest development of IFRSs, green credit business, intellectualized transformation of outlets, institutional banking business, internet-based finance and e-commerce platforms, credit risk management;

Introduction trainings for newly-appointed directors of the Bank: Introduction to corporate governance and operation of the board of directors, businesses of the Bank, introduction to external regulatory requirements and matters to note during tenure of office, financial control system of international banks and differences between PRC GAAP and IFRSs, risk management practices of international financial holding groups.

Training of Board Secretary

During the reporting period, the Board Secretary of the Bank attended relevant specialized trainings, with the training hours over 15 hours, which meets relevant regulatory requirements.

Independence and Performance of Duties of Independent Non-executive Directors

The qualifications, number and proportion of the Bank's Independent Non-executive Directors comply with regulatory requirements. The Bank's Independent Non-executive Directors do not have any business or financial interests in the Bank or its subsidiaries, and they have not assumed any managerial position in the Bank. The Bank has received the annual confirmation on independence from all Independent Non-executive Directors and considered that they were independent.

During the reporting period, the Bank's Independent Non-executive Directors earnestly attended the meetings of the Board of Directors and special committees, gave independent opinions during consideration of issues, and provided recommendations on areas such as business development, significant decision-making, resource allocation, risk management and financial innovation of the Bank. During the adjournment, Independent Non-executive Directors of the Bank conducted on-site investigations in terms of operation and development of domestic and overseas institutions, financial innovation of free trade zone business, risk management and talent cultivation, etc. Additionally, they also proactively exchanged opinions with the Management during special-topic discussions. During the reporting period, the Bank's Independent Non-executive Directors put forward comments and suggestions in respect of operation and management and the implementation of the strategies of the Bank, such as improving the Group's corporate governance, dealing with interest rate liberalization, promoting transformation and innovation, continuously strengthening internal control and risk management, further improving the internationalized development strategy and effecting its implementation, etc. The Bank paid close attention to the comments and suggestions, and organized the implementation thereof according to the actual conditions.

During the reporting period, the Bank's Independent Non-executive Directors did not raise any objection on proposals of the Board of Directors and special committees of the Board of Directors.

For information of performance of duties of Independent Non-executive Directors of the Bank during the reporting period, please refer to the Work Report of Independent Non-executive Directors for 2015 issued by the Bank on 30 March 2016.

Board of Supervisors and Special Committee

Composition of the Board of Supervisors

As at the end of the reporting period, the Board of Supervisors of the Bank consisted of six members, including two Shareholder Supervisors, namely Mr. Qian Wenhui and Ms. Wang Chixi, two External Supervisors, namely Ms. Dong Juan and Mr. Qu Qiang, and two Employee Supervisors, namely Mr. Zhang Wei and Mr. Hui Ping.

Operation of the Board of Supervisors

The Board of Supervisors discusses official matters at the meeting of the Board of Supervisors, which includes regular meetings and special meetings. Regular meetings shall be held at least four times a year and such meetings shall, in principle, be held before the disclosure of periodical reports.

As the day-to-day administrative organ of the Board of Supervisors, the Supervisory Board Office, as entrusted by the Board of Supervisors, is responsible for supervising and scrutinizing matters such as corporate governance, financial activities, risk management and internal control of the Bank, and organizing meetings of the Board of Supervisors and its special committee, preparing meeting documents, and taking minutes of the meetings.

Supervision Committee

As the special committee of the Board of Supervisors established pursuant to the Articles of Association of the Bank, the Supervision Committee operates in accordance with the authorization of the Board of Supervisors and is accountable to the Board of Supervisors. The Supervision Committee is mainly responsible for formulating plans for the inspection and supervision of financial activities of the Bank; formulating plans for the audits on retiring or resigning Directors, President and other Senior Management members; formulating plans for the audits on business policies, risk management and internal control of the Bank when necessary; providing comments after review of the financial report of the Bank and reporting to the Board of Supervisors; reviewing the investigation report on significant events in the annual operation and financial status of the Bank submitted by the Supervisory Board Office, and reporting to the Board of Supervisors; giving opinions on the performance assessment of directors and Senior Management members, and reporting to the Board of Supervisors; giving opinions on the assessment of the development and implementation of risk management and internal control system, and reporting to the Board of Supervisors; and other functions and duties as may be authorized by the Board of Supervisors. The Supervision Committee consists of four Supervisors, including Ms. Dong Juan, Ms. Wang Chixi, Mr. Zhang Wei and Mr. Qu Qiang. Ms. Dong Juan serves as the head member of the Supervision Committee. Daily operations of the Supervision Committee are conducted by the Supervisory Board Office.

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, each Director and Supervisor confirmed that he/she has complied with the provisions of the aforesaid codes of conduct during the year ended 31 December 2015.

Chairman and President

Pursuant to Code Provision A.2.1 of the Corporate Governance Code (Appendix 14 to the Hong Kong Listing Rules) and the Articles of Association of the Bank, the roles of Chairman and President should be separated, and the Chairman shall not concurrently hold the position of legal representative or chief responsible officer of the controlling shareholder.

Mr. Jiang Jianqing is the Chairman and legal representative of the Bank, who is responsible for leading the Board of Directors in considering and formulating business development strategies, risk management, internal control and other significant matters of the Bank.

Mr. Yi Huiman is the President of the Bank, who is responsible for the daily management of the business operations of the Bank. The President is appointed by and accountable to the Board of Directors, and performs his responsibilities as stipulated in the Articles of Association of the Bank and as authorized by the Board of Directors.

Powers and Functions of the Senior Management

The powers of the Board of Directors and the Senior Management are separated in strict compliance with the Articles of Association and other corporate governance documents of the Bank. During the reporting period, the Bank made an inspection on the implementation of the plan on authorization of the Board of Directors to the President, and no matter was found to be beyond the approval authority of the President.

Inside Information Management

The Bank manages inside information and insiders in strict accordance with regulatory requirements of the exchanges on which the Bank is listed and the Bank's rules, and ensures collection, delivery, sorting, preparation and disclosure of relevant information in compliance with applicable laws and regulations. During the reporting period, the Bank continued to strengthen inside information confidentiality management, timely organized the completion of insider lists and regularly conducted insider transaction self-inspections. After self-inspections, none of the insiders of the Bank were found to be involved in dealings in shares of the Bank who have taken advantage of inside information during the reporting period.

Internal Control

The Board of Directors is responsible for formulating the basic regulations for internal control and supervising the implementation of such regulations. The Audit Committee, the Risk Management Committee and the Related Party Transactions Control Committee of the Board of Directors perform the responsibilities of internal control management and review the effectiveness of internal control. The Bank has set up the Internal Audit Bureau and the Internal Audit Sub-bureau, which adopt a hierarchical management system and are responsible to and report to the Board of Directors. The Head Office and branches have internal control and compliance departments which are responsible for the bank-wide organization, promotion and coordination of internal control.

The internal control environment has been optimized continuously. The Bank improved the fundamental regulations of corporate governance adhering to the guideline of the group integration. It formulated the Development Plan of the Internal Control System for 2015-2017, identifying the fundamental framework of the Group's internal control construction in the new era.

The enterprise risk management framework has been improved. The Bank completed the report on internal capital adequacy assessment process (ICAAP) and revised the risk appetite indicator system. It strengthened the construction of group risk system and implemented the new version of the consolidated management regulations. It updated the G-SIB recovery and resolution plan and completed the first self-evaluation on the resolution capability.

The control activities became more effective. The Bank improved the business performance appraisal system and capital constraint mechanism, with a focus on the risk control and transformation and innovation orientation. It completed the reform that standardizes the operational management throughout outlets and launched the portfolio service process reform on a pilot basis. Besides, the Bank optimized the global credit line approval system and strengthened the credit risk monitoring and warning. It implemented the risk-oriented regulatory philosophy, advanced the domestic and overseas AML compliance management and conducted the evaluation on the AML risk of institutions, products and customers.

Information communication has been further streamlined. The Bank established the new investor relationship disclosure regulations, optimized the social responsibility management evaluation system and constantly enhanced its information disclosure. Meanwhile, it constantly intensified its data management, improved the Group's information standardization, promoted the consistent management and application service of data bank and group information bank and carried out the big data and IT application strategy.

The internal monitoring has remained effective. All business lines and internal control and compliance departments launched the supervision and inspection activities within the scope of their respective business and effectively fulfilled the responsibilities of the first and second lines of defense of internal control. Centering on the bank-wide reform and development strategy as well as central tasks, the internal audit departments conducted effective audit and supervision activities on bank-wide major risks, important systems and key business fields, provided constructive decisions and management suggestions from a systematic and strategic perspective, and paid attention to the follow-up of problem rectification. The Bank effectively fulfilled the responsibilities of the third line of defense of internal control.

Internal Control Evaluation Report and Internal Control Audit

While disclosing the annual report, the Bank also disclosed the Internal Control Assessment Report of Industrial and Commercial Bank of China Limited in accordance with the requirements of MOF, CSRC and SSE. The report stated that the Bank had maintained effective internal control over financial reporting in all material aspects in accordance with the standard system for enterprise internal control and relevant rules as at 31 December 2015 (benchmark date). The Bank engaged KPMG Huazhen LLP to audit and issue standardized audit report on internal controls of the Bank.

For details of the internal control assessment report of the Bank, please refer to the 2015 Internal Control Assessment Report of Industrial and Commercial Bank of China Limited published on the websites of SSE, SEHK and the Bank.

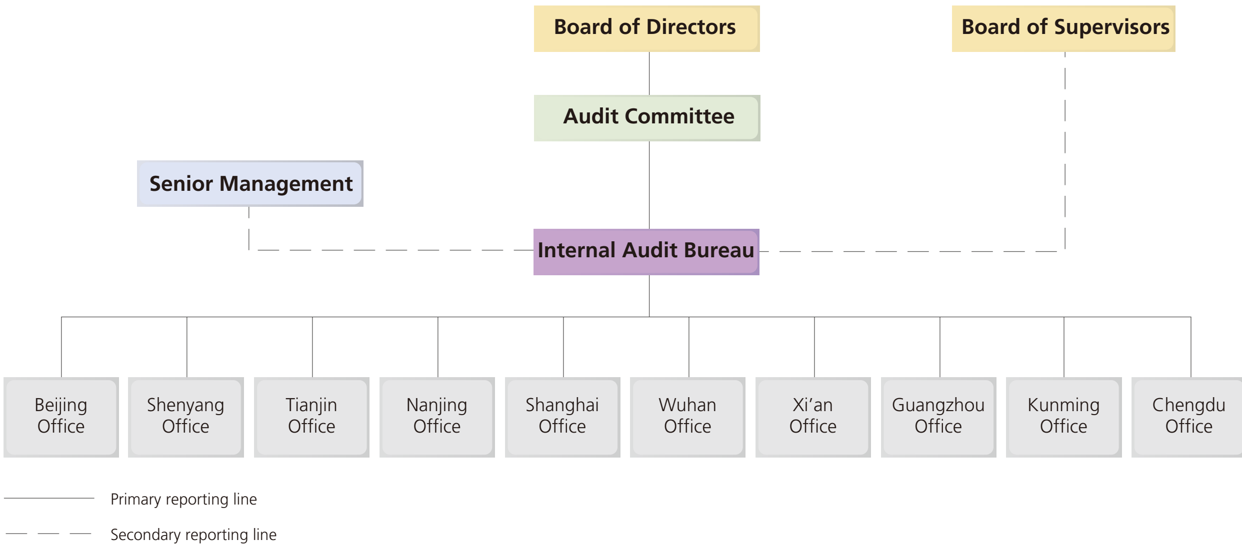
Internal Control Evaluation and Defects

The Board of Directors of the Bank conducted a self-assessment on the effectiveness of the Group's internal control during the reporting period in accordance with the Basic Standard for Enterprise Internal Control and its supporting guidelines, the Guidelines for Internal Control of Listed Companies issued by SSE and relevant regulatory requirements of CBRC. No material or significant deficiencies were detected in the Bank's internal control system during the assessment. Risks that may arise from ordinary deficiencies are controllable and corrective actions have been or are being taken, which have no material impact on the fulfillment of internal control objectives of the Bank.

There was no factor that affected the assessment conclusion of internal control effectiveness from the benchmark date to the issuance date of the internal control assessment report.

Internal Audit

The Bank established a vertical and independent internal audit management system responsible and reporting to the Board of Directors. The chart below illustrates the internal audit management and reporting framework of the Bank:



During the reporting period, the Bank implemented risk-oriented audit activities according to the development strategy and central tasks of the Bank, and fully accomplished the annual audit plan. Attention was drawn to credit risk, operational risk, regional risk and financial innovation risk under the complicated operating circumstances as well as systematic and strategic risks in the process of diversified and internationalized development. The audit examined and assessed the effectiveness of risk management, internal control, key policies, procedures, system and operational control in major operating activities. The Bank also paid close heed to audit findings and made full use of relevant audit recommendations, with the aim of enhancing risk management and internal control of the Bank. Additionally, the Bank improved project operation process and the distribution of project resources, upgraded the audit information system platform, and strengthened the efforts in vocational qualification education and training before audit projects to build a more professional audit team. As a result, the quality and level of audit work was constantly enhanced.

Engagement of Auditors

The Annual General Meeting for the Year 2014 of the Bank reviewed and approved the Proposal on Launching the Engagement of Accounting Firm for 2015, engaging KPMG Huazhen LLP to be domestic auditors of the Bank for the financial statements audit in 2015, and KPMG was international auditors of the Bank for the financial statements audit in 2015. KPMG Huazhen LLP was also auditors of internal control of the Bank in 2015.

KPMG Huazhen LLP and KPMG have been providers of audit services for the Bank for three consecutive years (2013, 2014 and 2015).

During the reporting period, the Group paid KPMG and its member institutions a total fee of RMB167 million for the audit of financial statements (including the audit of financial statements of subsidiaries and overseas branches), of which, RMB139 million (including fee for internal control audit of RMB11.60 million) was paid by the Bank.

During the reporting period, KPMG and its member institutions provided the Group with non-audit services such as professional services and tax advisory services for the bonds issuance, issuance of domestic preference shares and asset securitization, and received RMB8.00 million for such professional non-audit services.

Investor Relations

Overview of Investor Relations Activities in 2015

In 2015, against the backdrop of increasing downward pressure of the economy, accelerating interest rate liberalization and fluctuating capital markets, the Bank strived to improve the quality of investor relations services and generate stable return to shareholders following the principle of serving investors in a proactive, detailed, efficient and interactive manner.

The Bank established a comprehensive management system for investor relations across regions and types of investors, and further enhanced the awareness to serve the investors in a more detailed manner. The Bank made constant and extensive communication with institutional investors and minority investors through press conference in relation to periodic results, domestic and overseas non-transactional road shows, press conferences with large institutions, investor hotline, investor relations mailbox, investor relations website and the online platform of sseinfo.com, which enhanced investors' confidence in economic development of China and the operational transformation of the Bank and helped bring the market value in line with the long-term intrinsic value of the Bank. The Bank improved investor relations information collection and market information feedback transmission mechanism, strengthened dynamic monitoring of share price valuation, analyst reports and media public opinions, followed and analyzed spotlight issues of the capital market, and effectively enhanced the quality of communication with the investors. The Bank actively understood and solicited the opinions and suggestions of the capital market on the Bank, facilitated the timely reaction of the Management with the help of many operation and communication strategies, and minimized the influence of emergencies on the share price, so as to continuously strengthen the level of corporate governance and core values of the Bank.

In 2016, the Bank will further and proactively deepen the communication and exchange with investors to enhance the investors' understanding and acceptance of the Bank and protect legitimate interests of the investors, and at the same time expect to arouse more support from, and attention of, the investors.

Investor Enquiries

If an investor wishes to enquire any questions related to operation performance of the Bank, please contact:

Telephone: 86-10-66108608

Facsimile: 86-10-66107571

E-mail: ir@icbc.com.cn

Address: Corporate Strategy and Investor Relations Department, Industrial and Commercial Bank of China Limited, 55 Fuxingmennei Avenue, Xicheng District, Beijing, PRC

Postal code: 100140

Principal Business The principal business of the Bank and its subsidiaries is the provision of banking and related financial services. Please refer to the section headed "Discussion and Analysis" for the business review of the Bank.

Profits and Dividends Distribution

The profit and financial status of the Bank during the reporting period are presented in the Independent Auditor's Report and Financial Statements of the Annual Report.

Upon the approval at the Annual General Meeting for the Year 2014 held on 19 June 2015, the Bank has distributed cash dividends of approximately 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 Board of Directors of the Bank proposed distributing cash dividends of RMB2.333 (pre-tax) for each ten shares of 356,406,257,089 ordinary shares for 2015, totaling RMB83,150 million. The distribution plan will be submitted for approval to the Annual General Meeting for the Year 2015. Once approved, the abovementioned dividends will be paid to the holders of A shares and H shares whose names appeared on the share register of the Bank after the close of market on 7 July 2016. Pursuant to relevant regulatory requirements and operational rules, dividends of A shares and H shares will be paid on 8 July 2016 and 17 August 2016, respectively.

The Bank had no plan for converting capital reserve to share capital in the recent three years. The table below sets out the dividend distribution of ordinary shares of the Bank for the recent three years:

Item	2015	2014	2013
Dividend per ten shares (pre-tax, in RMB yuan)	2.333	2.554	2.617
Cash dividends (pre-tax, in RMB millions)	83,150	91,026	91,960
Percentage of cash dividends[1] (%)	30.3	33.0	35.0

Note: (1) Calculated by dividing cash dividends of ordinary shares (pre-tax) by net profit attributable to ordinary shareholders of the parent company for the period.

According to the terms in respect of dividend payment as agreed on the issuance proposal for offshore preference shares, the Bank totally paid approximately RMB2,331 million equivalent dividends of offshore preference shares. For details on the dividends of preference shares of the Bank, please refer to "Details of Changes in Share Capital and Shareholding of Substantial Shareholders — Particulars of Preference Shares".

Formulation and Implementation of Cash Dividend Policy

The Articles of Association of the Bank explicitly stipulates that the Bank's profit distribution policy shall maintain its continuity and stability and meanwhile take account of the long-term interests of the Bank, the overall interests of all shareholders and the sustainable development of the Bank. It emphasizes the priority to adopt cash dividend as the profit distribution method and provides that the Bank's adjustment to the profit distribution policy shall be discussed by the Board of Directors as a special proposal and the grounds for adjustment shall be argued and proved in detail to form a written argumentative report for Independent Non-executive Directors to issue their opinions, and then the report will be submitted to the Shareholders' General Meeting for approval as a special resolution.

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

Reserves Changes in the reserves as at the end of 2015 are set out in the "Consolidated Statement of Changes in Equity" of the financial statements.

Distributable Reserves Details of the distributable reserves of the Bank as at 31 December 2015 are set out in "Note 42 to the Financial Statements: Reserves" of this annual report.

Financial Summary The summary of results, assets and liabilities for the five years ended 31 December 2015 is set out in the section headed "Financial Highlights" of this annual report.

Donations During the reporting period, the Group made external donations of RMB55,749.2 thousand in total.

Subsidiaries Particulars of the Bank's major subsidiaries as at 31 December 2015 are set out in the sections headed "Discussion and Analysis — Business Overview — Internationalized and Diversified Operation" and "Note 28. to the Financial Statements: Investments in Subsidiaries; Note 44. to the Financial Statements: Acquisition of subsidiaries" in this annual report respectively.

Share Capital and Public Float

Changes in the share capital of the Bank for the year ended 31 December 2015 are set out in "Note 40. to the Financial Statements: Share Capital".

As at the latest practicable date before the publication of this annual report, the Bank has maintained the minimum public float of 23.45%, based on the publicly available information and to the best knowledge of the Board of Directors of the Bank.

Purchase, Sale or 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.

Pre-emptive Rights The Articles of Association of the Bank does not have any mandatory provision regarding preemptive rights. Pursuant to the Articles of Association, the Bank may increase its registered capital after obtaining approval of the Shareholders' General Meeting and of relevant authorities, by issuing shares through public or non-public offering, issuing bonus shares to the existing shareholders, converting capital reserve to share capital or using other methods as allowed by applicable laws and administrative regulations or approved by relevant authorities.

Major Customers In 2015, the aggregate interest income and other operating income from top five customers of the Bank did not exceed 30% of the interest income and other operating income of the Bank during the year.

Use of Proceeds from Fundraising Activities

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

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

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

Equity-linked Agreement There is neither any agreement to which the Bank is a party, any options to subscribe shares, nor any securities convertible to shares of the Bank that requires the Bank to issue shares. In addition, there is no securities offering holders the right to subscribe shares of the Bank. The employee participation plan and share option plan etc. meet the disclosure requirements of the Hong Kong Listing Rules.

Administration Contracts During the reporting period, the Bank did not enter into or have any contract regarding the management and administration of the whole or any important business.

Directors' and Supervisors' Interests in Transactions, Agreements and Contracts of Significance During the reporting period, none of the Directors or Supervisors of the Bank had any material interests, whether directly or indirectly, in any transaction, arrangement or contract of significance regarding the Bank's business to which the Bank, its subsidiaries, its controlling shareholders or subsidiaries of its controlling shareholders was a party. None of the Directors or Supervisors of the Bank have entered into any service contract with the Bank, which is not determinable by the Bank within one year without payment of compensation (other than statutory compensation).

Directors' Interests in Competing Business None of the Bank's Directors held any interests in any business competes or competed or is or was likely to compete, either directly or indirectly, with the Group.

Directors' and Supervisors' Rights to Acquire Shares or Debentures None of the Bank, its subsidiaries, its controlling shareholders or subsidiaries of its controlling shareholders entered into any agreement or arrangement enabling the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Bank or any other body corporate.

Interests in Shares, Underlying Shares, and Debentures Held by Directors and Supervisors As at 31 December 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 disclosed above, as at 31 December 2015, none of the Directors 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.

Connected Transactions

In 2015, the Bank carried out standardized management of the Group's connected transactions in strict accordance with the regulations of CBRC and CSRC as well as listing rules in Shanghai and Hong Kong, and further boosted the Group's refined management of connected transactions by improving the institutional system of connected transactions, optimizing the information management system for connected transactions, standardizing the approval authority for connected transactions and strengthening the management and study of connected transactions. During the reporting period, the Bank's connected transactions were conducted in compliance with applicable laws and regulations, and no connected transaction that impaired the interest of the Bank and small and medium-sized shareholders was found.

During the reporting period, the Bank's connected transactions were conducted in accordance with ordinary commercial terms under conditions that were not more favorable than the similar transactions between non-related parties. The terms and conditions of the relevant transactions were reasonable and complied with the overall interests of the Bank and shareholders. The Bank's connected transactions conformed to the regulatory requirements of CBRC. Furthermore, the Bank had no connected transaction to be submitted to the Board of Directors or the Shareholders' General Meeting for review, and all connected transactions occurred complied with the Listing Rules of the Shanghai Stock Exchange and the Hong Kong Listing Rules on disclosure exemptions.

Please refer to "Note 53. to the Financial Statements: Related Party Disclosures" for particulars on the related party transactions defined under the laws, regulations and accounting standards of China.

Liability Insurance of Directors, Supervisors and Senior Management

Pursuant to the Articles of Association of the Bank, where conditions permit, the Bank may establish the professional liability insurance system of Directors, Supervisors and Senior Management members upon approval of the Shareholders' General Meeting. The Bank will use its own assets to compensate each Director, Supervisor and Senior Management member for any liability arising during their performance period to the maximum extent permitted by laws and administrative regulations or within the scope not prohibited by laws and administrative regulations, unless the Directors, Supervisors and Senior Management members are otherwise proved to have failed to act honestly or in good faith during their duty performance.

During the reporting period, the Bank renewed liability insurance for Directors, Supervisors and Senior Management members.

Relations among Directors, Supervisors and Senior Management Directors, Supervisors and Senior Management members of the Bank did not relate to one another with respect to finance, business, family, or other material relations required to be disclosed.

Remuneration Policy for Directors, Supervisors and Senior Management The Bank has clearly documented the remuneration policy for Directors, Supervisors and Senior Management members, and has continuously improved performance assessment system and incentive restriction mechanism. From the perspectives of economic benefit, risk cost control and social responsibilities, the Bank adopted a system composed of balanced scorecard-based indicators for management and duties allocation based indicators for individuals. The remuneration to the Chairman of the Board of Directors, the President, the Chairman of the Board of Supervisors and other executives of the Bank has followed the State's policies relating to the remuneration reform on executives of central enterprises, which consists of basic annual remuneration, performance-based remuneration and incentive income linked to term appraisal. The remuneration to other Senior Management members and Shareholder Supervisors consist of basic annual remuneration and performance-based remuneration, and part of performance-based remuneration is paid in a deferred manner. The Bank has contributed to statutory retirement programs organized by Chinese governmental organizations at different levels for Directors, Supervisors and Senior Management members concurrently as the employees of the Bank. Upon obtaining all applicable approvals, the Bank will implement a long-term incentive program. As at 31 December 2015, the Bank did not granted any share appreciation rights to any Director, Supervisor, Senior Management member, or other core business personnel designated by the Board of Directors.

Members of the Board of Directors

Executive Directors: Mr. Jiang Jianqing, Mr. Yi Huiman, Mr. Zhang Hongli and Mr. Wang Xiquan;

Non-executive Directors: Ms. Wang Xiaoya, Ms. Ge Rongrong, Mr. Fu Zhongjun, Mr. Zheng Fuqing, Mr. Fei Zhoulin and Mr. Cheng Fengchao;

Independent Non-executive Directors: Sir Malcolm Christopher McCarthy, Mr. Kenneth Patrick Chung, Mr. Or Ching Fai, Mr. Hong Yongmiao, Mr. Yi Xiqun and Mr. Anthony Francis Neoh.

By Order of the Board of Directors
Jiang Jianqing
Chairman

Meetings of the Board of Supervisors and its Special Committee

Meetings of the Board of Supervisors

During the reporting period, the Board of Supervisors held 10 meetings, reviewed and approved 26 proposals including the 2015 Annual Work Plan of the Board of Supervisors, the 2014 Work Report of the Board of Supervisors, the 2014 Supervision Report of the Board of Supervisors, the 2014 Annual Report and its Abstract, and nomination of candidates for shareholder supervisor and external supervisor, and listened to 38 reports including the reports on supervision, operating results, internal audit for 2014 and internal audit plan for 2015, internal control and compliance, development and management of Internet-based finance business, performance appraisal and remuneration management.

Meetings of the Supervision Committee

During the reporting period, the Supervision Committee held six meetings, reviewed and approved 12 proposals including the 2015 Annual Work Plan of the Supervision Committee of the Board of Supervisors and the Implementation Plan on Supervision and Inspection of the Board of Supervisors for 2015, and heard 16 reports on supervision, special inspections and surveys, etc.

The table below sets out the attendance of Supervisors in meetings of the Board of Supervisors and the meetings of the Supervision Committee in 2015:

Attendances in person/Number of meetings that should be attended

Supervisor	Board of Supervisors	Supervision Committee
Qian Wenhui	6/6	–
Wang Chixi	10/10	6/6
Dong Juan	10/10	6/6
Qu Qiang	1/1	–
Zhang Wei	10/10	6/6
Hui Ping	3/3	–
Resigned supervisor		
Zhao Lin	5/5	–
Meng Yan	9/9	5/6
Li Mingtian	7/7	–

Notes: (1) During the reporting period, supervisors who could not attend the meetings of the Board of Supervisors and the Supervision Committee in person have appointed other supervisors to attend the meetings and exercise the voting right on their behalf.

(2) For the change of supervisors, please refer to the section headed "Directors, Supervisors, Senior Management, Employees and Institutions — Appointment and Removal".

Work of the Board of Supervisors

During the reporting period, the Board of Supervisors, pursuant to relevant laws and regulations of the State, regulatory requirements and the Articles of Association of the Bank, focused on the key tasks of the Bank, carried out supervision tasks in depth, did a large number of work and played an important role in promoting the Bank to continuously improve the corporate governance, implement the transformation and upgrading and achieve sound and sustainable development.

Supervision on the performance of duties. Facing the new normal in economy and finance, the Board of Supervisors constantly deepened supervision on duty fulfillment, proactively made innovation and improvements in the supervision method on duty fulfillment, continuously enriched ways of communication with the Board of Directors and Senior Management, and conducted duty fulfillment supervision throughout financial activities, risk management, internal control and other supervision tasks. It strengthened its supervision on the implementation of national macroeconomic policies and compliance with regulatory requirements by the Board of Directors and the Senior Management as well as the formulation and implementation of development strategies, carefully studied the adjustment and implementation of major strategic decisions, carried out in-depth research, listened to reports on corporate governance, operational management and supervision, attended the meetings of the Board of Directors, its special committees and the Senior Management, and reviewed information on significant approval matters, to strengthen supervision on the implementation of the State's macro-policy, performance of responsibilities and execution of duty behaviors by the Board of Directors, the Senior Management and its members. Pursuant to regulatory requirements, the Board of Supervisors organized and launched the duty performance assessment, held interviews with members of the Board of Directors and Senior Management, business directors and the persons in charge of certain business departments and affiliates one by one, and reviewed the performance assessment report of the Board of Directors and the performance report of persons subject to the assessment. Upon appraisal and deliberation, the Board of Supervisors formulated its assessment report on the performance of the Board of Directors and the Senior Management and assessment opinions on the performance of directors and the Senior Management members. Chairman of the Board of Supervisors reported on the annual supervision of the Board of Supervisors at the meeting of the Board of Directors, and the Board of Supervisors reported to the Shareholders' General Meeting and regulatory authorities about the performance assessment results.

Financial supervision. The Board of Supervisors reviewed regular reports in an earnest manner, strengthened financial compliance and authenticity supervision, heard reports on the preparation of annual and quarterly reports for four times, and made spot checks on financial income and expense accounting of branches pertinently to verify the authenticity of financial information. The Board of Supervisors strengthened supervision on operating conditions by hearing reports on operating results quarterly, monitoring and analyzing changes in financial data and indicators of domestic branches, overseas institutions and subsidiaries monthly, providing comments and suggestions and improving the overall management and profitability of the Group. The Board of Supervisors strengthened financial supervision in key fields by regularly supervising significant financial decisions and their implementation, focusing on compliance of authorization and approval processes and authenticity of accounting and surveying the effectiveness of financial resource allocation in order to boost effectiveness of financial resource allocation across the Bank. The Board of Supervisors strengthened communication with and supervision on external auditor by hearing reports on annual audit and quarterly reviews for four times, identifying focus areas of audit and strengthening supervision on the independence and effectiveness of audit.

Supervision on risk management. The Board of Directors adapted itself to changes in business environment, further deepened supervision on risk management, paid due attention to main risks and problems facing the Bank under the economic new normal and gave risk alerts against any potential, sign and tendency of problems while putting focus on supervision on asset quality. The Board of Supervisors strengthened supervision on the risk management system of the Group by regularly hearing reports on risk management supervision, reviewing risk management reports and focusing on improvements in the enterprise risk management framework and rules of the Bank, formulation of and compliance with risk appetite and limits and implementation of domestic and overseas financial regulatory requirements. Supervision on consolidated management was strengthened by conducting survey and research on consolidated management of the Group. The Board of Supervisors paid great attention to the Bank's credit risk management. Members of the Board of Supervisors conducted onsite survey and supervision on asset quality and operating conditions at a number of domestic and overseas branches and heard reports on risk management of loans issued since 2013 and collateral management. The Board of Supervisors paid due attention to the impact of capital market fluctuations on market risk of the Bank, strengthened supervision on risks in emerging businesses, conducted overseas RMB exposure management and surveys, heard reports on internet-based finance development and management and gave timely risk alerts.

Supervision on internal control. Under the new normal, the Board of Supervisors focused its attention mainly on systematic, mechanical and institutional problems revealed in internal control. The Board of Supervisors strengthened supervision on the effectiveness of the internal control system, studied supervisory opinions of external regulators with due care, heard reports on the annual regulatory report of CBRC for 2014 and implementation by the Bank and the inspection for strengthening internal control and deterring illegal operations and delinquencies and surveyed effectiveness of the internal supervision system. The Board of Supervisors strengthened supervision on case prevention, paid great attention to case prevention of the Bank, kept abreast of the progress of major cases, significant incidents and negative information handling and attached importance to behavior risk management. The Board of Supervisors strengthened supervision on compliance and internal control of overseas and subsidiaries, heard reports on compliance of overseas institutions and surveyed risk management and internal control of selected overseas institutions and subsidiaries. The Board of Supervisors strengthened review of the report on annual internal control evaluation and heard the external auditor's report on internal control audit findings. The Board of Supervisors took the remediation of and accountability for supervisory inspection findings seriously and further strengthened guidance on internal audit, internal control and compliance.

Strengthening the team building. During the reporting period, the Board of Supervisors revised, deliberated and approved the Supervisory Measures of the Board of Supervisors of Industrial and Commercial Bank of China Limited on the Board of Directors, the Senior Management and Their Members and the Rules on the Performance Assessment of Duties of the Board of Directors, the Senior Management and their Members by the Board of Supervisors of Industrial and Commercial Bank of China Limited, laying a solid institutional foundation for the Board of Supervisors to lawfully exercise the duty performance. It completed the rotation and selection of supervisors, organized and carried out the annual assessment on duty performance of supervisors. The members of the Board of Supervisors fulfilled their duties with due diligence, actively attended the meetings, earnestly deliberated the proposals, conducted in-depth surveys and studies and regularly participated in trainings to step up communication with peers and enhance performance capability constantly.

Independent Opinions of the Board of Supervisors on Relevant Issues

Compliant Operation During the reporting period, the Bank continued to operate in compliance with applicable laws and regulations and improve its internal control system, and the decision-making procedures complied with applicable laws and regulations and the Articles of Association of the Bank. Members of the Board of Directors and the Senior Management earnestly performed their duties. The Board of Supervisors did not find any violation of laws and regulations, or any act that contravened the interests of the Bank in the performance of duties during the reporting period.

Preparation of Annual Report Preparation and review procedures of this annual report were in compliance with laws, administrative regulations and regulatory rules. Contents of this report reflected the actual conditions of the Bank truly, accurately and completely.

Use of Proceeds from Fundraising Activities During the reporting period, the use of proceeds from the Bank's fundraising activities was consistent with the purpose stated in the prospectuses.

Purchase and Sale of Assets During the reporting period, the Board of Supervisors did not find any insider trading or any act that contravened the shareholders' interests or caused the loss of the Bank's assets in the process of the Bank's purchase or sale of assets.

Connected Transactions During the reporting period, the connected transactions of the Bank were conducted on normal commercial terms. The Board of Supervisors did not find any act that infringed upon the interests of the Bank. The approval, voting, disclosure and implementation of connected transactions complied with applicable laws and regulations and the Articles of Association of the Bank.

Implementation of Resolutions Passed at the Shareholders' General Meeting During the reporting period, the Board of Supervisors had no objection to the reports or proposals presented by the Board of Directors to the Shareholders' General Meeting for consideration. The Board of Directors earnestly implemented the resolutions approved at the Shareholders' General Meeting.

Internal Control Assessment Report of the Board of Directors The Board of Supervisors reviewed the 2015 Internal Control Assessment Report of the Board of Directors and had no objection to the report.

Implementation of Information Disclosure Management Rules During the reporting period, the Bank performed its duty of information disclosure in strict compliance with the regulatory policies, implemented the information disclosure management rules in earnest, and disclosed information in a timely and fair manner. Information disclosed during the reporting period was authentic, accurate and complete.

Save as disclosed above, the Board of Supervisors had no objection to other supervision matters during the reporting period.

Significant Events

Material Legal Proceedings and Arbitration The Bank was involved in several legal proceedings in the ordinary course of business. Most of these legal proceedings were initiated by the Bank for recovering non-performing loans. In addition, some legal proceedings arose from customer disputes. As at 31 December 2015, the amount of pending proceedings which the Bank and/or its subsidiaries acted as defendants totaled RMB4,715 million. The Bank does not expect any material adverse effect from the abovementioned pending legal proceedings on the Bank's business, financial position or operating results.

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 Target Bank exercisable from the second anniversary of the date that the transaction is completed (the "Call Option"). SBLH will have a put option, exercisable six months following the date on which the Bank's Call Option is exercised, to require the Bank to purchase all shares of the Target Bank that are held by SBLH and its related parties. This transaction was completed on 1 February 2015 (Beijing time) after obtaining approval from domestic and overseas regulatory authorities and complying with relevant preconditions for completion. The Bank officially became a controlling shareholder of the Target Bank. After going through relevant approval procedures of regulatory authorities, Standard Bank PLC was renamed ICBC Standard Bank PLC.

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 triggered the provision that a mandatory tender offer shall be issued to purchase all the remaining shares of Tekstilbank that are traded on the Istanbul Stock Exchange. The Board of Directors of the Bank authorized the Bank to issue a mandatory tender offer for the remaining shares at a proper time. Upon the approval of relevant regulatory authorities, the Bank completed the tender offer and purchased additional shares of Tekstilbank with the total nominal value of TRY72,730,110.49 from 20 July 2015 to 14 August 2015. After the tender offer, 92.8169% of the issued shares of Tekstilbank are held by the Bank. After going through relevant approval procedures of regulatory authorities, Tekstilbank was officially renamed ICBC Turkey Bank A.Ş..

Termination of the 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 a share subscription agreement by the Bank of 20% shares of SinoPac Holdings or Bank SinoPac. On 27 February 2014 and 1 April 2015, the Bank, SinoPac Holdings and Bank SinoPac entered into two supplemental agreements to extend the transaction waiting period to 1 October 2015. As at the end of the transaction waiting period, as the Cross-Strait Service Trade Agreement was still not passed by Taiwan, the limit of percentage of outstanding voting shares or capital held by a commercial bank from Mainland China in a Taiwan financial institution was not relaxed to 20%. The Bank, SinoPac Holdings and Bank SinoPac, upon consultation, unanimously agreed not to further extend the transaction waiting period. Termination of the acquisition of SinoPac Holdings or Bank SinoPac will not have a significant impact on the future operation of the Bank.

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

Implementation of Share Incentive Plan The Fourth Extraordinary General Meeting of 2006 of the Bank held on 31 July 2006 approved the share appreciation rights plan. As at the end of the reporting period, the Bank did not grant any share appreciation right. Please refer to "Note 48. to the Financial Statements: Share Appreciation Rights Plan" for details.

Employee Stock Ownership Plan During the reporting period, the Bank did not implement any employee stock ownership plan.

Material Related Party Transactions

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

Please refer to "Note 53. to the Financial Statements: Related Party Disclosures" for particulars on the related party transactions defined under the laws, regulations and accounting standards of China.

Material Contracts and Performance of Obligations thereunder

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

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

Independent Non-executive Directors' Special Explanation and Independent Opinions on External Guarantees of the Bank

In accordance with the Circular Concerning Several Issues on Regulating Fund Transfers between Listed Companies and Their Related Parties and External Guarantee of Listed Companies (Zheng Jian Fa [2003] No. 56) issued by CSRC and relevant provisions of SSE, we, in the capacity of Independent Non-executive Directors of the Bank, reviewed external guarantees of the Bank on the principles of fairness, impartiality and objectivity, and hereby give our specific explanation and opinions as follows: upon review, external guarantees provided by the Bank mainly focus on issuance of letters of guarantee, which is part of the ordinary banking services within the business scope of the Bank as approved by PBC and CBRC. As at 31 December 2015, the balance of letters of guarantee offered by the Bank totaled RMB343,643 million.

The Bank has attached great importance to the management of risks arising from such business, formulated strict rules on the credit ratings of the entities to which the guarantee was provided and on the operation process and review procedures of provision of guarantee services, and carried out relevant business on such basis.

Independent Non-executive Directors of Industrial and Commercial Bank of China Limited

Malcolm Christopher McCarthy, Kenneth Patrick Chung, Or Ching Fai,

Hong Yongmiao, Yi Xiqun and Anthony Francis Neoh

Entrusted Cash Asset Management During the reporting period, the Bank has not entrusted any other parties to manage cash assets.

Occupation of Fund by Controlling Shareholders and Other Related Parties During the reporting period, none of the controlling shareholders or related parties of the Bank occupied any fund of the Bank. The auditors have issued the Special Explanation on the Occupation of Fund by Controlling Shareholders and Other Related Parties of Industrial and Commercial Bank of China Limited in 2015.

Commitments

As at 31 December 2015, all of the continuing commitments made by the shareholders were properly fulfilled, and were listed as follows:

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

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

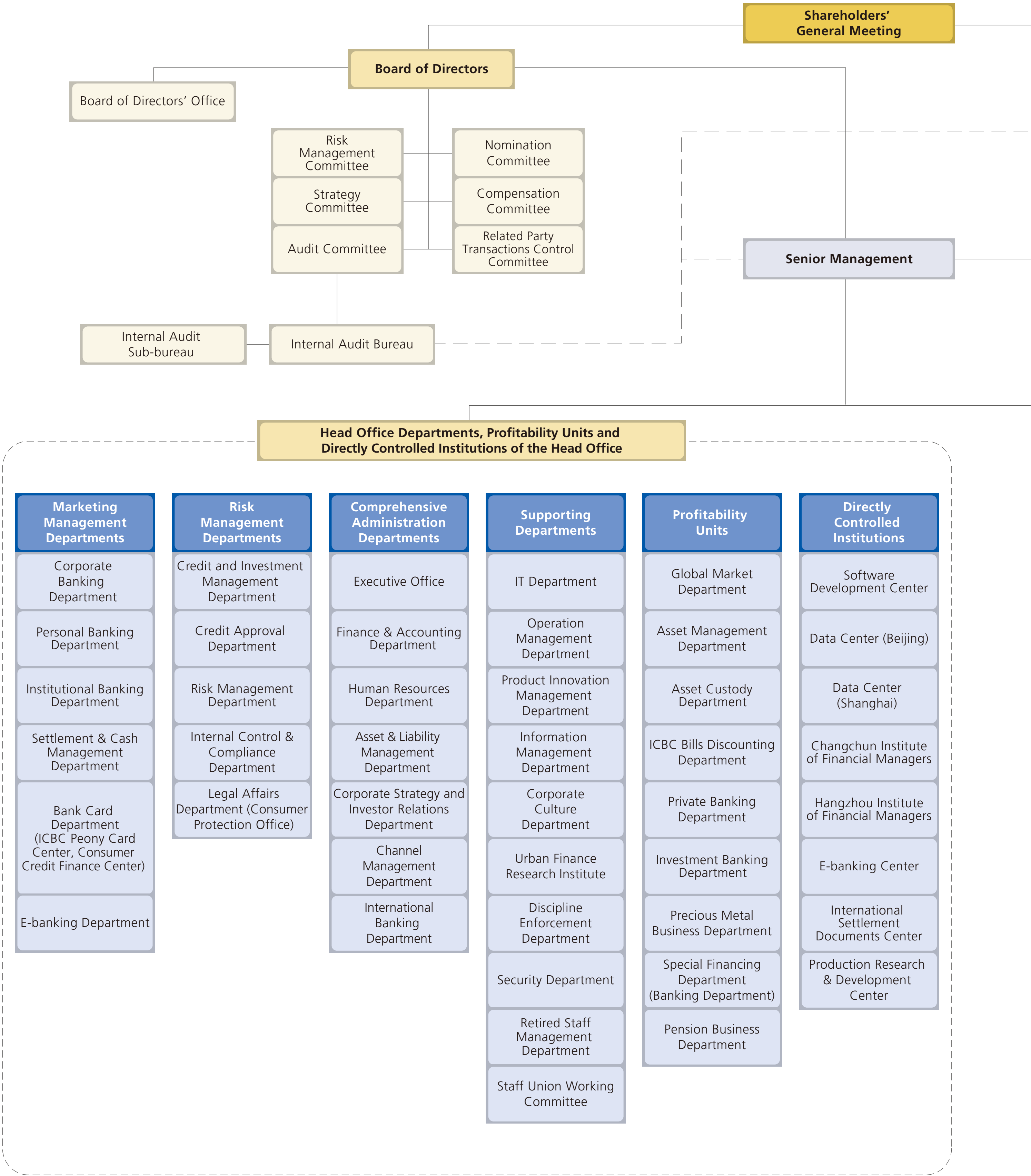
Save as disclosed above, neither the bank nor any of its Directors, Supervisors and Senior Management members or other related parties made any commitments.

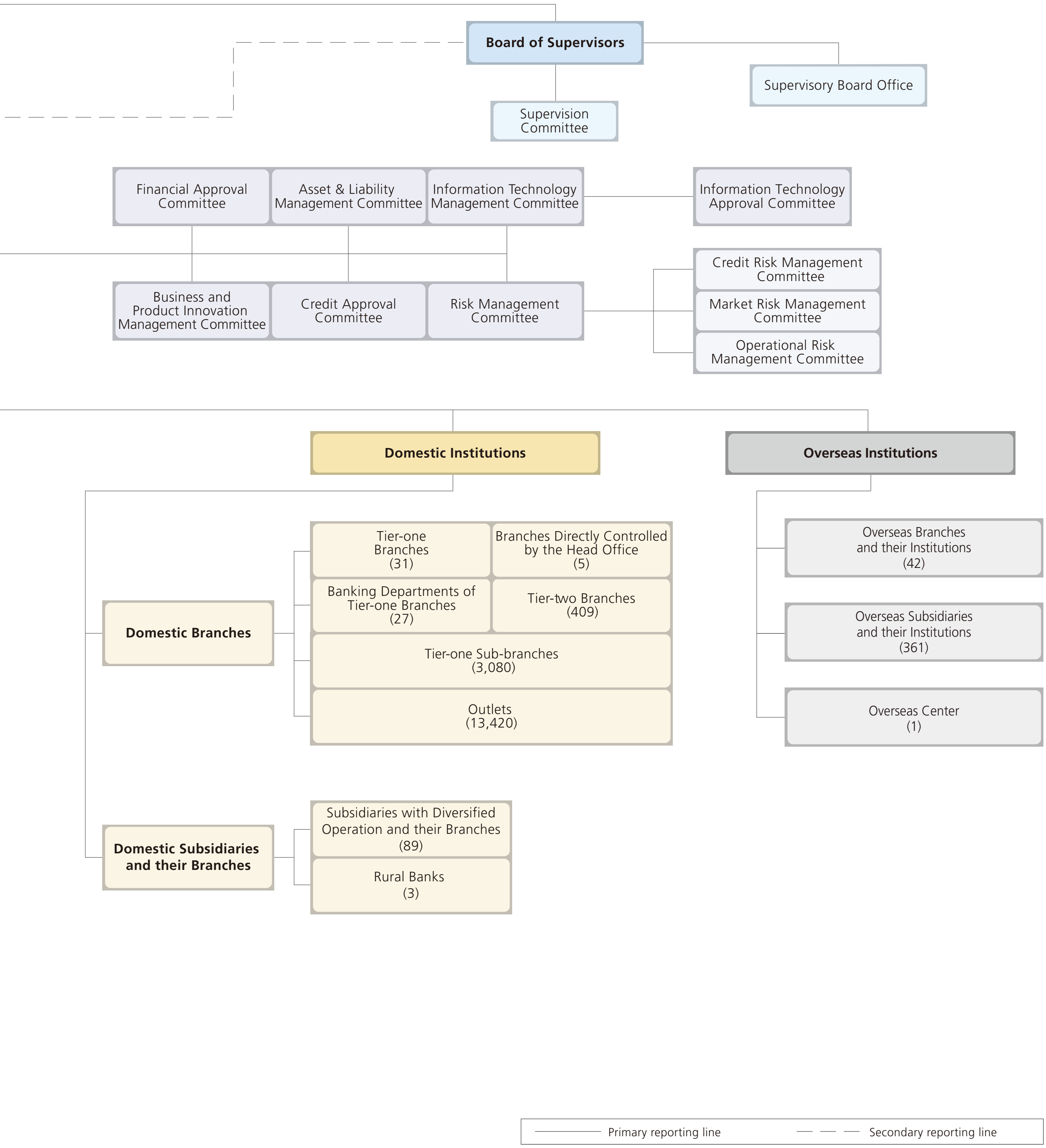
Investigations, Administrative Penalties by CSRC; Public Reprimand by Stock Exchanges; and Sanctions Imposed by Other Regulatory and Judicial Authorities During the Reporting Period

On 5 January 2015, there were exceptions in the Bank's third-party custody system for securities funds, leading to slow transactions and missing of day-end reconciliation records. On March 26, 2015, CSRC issued the written decision on the administrative supervision measures, Decision on Ordering Industrial and Commercial Bank of China Limited to Correct Its Practices ([2015] No.36). The Bank paid high attention to the incident that occurred on January 5 and implemented correction measures rapidly. It improved the relevant technology systems and emergency processing flow and further optimized the system and flow based on the rectification requirements before the end of March. The Bank submitted the rectification report on May 6. In order to prevent such incident from happening again, the Bank further improved the monitoring and reconciliation mechanism for third party depositary business and made comprehensive inspection on relevant business systems in 2015. No such hidden danger was found.

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

Organizational Chart




Board of Supervisors
Supervisory Board Office
Supervision Committee
Financial Approval Committee
Asset & Liability Management Committee
Information Technology Management Committee
Information Technology Approval Committee
Business and Product Innovation Management Committee
Credit Approval Committee
Risk Management Committee
Credit Risk Management Committee
Market Risk Management Committee
Operational Risk Management Committee
Domestic Institutions
Overseas Institutions
Domestic Branches
Tier-one Branches (31)
Branches Directly Controlled by the Head Office (5)
Banking Departments of Tier-one Branches (27)
Tier-two Branches (409)
Tier-one Sub-branches (3,080)
Outlets (13,420)
Domestic Subsidiaries and their Branches
Subsidiaries with Diversified Operation and their Branches (89)
Rural Banks (3)
Overseas Branches and their Institutions (42)
Overseas Subsidiaries and their Institutions (361)
Overseas Center (1)
Primary reporting line
Secondary reporting line

Independent Auditor's Report and Financial Statements

CONTENTS

Independent Auditor's Report

To the shareholders of Industrial and Commercial Bank of China Limited

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

We have audited the consolidated financial statements of Industrial and Commercial Bank of China Limited (the "Bank") and its subsidiaries (together, the "Group") set out on pages 129 to 267, which comprise the consolidated and Bank's statements of financial position as at 31 December 2015, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The directors of the Bank are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Bank and of the Group as at 31 December 2015 and of the Group's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

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

30 March 2016

Consolidated Statement of Profit or Loss

Year ended 31 December 2015
(In RMB millions, unless otherwise stated)

	Notes	2015	2014
Interest income	6	871,779	849,879
Interest expense	6	(363,912)	(356,357)
NET INTEREST INCOME	6	507,867	493,522
Fee and commission income	7	161,670	146,678
Fee and commission expense	7	(18,279)	(14,181)
NET FEE AND COMMISSION INCOME	7	143,391	132,497
Net trading income	8	4,227	1,745
Net loss on financial assets and liabilities designated at fair value through profit or loss	9	(5,953)	(10,024)
Net gain on financial investments	10	4,920	1,803
Other operating income, net	11	14,281	15,315
OPERATING INCOME		668,733	634,858
Operating expenses	12	(220,835)	(218,674)
Impairment losses on:			
Loans and advances to customers	26	(86,022)	(56,267)
Others	15	(971)	(462)
OPERATING PROFIT		360,905	359,455
Share of profits of associates and joint ventures		2,330	2,157
PROFIT BEFORE TAXATION		363,235	361,612
Income tax expense	16	(85,515)	(85,326)
PROFIT FOR THE YEAR		277,720	276,286
Attributable to:			
Equity holders of the parent company		277,131	275,811
Non-controlling interests		589	475
		277,720	276,286
EARNINGS PER SHARE			
— Basic (RMB yuan)	19	0.77	0.78
— Diluted (RMB yuan)	19	0.77	0.78

Details of the dividends declared and paid or proposed are disclosed in note 18 to the financial statements.

The notes on pages 137 to 267 form part of these financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2015
(In RMB millions, unless otherwise stated)

	Notes	2015	2014
Profit for the year		277,720	276,286
Other comprehensive income:			
(after tax, net)	43		
Items that will not be reclassified to profit or loss:			
Share of the other comprehensive income of the investee accounted for using equity method which will not be reclassified subsequently to profit or loss		(8)	–
Items that may be reclassified subsequently to profit or loss:			
Net gain from change in fair value of available-for-sale financial assets		25,745	34,550
Effective hedging portion of gains or losses arising from cash flow hedging instruments		(88)	110
Share of the other comprehensive income of the investee accounted for using equity method which will be reclassified subsequently to profit or loss		156	80
Foreign currency translation differences		(5,400)	(2,173)
Subtotal of other comprehensive income for the year		20,405	32,567
Total comprehensive income for the year		298,125	308,853
Total comprehensive income attributable to:			
Equity holders of the parent company		297,024	308,122
Non-controlling interests		1,101	731
		298,125	308,853

The notes on pages 137 to 267 form part of these financial statements.

Consolidated Statement of Financial Position

31 December 2015
(In RMB millions, unless otherwise stated)

	Notes	31 December 2015	31 December 2014
ASSETS			
Cash and balances with central banks	20	3,059,633	3,523,622
Due from banks and other financial institutions	21	683,793	782,776
Financial assets held for trading	22	132,838	34,373
Financial assets designated at fair value through profit or loss	23	210,434	312,455
Derivative financial assets	24	78,870	24,048
Reverse repurchase agreements	25	996,333	468,462
Loans and advances to customers	26	11,652,812	10,768,750
Financial investments	27	4,666,691	4,086,409
Investments in associates and joint ventures	29	24,185	28,919
Property and equipment	30	224,426	199,280
Deferred income tax assets	31	21,066	24,758
Other assets	32	458,699	356,101
TOTAL ASSETS		**22,209,780**	**20,609,953**
LIABILITIES			
Due to central banks		210	631
Financial liabilities designated at fair value through profit or loss	33	303,927	589,385
Derivative financial liabilities	24	76,826	24,191
Due to banks and other financial institutions	34	2,265,860	1,539,239
Repurchase agreements	35	337,191	380,957
Certificates of deposit	36	183,352	176,248
Due to customers	37	16,281,939	15,556,601
Income tax payable		63,266	60,666
Deferred income tax liabilities	31	995	451
Debt securities issued	38	306,622	279,590
Other liabilities	39	589,073	464,690
TOTAL LIABILITIES		**20,409,261**	**19,072,649**
EQUITY			
Equity attributable to equity holders of the parent company			
Share capital	40	356,407	353,495
Other equity instrument		79,375	34,428
Including: Preference shares	41	79,375	34,428
Equity component of convertible bonds	38	–	388
Reserves	42	571,704	492,312
Retained profits		781,988	650,236
		1,789,474	1,530,859
Non-controlling interests		11,045	6,445
TOTAL EQUITY		**1,800,519**	**1,537,304**
TOTAL EQUITY AND LIABILITIES		**22,209,780**	**20,609,953**

Jiang Jianqing
Chairman

Yi Huiman
Vice Chairman and President

Liu Yagan
General Manager of Finance and Accounting Department

The notes on pages 137 to 267 form part of these financial statements.

Consolidated Statement of Changes in Equity

Year ended 31 December 2015
(In RMB millions, unless otherwise stated)

	Attributable to equity holders of the parent company														
				Reserves											
	Issued share capital	Other equity instrument	Equity component of convertible bonds	Capital reserve	Surplus reserve	General reserve	Investment revaluation reserve	Foreign currency translation reserve	Cash flow hedging 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 year	–	–	–	–	–	–	–	–	–	–	–	277,131	277,131	589	277,720
Other comprehensive income (note 43)	–	–	–	–	–	–	25,147	(5,329)	(73)	148	19,893	–	19,893	512	20,405
Total comprehensive income	–	–	–	–	–	–	25,147	(5,329)	(73)	148	19,893	277,131	297,024	1,101	298,125
Dividends — ordinary shares 2014 final (note 18)	–	–	–	–	–	–	–	–	–	–	–	(91,026)	(91,026)	–	(91,026)
Dividends — preference shares (note 18)	–	–	–	–	–	–	–	–	–	–	–	(2,331)	(2,331)	–	(2,331)
Appropriation to surplus reserve (i)	–	–	–	–	27,288	–	–	–	–	–	27,288	(27,288)	–	–	–
Appropriation to general reserve (ii)	–	–	–	–	–	24,734	–	–	–	–	24,734	(24,734)	–	–	–
Capital injection by other equity holder	–	44,947	–	–	–	–	–	–	–	–	–	–	44,947	–	44,947
Conversion of convertible bonds	2,912	–	–	7,761	–	–	–	–	–	–	7,761	–	10,673	–	10,673
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	–	–	3,438	3,438
Change in share holding in subsidiaries	–	–	–	(159)	–	–	–	–	–	–	(159)	–	(159)	(339)	(498)
Capital injection by non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	–	–	–	323	323
Dividends to non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	–	–	–	(8)	(8)
Conversion and redemption of equity component of convertible bonds (note 38)	–	–	(388)	–	–	–	–	–	–	–	–	–	(388)	–	(388)
Others	–	–	–	–	–	–	–	–	–	(125)	(125)	–	(125)	85	(40)
Balance as at 31 December 2015	**356,407**	**79,375**	**-**	**152,026**	**178,040**	**246,356**	**29,956**	**(31,432)**	**(3,926)**	**684**	**571,704**	**781,988**	**1,789,474**	**11,045**	**1,800,519**

(i) Includes the appropriation made by overseas branches and subsidiaries in the amounts of RMB71 million and RMB890 million, respectively.

(ii) Includes the appropriation made by subsidiaries in the amount of RMB1,303 million.

The notes on pages 137 to 267 form part of these financial statements.

(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 hedging 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 (note 43)	–	–	–	–	–	–	34,188	(2,065)	108	80	32,311	–	32,311	256	32,567
Total comprehensive income	–	–	–	–	–	–	34,188	(2,065)	108	80	32,311	275,811	308,122	731	308,853
Dividends — ordinary shares 2013 final (note 18)	–	–	–	–	–	–	–	–	–	–	–	(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	**353,495**	**34,428**	**388**	**144,424**	**150,752**	**221,622**	**4,809**	**(26,103)**	**(3,853)**	**661**	**492,312**	**650,236**	**1,530,859**	**6,445**	**1,537,304**

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

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

The notes on pages 137 to 267 form part of these financial statements.

Consolidated Cash Flow Statement

Year ended 31 December 2015
(In RMB millions, unless otherwise stated)

	Notes	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		363,235	361,612
Adjustments for:			
Share of profits of associates and joint ventures		(2,330)	(2,157)
Depreciation		18,049	16,094
Amortisation	12	2,295	2,211
Amortisation of financial investments		(1,422)	(102)
Impairment losses on loans and advances to customers	26	86,022	56,267
Impairment losses on assets other than loans and advances to customers	15	971	462
Unrealised foreign exchange gains		(7,494)	(476)
Interest expense on debt securities issued		13,349	11,705
Accreted interest on impaired loans	6	(4,156)	(2,779)
Gain on disposal of available-for-sale financial assets, net	10	(4,765)	(1,626)
Net trading gain on equity investments	8	(33)	(24)
Net loss on financial assets and liabilities designated at fair value through profit or loss	9	5,953	10,024
Net gain on disposal and overage of property and equipment and other assets (other than repossessed assets)		(848)	(944)
Dividend income	10	(155)	(177)
		468,671	450,090
Net decrease/(increase) in operating assets:			
Due from central banks		442,973	(223,291)
Due from banks and other financial institutions		(91,173)	3,069
Financial assets held for trading		(98,020)	(6,047)
Financial assets designated at fair value through profit or loss		103,856	35,022
Reverse repurchase agreements		130,224	(173,890)
Loans and advances to customers		(924,231)	(1,121,840)
Other assets		(774,096)	(143,088)
		(1,210,467)	(1,630,065)
Net (decrease)/increase in operating liabilities:			
Financial liabilities designated at fair value through profit or loss		(284,962)	33,136
Due to central banks		(421)	(93)
Due to banks and other financial institutions		703,298	260,411
Repurchase agreements		(43,766)	81,653
Certificates of deposit		1,136	43,147
Due to customers		688,632	920,197
Other liabilities		896,426	130,182
		1,960,343	1,468,633
Net cash flows from operating activities before tax		1,218,547	288,658
Income tax paid		(86,783)	(87,201)
Net cash flows from operating activities		1,131,764	201,457

The notes on pages 137 to 267 form part of these financial statements.

(In RMB millions, unless otherwise stated)

	Notes	2015	2014
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property and equipment and other assets		(42,297)	(53,957)
Proceeds from disposal of property and equipment and other assets (other than repossessed assets)		3,481	3,802
Purchases of financial investments		(2,007,160)	(1,109,178)
Proceeds from sale and redemption of financial investments		1,378,079	1,011,771
Investments in associates and joint ventures		(158)	(324)
Dividends received		1,094	1,145
Net cash flows from investing activities		(666,961)	(146,741)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of preference shares		45,000	34,549
Capital injection by non-controlling shareholders		323	1,393
Proceeds from issuance of debt securities		116,214	95,554
Interest paid on debt securities		(10,325)	(11,278)
Repayment of other debt securities		(94,205)	(54,594)
Acquisition of non-controlling interests		(374)	–
Dividends paid on ordinary shares		(91,026)	(91,960)
Dividends paid on preference shares		(2,331)	–
Dividends paid to non-controlling shareholders		(8)	(8)
Net cash flows from financing activities		(36,732)	(26,344)
NET INCREASE IN CASH AND CASH EQUIVALENTS		428,071	28,372
Cash and cash equivalents at beginning of the year		994,264	957,402
Effect of exchange rate changes on cash and cash equivalents		18,963	8,490
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	46	1,441,298	994,264
NET CASH FLOWS FROM OPERATING ACTIVITIES INCLUDE:			
Interest received		864,899	836,797
Interest paid		(338,014)	(315,230)

The notes on pages 137 to 267 form part of these financial statements.

Statement of Financial Position

31 December 2015
(In RMB millions, unless otherwise stated)

	Notes	31 December 2015	31 December 2014
ASSETS			
Cash and balances with central banks	20	2,991,619	3,473,327
Due from banks and other financial institutions	21	772,568	737,740
Financial assets held for trading	22	115,950	32,865
Financial assets designated at fair value through profit or loss	23	206,282	310,398
Derivative financial assets	24	33,290	22,292
Reverse repurchase agreements	25	792,876	259,213
Loans and advances to customers	26	11,026,476	10,184,215
Financial investments	27	4,450,998	3,958,201
Investments in subsidiaries	28	101,066	80,419
Investments in associates	29	34,242	34,242
Property and equipment	30	129,669	126,868
Deferred income tax assets	31	20,354	23,899
Other assets	32	371,556	310,036
TOTAL ASSETS		**21,046,946**	**19,553,715**
LIABILITIES			
Due to central banks		–	226
Financial liabilities designated at fair value through profit or loss	33	297,414	589,217
Derivative financial liabilities	24	33,144	22,324
Due to banks and other financial institutions	34	2,103,289	1,393,280
Repurchase agreements	35	130,830	161,718
Certificates of deposit	36	150,113	137,109
Due to customers	37	15,781,673	15,024,101
Income tax payable		62,136	59,571
Debt securities issued	38	240,175	243,690
Other liabilities	39	486,426	409,618
TOTAL LIABILITIES		**19,285,200**	**18,040,854**
EQUITY			
Share capital	40	356,407	353,495
Other equity instrument		79,375	34,428
Including: Preference shares	41	79,375	34,428
Equity component of convertible bonds	38	–	388
Reserves	42	596,181	513,903
Retained profits	42	729,783	610,647
TOTAL EQUITY		**1,761,746**	**1,512,861**
TOTAL EQUITY AND LIABILITIES		**21,046,946**	**19,553,715**

Jiang Jianqing
Chairman

Yi Huiman
Vice Chairman and President

Liu Yagan
General Manager of Finance
and Accounting Department

The notes on pages 137 to 267 form part of these financial statements.

1. CORPORATE INFORMATION

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

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

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

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

2. BASIS OF PREPARATION

(1) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and interpretations promulgated by the International Accounting Standards Board (the "IASB") and the disclosure requirements of the Hong Kong Companies Ordinance.

(2) Basis of preparation

The consolidated financial statements have been prepared under the historical cost convention, except for derivative financial instruments, financial assets and liabilities held for trading, financial assets and liabilities designated at fair value through profit or loss and available-for-sale financial assets (unless the fair value cannot be reliably measured) that have been measured at fair value, as further explained in the respective accounting policies below.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Judgements made by management in the application of IFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 4.

(3) Change in accounting policies

The IASB has issued the following amendments to IFRSs (including International Accounting Standards ("IASs")) that are effective in 2015 and relevant to the Group's operation.

Amendments to IAS 19 *Employee benefits "Defined benefit plans: Employee contributions"*
Annual Improvements to IFRSs 2010–2012 Cycle
Annual Improvements to IFRSs 2011–2013 Cycle

The principal effects of adopting these amended 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 are eligible for the practical expedient (by meeting the criteria set out in the amendments), a company is permitted (but not required) to recognise 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 and 2011–2013 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.

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.

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Subsidiaries

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

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

In the Bank's statement of financial position, its investments in subsidiaries are stated at cost less impairment losses (see note 3(21)).

(2) Non-controlling interests

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

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

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

(3) Associates and Joint ventures

An associate is an entity in which the Group or Bank has significant influence.

A joint venture is an arrangement whereby the Group or Bank and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

The Group's investments in associates or joint ventures are accounted for under the equity method of accounting. Under the equity method, an investment in an associate or joint venture is carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of the net assets of the associate or joint venture, less any impairment losses. The consolidated statement of profit or loss reflects the share of the results of operations of the associate or joint venture. Where there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes and discloses this, when applicable, in the consolidated statement of changes in equity. Under the equity method, unrealised profits and losses resulting from transactions between the Group and the associates or joint ventures are eliminated to the extent of the Group's interests in the associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

In the Bank's statement of financial position, investments in associates and joint ventures are stated at cost less impairment losses (see note 3(21)).

(4) Foreign currency translation

The consolidated financial statements are presented in RMB, being the functional and presentation currency of the Bank's operations in Mainland China. Each entity in the Group determines its own functional currency and the financial statements of each entity are presented using that functional currency.

Foreign currency transactions are initially recorded in the functional currency using the exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the applicable exchange rates ruling at the end of the reporting period. Exchange differences arising on the settlement of monetary items or on translating monetary items at period end rates are recognised in profit or loss, with the exception that they are taken directly to other comprehensive income when the monetary items are designated as part of the hedge of the Bank's net investment of a foreign entity, and the aggregate exchange differences are not recognised in profit or loss until the disposal of such net investment. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates as at the date when the fair value is determined. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the rates ruling at the end of the reporting period. The exchange differences are recognised in profit or loss or in other comprehensive income, depending on the nature of non-monetary items.

As at the end of the reporting period, the assets and liabilities of foreign operations are translated into the presentation currency of the Bank at the exchange rates ruling at the end of the reporting period. All items within equity except for retained profits are translated at the exchange rates ruling at the dates of the initial transactions. Income and expenses in the statement of profit or loss are translated at the weighted average exchange rates for the year. The exchange differences arising on the above translation are taken to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

Cash flows arising from transactions in foreign currencies and cash flows of overseas subsidiaries are translated using the weighted average exchange rates for the year. The effect of exchange rate movements on cash is presented separately in the statement of cash flows as a reconciling item.

(5) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial recognition of financial instruments

At initial recognition, financial assets are classified into four categories: financial assets at fair value through profit or loss, held-to-maturity financial investments, loans and receivables and available-for-sale financial assets.

At initial recognition, financial liabilities are classified into two categories: financial liabilities at fair value through profit or loss and other financial liabilities.

Financial assets and financial liabilities are measured initially at fair value. For financial assets and financial liabilities at fair value through profit or loss, any related directly attributable transaction costs are charged to profit or loss; for other categories of financial assets and financial liabilities, any related directly attributable transaction costs are included in their initial costs.

Measurement of fair value

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

When measuring fair value, the Group shall take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date (including the condition and location of the asset; and restrictions, if any, on the sale or use of the asset, etc.), and use valuation techniques that are appropriate in the circumstances and for which sufficient data and other information are available to measure fair value. The adopted valuation techniques mainly include market approach, income approach and cost approach.

Financial assets or financial liabilities at fair value through profit or loss

Financial assets or financial liabilities at fair value through profit or loss include financial assets or financial liabilities held for trading and financial assets or financial liabilities designated at fair value through profit or loss.

Financial assets or financial liabilities held for trading

A financial asset or financial liability is classified as held for trading if:

(i) it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;

(ii) on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking; or

(iii) it is a derivative that is not designated as an effective hedging instrument.

Financial assets or financial liabilities held for trading are measured at fair value after initial recognition. Realised or unrealised income or expenses are recognised in profit or loss.

Financial assets or financial liabilities designated at fair value through profit or loss

A financial instrument may be designated as a financial asset or financial liability at fair value through profit or loss upon initial recognition, if it meets any of the criteria set out below:

(i) It eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring the financial asset or financial liability or from recognising the gains and losses on them on different bases;

(ii) It applies to a group of financial assets, financial liabilities or both which is managed and its performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and where information about that group of financial instruments is provided internally on that basis to key management personnel; or

(iii) The financial instrument contains one or more embedded derivatives, unless the embedded derivative(s) does not significantly modify the cash flows or it is clear, with little or no analysis, that it would not be separately recorded.

In the case of an equity investment, if neither a quoted market price in an active market exists nor its fair value can be reliably measured, it cannot be designated as a financial asset at fair value through profit or loss.

Financial assets and liabilities designated at fair value through profit or loss are measured at fair value after initial recognition. Realised and unrealised income or expenses are recognised in profit or loss.

Held-to-maturity financial investments

Held-to-maturity financial investments are non-derivative financial assets with fixed or determinable payments and a fixed maturity and which the Group has the positive intention and ability to hold to maturity. After initial measurement, held-to-maturity financial investments are subsequently measured at amortised cost using the effective interest rate method, less any impairment loss. Gains and losses are recognised in profit or loss when the held-to-maturity financial investments are derecognised or impaired, as well as through the amortisation process.

If, as a result of a change in intention or ability, it is no longer appropriate to classify an investment as held-to-maturity, it shall be reclassified as available-for-sale and remeasured at fair value.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and the Group has no intention of trading the assets immediately or in the near term. After initial measurement, such assets are subsequently carried at amortised cost using the effective interest rate method, less any allowance for impairment losses. Gains and losses are recognised in profit or loss when such assets are derecognised or impaired, as well as through the amortisation process.

Discounted bills are granted by the Group to its customers based on the bank acceptance held which has not matured. Discounted bills are carried at face value less unrealised interest income and the interest income of the discounted bills is recognised using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets which are designated as such or are not classified in any of the three preceding categories. After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Premiums and discounts on available-for-sale financial assets are amortised using the effective interest rate method and are taken to the statement of profit or loss as interest income. Changes in fair value of available-for-sale financial assets are recognised as a separate component of other comprehensive income until the financial asset is derecognised or determined to be impaired at which time the cumulative gains or losses previously recorded in other comprehensive income are transferred to profit or loss. Dividend and interest income on available-for-sale financial assets are recorded in profit or loss.

In the case of an equity investment classified as available for sale, if neither a quoted market price in an active market exists nor its fair value can be reliably measured, it will be measured at cost less any impairment loss.

Other financial liabilities

Other financial liabilities are carried at amortised cost using the effective interest rate method after initial recognition.

(6) Impairment of the financial assets

An assessment on carrying amount of financial assets is made at the end of each reporting period. Impairment is recognised if there is objective evidence of impairment of financial assets, i.e., one or more events that occur after the initial recognition of those assets and have an impact on the estimated future cash flows of the financial assets or group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, they would probably enter into bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows.

Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate and shall include the value of any relevant collateral. The original effective interest rate is the rate used to determine the values of financial assets at initial recognition. With respect to floating-rate loans, receivables and held-to-maturity investments, the discount rate could be the current effective interest rate determined under the contract. The carrying amount of the asset is reduced through the use of an impairment provision account and the amount of the loss is recognised in profit or loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

Future cash flows of a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the impact of current conditions that did not affect the period on which the historical loss experience is based and to eliminate the impact of historical conditions that do not exist currently. The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group.

If, in a subsequent period, the amount of an impairment loss decreases and the decrease can be attributed objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the assets does not exceed its amortised cost at the reversal date.

When an item of loans and receivables is uncollectible, it is written off against the related allowance for impairment losses. Such loans and receivables are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of the amounts previously written off decrease the amount of the provision for loan impairment in profit or loss.

Financial assets carried at cost

If there is objective evidence that an impairment loss has been incurred on the financial asset, the amount of impairment loss, measured as the difference between the carrying amount of that financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset, is recognised in profit or loss. In the case of an equity investment, if neither a quoted market price in an active market exists nor its fair value can be reliably measured, the amount of impairment loss is recognised in profit or loss. Impairment losses on these assets are not reversed.

Available-for-sale financial assets

If there is objective evidence that the financial asset is impaired, the cumulative loss, measured as the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, is removed from other comprehensive income and recognised in profit or loss.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. The Group considers the time period and continuity of the magnitude of the decline to evaluate whether the decline in fair value is prolonged. More significantly the fair value declines relative to the cost, the less the volatility moves, and the longer the decline lasts or the more obvious the continuity of the magnitude of the decline is, the more likely the equity investment impairs. In general, the Group considers the situation when fair value is less than 40% of the cost as significant decline and that when fair value falls below the cost in a period over 12 months as prolonged decline.

If, after an impairment loss has been recognised on an available-for-sale debt instrument, the fair value of the debt instrument increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised the impairment loss is reversed through profit or loss. An impairment loss recognised for an investment in an equity instrument classified as available-for-sale is not reversed through profit or loss. The impairment loss on an investment in unquoted equity instrument whose fair value cannot be reliably measured is not reversed.

(7) Renegotiated loans

Where possible, the Group seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, the loan is no longer considered past due. Management continuously reviews renegotiated loans to ensure that all criteria are met and that future payments are likely to occur. The loans continue to be subject to individual or collective impairment assessment, and the provision is calculated using the loan's original effective interest rate.

(8) Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset; or has retained its rights to receive cash flows from the asset but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; and either the Group has transferred substantially all the risks and rewards of ownership of the financial asset; or the Group has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset or has retained its rights to receive cash flows from the asset but has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Securitisation

As part of its operational activities, the Group securitises financial assets, generally through the sale of these assets to structured entities which issue securities to investors. Further details on prerequisites for derecognition of financial assets are set out above. When a securitisation of financial assets does not qualify for derecognition, the relevant financial assets are not derecognised, and the consideration paid by third parties are recorded as a financial liability; when the securitisation of financial assets partially qualifies for derecognition, the Group continue to recognise the transferred assets to the extent of its continuing involvement, derecognise the remaining. The book value of the transferred assets is apportioned between the derecognised portion and the retained portion based on their respective relative fair values, and the difference between the book value of the derecognised portion and the total consideration paid for the derecognised portion is recorded in profit or loss.

Sales of assets on condition of repurchase

The derecognition of financial assets sold on condition of repurchase is determined by the economic substance of the transaction. If a financial asset is sold under an agreement to repurchase the same or substantially the same asset at a fixed price or at the sale price plus a reasonable return, the Group will not derecognise the asset. If a financial asset is sold together with an option to repurchase the financial asset at its fair value at the time of repurchase (in case of transferor sells such financial asset), the Group will derecognise the financial asset.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

(9) Convertible instruments

Convertible instruments issued by the Group that can be converted to equity shares, where the number of shares to be issued and the value of consideration to be received at that time do not vary, are accounted for as compound financial instruments containing both liability and equity components.

The initial carrying amount of a compound financial instrument is allocated to its equity and liability components. The amount recognised in the equity is the difference between the fair value of the instrument as a whole and the separately determined fair value of the liability component (including the value of any embedded derivatives other than the equity component). Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability and equity components in proportion to the allocation of proceeds.

Subsequent to initial recognition, the liability component is measured at amortised cost using the effective interest method, unless it is designated upon recognition at fair value through profit or loss. The equity component is not re-measured.

If the convertible instrument is converted, the liability component, together with the equity component, is transferred to equity. If the convertible instrument is redeemed, the consideration paid for the redemption, are allocated to the liability and equity components. The method used to allocate the consideration and transaction costs is the same as that used for issuance. After allocating the consideration and transaction costs, the difference between the allocated and carrying amounts is charged to profit and loss if it relates to the liability component or directly recognised in equity if it relates to the equity component.

(10) Preference share

Such preference shares or their components are initially recognised as financial assets, financial liabilities or equity instruments according to the terms and the economic substance combined with the definition of financial assets, financial liabilities and equity instruments.

When the issued preference shares contain equity and liability components, the Group follows the same accounting policy as for convertible bonds with equity components. For the issued preference shares which do not contain equity component, the Group follows the accounting policy as accounting for the convertible bonds only with liability component.

For the issued preference shares that should be classified as equity instruments, will be recognised as equity in actual amount received. Dividends payables are recognised as distribution of profits. Redemption before maturity will write down equity as redemption price.

(11) Derivatives and hedge accounting

Derivatives

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Certain derivatives embedded in other financial instruments are treated as separate derivatives when their economic characteristics and risks are not closely related to those of the host contract and the hybrid instrument is not carried at fair value through profit or loss. These embedded derivatives are measured at fair value with the changes in fair value recognised in profit or loss.

Any gains or losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are taken directly to profit or loss.

For less complex derivative products, the fair values are principally determined by valuation models which are commonly used by market participants. Inputs to valuation models are determined from observable market data wherever possible, including foreign exchange spot and forward rates and interest rate yield curves. For more complex derivative products, the fair values are mainly determined by quoted prices from dealers.

Hedge accounting

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they have actually been highly effective throughout the financial reporting periods for which they were designated.

Certain derivative transactions, while providing effective economic hedges under the Group's risk management positions, do not qualify for hedge accounting and are therefore treated as derivatives held for trading with fair value gains or losses recognised in profit or loss. Hedges which meet the strict criteria for hedge accounting are accounted for in accordance with the Group's accounting policy as set out below.

Fair value hedges

Fair value hedges are hedges of the Group's exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or unrecognised firm commitment, that is attributable to a particular risk and could affect the profit or loss. For fair value hedges, the carrying amount of the hedged item is adjusted for gains and losses attributable to the risk being hedged, the derivative is remeasured at fair value and the gains and losses from both are taken to profit or loss.

For hedged items recorded at amortised cost, the difference between the carrying value of the hedged item and the face value is amortised over the remaining term of the original hedge using the effective interest rate method.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss. The changes in the fair value of the hedging instrument are also recognised in profit or loss.

The Group discontinues fair value hedge accounting if the hedging instrument expires or is sold, terminated or exercised, the hedge no longer meets the criteria for hedge accounting or the Group revokes the designation. If the hedged items are derecognised, the unamortised fair value is recorded in profit or loss.

Cash flow hedges

Cash flow hedges are hedges of the Group's exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect profit or loss. For designated and qualifying cash flow hedges, the effective portion of the gain or loss on the hedging instrument is initially recognised directly in other comprehensive income. The ineffective portion of the gain or loss on the hedging instrument is recognised immediately in profit or loss.

When the hedged cash flow affects profit or loss, the gain or loss on the hedging instrument recognised directly in other comprehensive income is recycled in the corresponding income or expense line of the statement of profit or loss. When a hedging instrument expires, or is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in other comprehensive income at that time remains in other comprehensive income until the hedged forecast transaction ultimately occurs. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is immediately transferred to profit or loss.

(12) Trade date accounting

All regular way purchases and sales of financial assets are recognised at the trade date, which is the date that the Group commits to purchase or sell the assets. A regular way purchase or sale is the purchase or sale of financial assets that requires delivery of assets within the time frame generally established by regulation or convention in the marketplace.

(13) Offsetting of financial instruments

Financial assets and financial liabilities are generally presented separately in the statement of financial position and are not offset. However, a financial asset and a financial liability are offset and the net amount is presented in the statement of financial position when both the following conditions are satisfied:

- the Group currently has a legally enforceable right to set off the recognised amounts; and
- the Group intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously.

(14) Repurchase and reverse repurchase transactions (including securities borrowing and lending)

Assets sold under agreements to repurchase at a specified future date ("repos") are not derecognised from the statement of financial position. The corresponding cash received, including accrued interest, is recognised on the statement of financial position as a "repurchase agreement", reflecting its economic substance as a loan to the Group. The difference between the sale and repurchase prices is treated as an interest expense and is accrued over the life of the agreement using the effective interest rate method.

Conversely, assets purchased under agreements to resell at a specified future date ("reverse repos") are not recognised on the statement of financial position. The corresponding cash paid, including accrued interest, is recognised on the statement of financial position as a "reverse repurchase agreement". The difference between the purchase and resale prices is treated as an interest income and is accrued over the life of the agreement using the effective interest rate method.

Securities borrowing and lending transactions are usually collateralised by securities or cash. The transfer of the securities to counterparties is only reflected on the statement of financial position if the risks and rewards of ownership are also transferred. Cash advanced or received as collateral is recorded as an asset or liability.

Securities borrowed are not recognised on the statement of financial position, unless they are then sold to third parties, in which case the obligation to return the securities is recorded as a financial liability held for trading and measured at fair value with any gains or losses included in profit or loss.

(15) Precious metals

Precious metals comprise gold, silver and other precious metals. Precious metals that are not related to the Group's precious metals trading activities are initially measured at acquisition cost and subsequently measured at the lower of cost and net realisable value. Precious metals acquired by the Group for trading purposes are initially measured at fair value and subsequent changes in fair value are recorded in the statement of profit or loss.

The Group records the precious metals received as an asset. A liability to return the amount of precious metals deposited is also recognised. The precious metals deposited in the Group are measured at fair value both on initial recognition and in subsequent measurement.

(16) Property and equipment

Property and equipment, other than construction in progress are stated at costs less accumulated depreciation and any impairment loss. The cost of an item of property and equipment comprises its purchase price, tax and any directly attributable costs of bringing the asset to its present working condition and location for its intended use. Expenditure incurred after items of property and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement.

Construction in progress comprises the direct costs of construction during the period of construction and is not depreciated. Construction in progress is reclassified to the appropriate category of property and equipment when completed and ready for use.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

(In RMB millions, unless otherwise stated)

Depreciation is calculated on the straight-line basis to write off the cost of each item of property and equipment, less any estimated residual value, over the estimated useful life. The estimated useful life, estimated residual value and the annual depreciation rate of each item of property and equipment (excluding aircraft and vessels) are as follows:

	Estimated useful life	Estimated residual value rate	Annual depreciation rate
Properties and buildings	5–50 years	0%–3%	1.94%–20%
Office equipment and motor vehicles (excluding aircraft and vessels)	2–7 years	–	14.29%–50%
Leasehold improvements	Over the shorter of the economic useful lives and remaining lease terms		

Equipment under operating leases where the Group is the lessor contains aircraft, aircraft engines and vessels. The estimated useful lives and depreciation methods are determined according to the real conditions of individual aircraft and vessels. The residual values are assessed by an independent valuer based on historical data. The estimated useful lives range from 15 to 25 years.

For an item of impaired fixed assets, the depreciation is calculated based on the carrying value less the cumulative impairment loss.

Where parts of an item of property and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property and equipment or any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss in the year the asset is derecognised.

(17) Land use rights

Land use rights are recognised at cost, being the fair value at the time of injection from the central government of the PRC (the "Government") or the consideration paid. The rights are amortised using the straight-line basis over the periods of the leases. When the prepaid land lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the costs of properties and buildings as finance leases in property and equipment.

(18) Repossessed assets

Repossessed assets are initially recognised at fair value, and are subsequently measured at the lower of the carrying value and net recoverable amount. If the recoverable amount is lower than the carrying value of the repossessed assets, the assets are written down to the recoverable amount.

(19) Business combination and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition costs incurred are expensed.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, is recognised either in profit or loss or as change to other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the net identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets of the subsidiary acquired, the difference is, after reassessment, recognised in profit or loss as gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units ("CGU"), or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the CGU (group of CGUs) to which the goodwill relates. Where the recoverable amount of the CGU (group of CGUs) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill forms part of a CGU (group of CGUs) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the CGU retained.

(20) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

A provision shall be initially measured at the best estimate of the expenditure required to settle the related present obligation. When the effect of the time value of money is material, the best estimate shall be determined by discounting the related future cash outflows. When determining the best estimate, the Group considers factors pertaining to a contingency such as risks, uncertainties and time of value of money. Where there is a continuous range of the expenditure required, and each possible outcome in that range is as likely as any other, the best estimate shall be the mid-point of that range. In other cases, the best estimate shall be determined according to the following circumstances:

— Where the contingency involves a single item, the best estimate shall be the most likely outcome.

— Where the contingency involves a large population of items, the best estimate shall be determined by weighting all possible outcomes by their associated probabilities.

The Group shall review the carrying amount of a provision at the end of reporting period. The carrying amount shall be adjusted to the current best estimate.

(21) Asset impairment

Impairment losses on assets except for deferred tax assets, financial assets and goodwill are determined based on the following:

The Group assesses at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, or when impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined on an individual basis, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the CGU to which the asset belongs. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered to be impaired and is written down to its recoverable amount. In assessing value in use of an asset, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of any depreciation/amortisation, had no impairment loss been recognised for the asset in prior years. Any such reversal is recognised in profit or loss. After such a reversal, the depreciation/amortisation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(22) Cash and cash equivalents

Cash and cash equivalents refer to short term highly liquid assets, which are readily convertible into known amounts of cash and subject to an insignificant risk of changes in value. Cash and cash equivalents comprise cash, unrestricted balances with central banks, amounts due from banks and other financial institutions and reverse repurchase agreements with original maturity of less than three months.

(23) Employee benefits

Employee benefits refer to all forms of consideration and other related expenditure given by the Group in exchange for services rendered by employees. The benefits payable are recognised as liabilities during the period in which the employees have rendered services to the Group. If the effect of discounting the benefits payable which are payable after one year from the end of the reporting period is significant, the Group will present them at their present value.

Short-term employee benefits

Employee wages or salaries, bonuses, social security contributions such as medical insurance, work injury insurance, maternity insurance and housing fund, measured at the amount incurred or at the applicable benchmarks and rates, are recognised as a liability as the employee provides services, with a corresponding charge to profit or loss or included in the cost of assets where appropriate.

All eligible employees outside Mainland China participate in local defined contribution schemes. The Group contributes to these defined contribution schemes based on the requirements of the local regulatory bodies.

Post-employment benefits-defined contribution plans

Pursuant to the relevant laws and regulations of the PRC, the Group participated in a defined contribution basic pension insurance in the social insurance system established and managed by government organizations. The Group makes contributions to basic pension insurance plans based on the applicable benchmarks and rates stipulated by the government. Basic pension insurance contributions are recognised as part of the cost of the assets or charged to profit or loss as the related services are rendered by the employees.

In addition, employees in Mainland China also participate in a defined contribution retirement benefit plan established by the Group (the "Annuity Plan"). The Group and its employees are required to contribute a certain percentage of the employees' previous year basic salaries to the Annuity Plan. The contribution is charged to profit or loss when it is incurred. The Group pays a fixed contribution into the Annuity Plan and has no obligation to pay further contributions if the Annuity Plan does not hold sufficient assets to pay all employee benefits.

Termination benefits

Termination benefits are payable as a result of either the Group's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment. The Group recognise termination benefits in profit or loss at the earlier of:

— When the Group can no longer withdraw an offer of those benefits;

— When the Group has a specific, formal restructure plan involving payment of termination benefits, and the plan has started or informed each affected party about the influence of the plan, therefore each party formed reasonable expectations.

Early retirement benefits

According to the Bank's policy on early retirement benefits, certain employees are entitled to take leave of absence and in return receive a certain level of staff salaries and related benefits from the Bank. The salaries and benefit payments are made from the date of early retirement to the normal retirement date. Differences arising from changes in assumptions and estimates of the present value of the liabilities are recognised in profit or loss when it is incurred.

(24) Fiduciary activities

Where the Group acts in a fiduciary capacity such as custodian or agent, assets arising thereon together with related undertakings to return such assets to customers are excluded from the statement of financial position.

The asset custody services of the Group refer to the business that the Group as trustee approved by regulatory authorities, signs custody agreement with clients and takes the responsibility of trustee in accordance with relevant laws and regulations. The assets under custody are recorded as off-balance sheet items as the Group merely fulfils the responsibility as trustee and charges fees in accordance with these agreements without retaining any risks or rewards of the assets under custody.

The Group grants entrusted loans on behalf of trustors, which are recorded off-balance sheet. The Group, as a trustee, grants such entrusted loans to borrowers under the direction of those trustors who fund these loans. The Group has been contracted by those trustors to manage the administration and collection of these loans on their behalf. Those trustors determine both the underwriting criteria for and the terms of all entrusted loans including their purposes, amounts, interest rates, and repayment schedules. The Group charges a commission related to its activities in connection with entrusted loans which are recognised ratably over the period in which the service is provided. The risk of loss is borne by those trustors.

(25) Insurance contracts

Insurance contracts classification

The Group's insurance subsidiary executes the contract with the policyholder. Where the Group undertakes insurance risk, which means a risk, rather than a financial risk, transferred from the holder of a contract to the insurance provider and over time, the combined cost of claims, administration and acquisition of the contract may exceed the aggregate amount of premiums received and investment income, the contract is classified as an insurance contract; where the Group undertakes the risks other than insurance risk. the contract is classified as non-insurance contract; and where the Group undertakes both insurance risk and other risks, forming a contract with mixed risks, the following stipulations are applied:

(i) Where the insurance risk and other risks can be distinguished from each other and separately measured, the insurance risk is separated from other risks. The insurance risk is accounted for as an insurance contract and other risks are accounted for according to the relevant accounting standards.

(ii) Where the insurance risk and other risks cannot be distinguished from each other, or can be distinguished but cannot be separately measured, an umbrella contract applies and significant insurance risk test shall be performed based on it. If the insurance risk is significant, the contract is accounted for as an insurance contract; otherwise, it is accounted for as a non-insurance contract.

Insurance income recognition

Insurance premium income is recognised when:

(i) The insurance contract is issued, and related insurance risk is undertaken by the Group;

(ii) The related economic benefits are likely to flow to the Group;

(iii) Related income can be reliably measured.

Insurance contract liabilities

When measuring insurance contract liabilities, the Group classifies insurance contracts whose insurance risks are of similar nature as a measurement unit. Insurance contract liabilities are measured based on a reasonably estimated amount of payment that the Group is obliged to pay to fulfill relevant obligations under the insurance contract. At the end of each reporting period, liability adequacy tests are performed. If the insurance contract liabilities re-calculated with the insurance actuarial method exceed their carrying amounts on date of the liability adequacy test, an additional provision shall be made for the respective insurance contract liabilities based on the difference. Otherwise, no adjustment is made to the respective insurance contract liabilities.

(26) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and when the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest income

For all financial instruments measured at amortised cost and interest-generating financial instruments classified as available-for-sale financial assets, interest income is recorded at the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses. The carrying amount of the financial asset is adjusted if the Group revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original effective interest rate and the change in carrying amount is recorded in profit or loss.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Fee and commission income

The Group earns fee and commission income from a diverse range of services it provides to its customers. Fee income can be divided into the following two categories:

(i) Fee income on transactions conducted or from services provided over a period of time

These fees mainly include fee income on settlement and clearing business, commission income and fee income on asset management, custody and other management advisory services. Fee income is recognised on the basis of when the transaction is completed or on an accrual basis when the service is provided over a period of time.

(ii) Fee income from providing transaction services

Fees arising from negotiating or participating in the negotiation of a transaction for a third party, such as the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses, are recognised on completion of the underlying transaction. Fees or components of fees that are linked to a certain performance are recognised after fulfilling the corresponding criteria.

The fair value of the award credits granted to the bank card holders is deferred and recognised as fee and commission income when the award credits are redeemed or expire.

Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

Net trading income

Results arising from trading activities include all gains and losses from changes in fair value for financial assets and financial liabilities that are held for trading. This includes gains and losses from changes in fair value relating to the ineffective portion of the hedging arrangements.

(27) Income tax

Income tax comprises current and deferred income tax. Income tax is recognised in profit or loss except that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of each reporting period.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts.

Deferred income tax liabilities are recognised for all taxable temporary differences, except:

(i) Where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable income or deductible expenses; and

(ii) In respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not be reversed in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

(i) Where the deferred income tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable income or deductible expenses; and

(ii) In respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will be reversed in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and deferred income tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period and reflect the corresponding tax effect.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilised. When it is virtually probable that sufficient taxable income will be available, the reduced amount can be reversed accordingly. Future taxable profits are determined based on business plans for individual subsidiaries in the Group.

Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(28) Leases

Leases which transfer substantially all the risks and rewards of ownership of the assets to the lessees are classified as finance leases. Leases where substantially all the rewards and risks of the assets remain with the lessor are accounted for as operating leases.

Finance leases

When the Group is a lessor under finance leases, an amount representing the minimum lease payment receivables and initial direct costs is included in the statement of financial position as loans and advances to customers. Any unguaranteed residual value is also recognised at the inception of the lease. The difference between the sum of the minimum lease payment receivables, initial direct costs, the unguaranteed residual value and their present value is recognised as unearned finance income. Unearned finance income is recognised over the period of the lease using the effective interest rate method.

Operating leases

Rental payments applicable to operating leases are charged to profit or loss on the straight-line basis over the lease terms.

When the Group is the lessor under operating leases, the assets subject to operating leases are accounted for as the Group's assets. Rental income is recognised as "other operating income, net" in the statement of profit or loss on the straight-line basis over the lease term.

(29) Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) The entity, or any member of a Group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

(30) Financial guarantee contracts

The Group issues financial guarantee contracts, including letters of credit, letters of guarantee and acceptance. These financial guarantee contracts provide for specified payments to be made to reimburse the holders for the losses they incur when a guaranteed party defaults under the original or modified terms of a debt instrument, loan or any other obligation.

The Group initially measures all financial contracts at fair value, in other liabilities, being the premium received. This amount is recognised ratably over the period of the contract as fee and commission income. Subsequently, the liabilities are measured at the higher of the initial fair value less cumulative amortisation and the best estimate of expenditure being required to settle any financial obligation arising as a result of the guarantee. Any increase in the liability relating to a financial guarantee is taken to the statement of profit or loss.

(31) Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably. Contingent liabilities are disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable and can be reliably estimated, it will then be recognised as a provision.

(32) Dividends

Dividends are recognised as a liability and deducted from equity when they are approved by the Bank's shareholders in general meetings and declared. Interim dividends are deducted from equity when they are approved and declared, and no longer at the discretion of the Bank. Dividend for the year that is approved after the end of the reporting period is disclosed as an event after the reporting period.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Group's accounting policies, management has used its judgements and made assumptions of the effects of uncertain future events on the financial statements. The most significant use of judgements and key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are described below.

Designation of held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity investments when the Group has the positive intention and ability to hold the investments to maturity. Accordingly, in evaluating whether a financial asset shall be classified as a held-to-maturity investment, significant management judgement is required. If the Group fails correctly to assess its intention and ability to hold the investments to maturity and the Group sells or reclassifies more than an insignificant amount of held-to-maturity investments before maturity, the Group would reclassify the whole held-to-maturity investment portfolio as available for sale.

Impairment losses of loans and advances and amounts due from banks and other financial institutions

The Group determines periodically whether there is any objective evidence that impairment losses have occurred on loans and advances and amounts due from banks and other financial institutions. If any such evidence exists, the Group assesses the amount of impairment losses. The amount of impairment losses is measured as the difference between the carrying amount and the present value of estimated future cash flows. Assessing the amount of impairment losses requires significant judgement on whether the objective evidence for impairment exists and also significant estimates when determining the present value of the expected future cash flows.

Impairment losses of available-for-sale and held-to-maturity investments

In determining whether there is any objective evidence that impairment losses have occurred on available-for-sale and held-to-maturity investments, the Group assesses periodically whether there has been a significant or prolonged decline in the fair value below its cost or carrying amount, or whether other objective evidence of impairment exists based on the investee's financial conditions and business prospects, including industry environment, change of technology as well as operating and financing cash flows. This requires a significant level of judgement, which would affect the amount of impairment losses.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis and when circumstances indicate that the carrying value may be impaired. This requires an estimation of the recoverable amount of the CGU or groups of CGUs to which the goodwill is allocated. Estimating the recoverable amount requires the Group to make an estimate of the expected future cash flows from the CGU or groups of CGUs and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Income tax

Determining income tax provisions requires the Group to estimate the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions in accordance with prevailing tax regulations and makes tax provisions accordingly. In addition, deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. This requires significant estimation on the tax treatments of certain transactions and also significant assessment on the probability that adequate future taxable profits will be available for the deferred income tax assets to be recovered.

Fair value of financial instruments

If the market for a financial instrument is not active, the Group establishes fair value by using a valuation technique. Valuation techniques include using recent arm's length market transactions between knowledgeable and willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. To the extent practicable, valuation technique makes maximum use of market inputs. However, where market inputs are not available, management needs to make estimates on such unobservable market inputs.

(In RMB millions, unless otherwise stated)

Determination of control over investees

Management applies its judgement to determine whether the control indicators set out in Note 3(1) indicate that the Group controls a securitisation vehicle, an investment fund, a non-principal guaranteed wealth management product, a segregated asset management plan, trust plans or asset-backed financings.

Securitisation vehicles

Certain securitisation vehicles sponsored by the Group under its securitisation programme are run according to predetermined criteria that are part of the initial design of the vehicles. In addition, the Group is exposed to variability of returns from the vehicles through its holding of debt securities in the vehicles and outside the day-to-day servicing of the receivables (which is carried out by the Group under a servicing contract). Key decisions are usually required only when receivables in the vehicles go into default. Therefore, in considering whether it has control, the Group considers whether it manages these key decisions that most significantly affect these vehicles' returns.

Investment funds, non-principal guaranteed wealth management products, segregated asset management plans, trust plans and asset-backed financings

The Group acts as manager to a number of investment funds, non-principal guaranteed wealth management products, segregated asset management plans, trust plans and assets-backed financings. Determining whether the Group controls such a structured entity usually focuses on the assessment of the aggregate economic interests of the Group in the entity (comprising any carried interests and expected management fees) and the decision-making authority of the entity. For all these structured entities managed by the Group, the Group's aggregate economic interest is in each case not significant and the decision makers establish, market and manage them according to restricted parameters as set out in the investment agreements as required by laws and regulations. As a result, the Group has concluded that it acts as agent as opposed to principal for the investors in all cases, and therefore has not consolidated these structured entities.

For further disclosure in respect of unconsolidated investment funds, non-principal guaranteed wealth management products, segregated asset management plans, trust plans and assets-backed financings in which the Group has an interest or for which it is a sponsor, see Note 45.

5. IMPACT OF ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs and IASs that have been issued but are not yet effective, in these financial statements.

IFRS 14	*Regulatory deferral accounts*[1]
IFRS 11 Amendments	*Joint Arrangements*[1]
IAS 16 and IAS 38 Amendments	*Clarification of acceptable methods of depreciation and amortization*[1]
IAS 27 Amendments	*Separate financial statements*[1]
IFRS 10 and IAS 28 Amendments	*Sale or contribution of assets between an investor and its associate or joint venture*
Annual Improvements to IFRSs 2012–2014 Cycle[1]	
IFRS 10, IFRS 12 and IAS 28 Amendments	*Investment entities: Applying the consolidation exception*[1]
IAS 1 Amendments	*Presentation of financial statements*[1]
IFRS 15	*Revenue from contracts with customers*[2]
IFRS 9	*Financial instruments*[2]

1 Effective for annual periods beginning on or after 1 January 2016, early adoption is permitted.

2 Effective for annual periods beginning on or after 1 January 2018, early adoption is permitted.

Further information about those changes that are expected to affect the Group is as follows:

IFRS14, Regulatory deferral accounts

This interim standard permits first-time adopters of IFRS to continue to use previous GAAP to account for regulatory deferral account balances while the IASB completes its comprehensive project in this area.

As an existing IFRS adopter, the Group is not applicable for the new standard.

Amendments to IFRS 11, Joint Arrangements "Accounting for acquisitions of interests in joint operations"

The amendments provide new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. Specifically, the amendments require business combination accounting to be applied in this situation.

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

Amendments to IAS 16 and IAS 38, Clarification of acceptable methods of depreciation and amortization

The amendments introduce a rebuttable presumption to IAS 38 that the use of revenue-based amortisation methods for intangible assets is inappropriate. This presumption can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments also prohibit the use of revenue-based depreciation methods for property, plant and equipment under IAS 16.

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

Amendments to IAS 27, Separate financial statements "Equity method in separate financial statements"

The amendments allow an entity to apply the equity method to account for its investments in subsidiaries, joint ventures and associates in its separate financial statements. As a result of the amendments, the entity can choose to account for these investments either:

- at cost;
- in accordance with IFRS 9 (or IAS 39); or
- using the equity method as described in IAS 28.

The Group is currently assessing the impact of the amendments on its financial position and performance.

Amendments to IFRS10 and IAS28, Sale or contribution of assets between an investor and its associate or joint venture

The amendments address a long-standing conflict on transactions with Joint Venture, by creating a new dividing line-namely whether a business has been sold with a new approach to steps-up. The amendments require the full gain to be recognised when the assets transferred meet the definition of the business under IFRS 3 Business Combinations.

The Group is currently assessing the impact of the amendments on its financial position and performance.

Annual Improvements to IFRSs 2012–2014 Cycle

The 2012–2014 cycle of annual improvement contains amendments to four standards with consequential amendments to other standards and interpretations including *IFRS 5 Non-current assets held for sale and discounted operations, IFRS 7 Financial instruments: disclosures, IAS 19 Employee benefits, IAS 34 Interim financial reporting*.

The Group is currently assessing the impact of the amendments on its financial position and performance.

Amendments to IFRS 10, IFRS 12 and IAS 28, Investment entities: Applying the consolidation exception

The amendments clarify the following areas of the accounting requirements of investment entities:

- Exemption from preparing consolidated financial statements under IFRS 10.4(a) is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries, including that parent entity, at fair value.
- A subsidiary that is itself an investment entity should not be consolidated even if it provides services related to the parent's investment activities.
- When applying the equity method, a non-investment entity investor is allowed, but not required, to retain the fair value measurement applied by its investment entity associate or joint venture for their subsidiaries, i.e. the investor can make a policy choice.
- An investment entity measuring all of its subsidiaries at fair value is still required to provide the disclosures relating to investment entities required by IFRS 12, even though it is not preparing consolidated financial statements.

The Group is currently assessing the impact of the amendments on its financial position and performance.

Amendments to IAS 1, Presentation of financial statements "Disclosure initiative"

The amendments clarify various presentation issues relating to:

- assessment of materiality versus minimum disclosure requirements of a standard;
- order of notes;
- disaggregation and aggregation;
- presentation of sub-totals; and
- presentation of other comprehensive income items arising from equity-accounted associates and joint ventures.

The Group is currently assessing the impact of the amendments on its financial position and performance.

IFRS 15, Revenue from contracts with customers

The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

IFRS 15 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. Some of these apply to interim financial reports prepared under IAS 34 as well as to annual financial statements. An entity may adopt IFRS 15 on a full retrospective basis. Alternatively, it may choose to adopt it from the date of initial application by adjusting opening balances at that date. Transitional disclosures are different depending on the approach adopted by the entity.

The Group is currently assessing the impact of the amendments on its financial position and performance.

(In RMB millions, unless otherwise stated)

IFRS 9, Financial instruments

On 24 July 2014, the IASB issued the complete standard of IFRS 9 (IFRS 9 (2014)).

Classification and measurement of financial assets and financial liabilities

IFRS 9 (2014) includes a 3rd business model and requires some debt instruments to be measured at fair value through other comprehensive income less impairment with recycling. For the classification and measurement, IFRS 9 introduces a new requirement that the gain or loss on a financial liability designated at fair value through profit or loss that is attributable to changes in the entity's own credit risk is recognised in other comprehensive income; the remaining amount of change in fair value is recognised in profit or loss ("own credit risk requirements").

Hedge accounting

The new standard aligns hedge accounting more closely with risk management. It does not fundamentally change the types of hedging or the requirement to measure and recognise ineffectiveness; however, more hedging strategies that are used for risk management will qualify for hedge accounting.

Impairment

The new impairment methodology in IFRS 9 replaces the "incurred loss" model in IAS 39 with an "expected credit loss" model. Under IFRS 9 it is not necessary for a credit event to have occurred before credit losses are recognised.

The Group has started the process of evaluating the potential effect of this standard. Given the nature of the Group's operations, this standard is expected to have a pervasive impact on the Group's financial statements.

6. NET INTEREST INCOME

	2015	2014
Interest income on:		
Loans and advances to customers (i)	616,541	615,488
— Corporate loans and advances	421,877	437,789
— Personal loans	174,503	164,612
— Discounted bills	20,161	13,087
Financial investments (ii)	170,833	159,262
Due from central banks	47,867	48,384
Due from banks and other financial institutions	36,538	26,745
	871,779	849,879
Interest expense on:		
Due to customers	(298,010)	(298,941)
Due to banks and other financial institutions	(49,801)	(42,801)
Debt securities issued	(16,101)	(14,615)
	(363,912)	(356,357)
Net interest income	507,867	493,522

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

(i) Included in interest income on loans and advances to customers for the year is an amount of RMB4,156 million (2014: RMB2,779 million) with respect to the accreted interest on impaired loans.

(ii) Included in interest income on financial investments for the year is an amount of RMB28 million (2014: RMB27 million) with respect to interest income on impaired debt securities.

(In RMB millions, unless otherwise stated)

7. NET FEE AND COMMISSION INCOME

	2015	2014
Bank card business	37,684	35,133
Personal wealth management and private banking services (i)	35,910	20,676
Settlement, clearing business and cash management	27,986	30,422
Investment banking business	26,791	30,474
Corporate wealth management services (i)	18,305	14,929
Asset custody business (i)	5,544	5,923
Guarantee and commitment business	4,687	4,614
Trust and agency services (i)	1,979	2,019
Others	2,784	2,488
Fee and commission income	161,670	146,678
Fee and commission expense	(18,279)	(14,181)
Net fee and commission income	143,391	132,497

(i) Included in personal wealth management and private banking services, corporate wealth management services, asset custody business and trust and agency services above is an amount of RMB18,659 million (2014: RMB16,307 million) with respect to trust and other fiduciary activities.

8. NET TRADING INCOME

	2015	2014
Debt securities	4,444	1,103
Equity investments	33	24
Derivatives	(250)	618
	4,227	1,745

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

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

	2015	2014
Financial assets	14,320	16,158
Financial liabilities	(20,273)	(26,182)
	(5,953)	(10,024)

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

10. NET GAIN ON FINANCIAL INVESTMENTS

	2015	2014
Dividend income from unlisted investments	125	145
Dividend income from listed investments	30	32
Dividend income	155	177
Gain on disposal of available-for-sale financial assets, net	4,765	1,626
	4,920	1,803

(In RMB millions, unless otherwise stated)

11. OTHER OPERATING INCOME, NET

	2015	2014
Insurance net income (i)	34	590
Gain from foreign exchange and foreign exchange products, net	1,894	3,673
Leasing income	5,866	6,722
Net gain on disposal of property and equipment, repossessed assets and others	1,664	1,319
Sundry bank charge income	212	303
Gain on acquisition of subsidiary	487	–
Others	4,124	2,708
	14,281	15,315

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

	2015	2014
Premium income	23,538	15,400
Less: premiums ceded to reinsurers	(2,905)	(147)
Net premium income	20,633	15,253
Insurance operating costs	(20,599)	(14,663)
Insurance net income	34	590

12. OPERATING EXPENSES

	2015	2014
Staff costs:		
Salaries and bonuses	72,721	70,284
Staff benefits	27,563	28,541
Post-employment benefits — defined contribution plans (i)	13,889	13,197
	114,173	112,022
Premises and equipment expenses:		
Depreciation	14,560	16,094
Lease payments under operating leases in respect of land and buildings	7,349	6,543
Repairs and maintenance charges	3,515	3,556
Utility expenses	2,690	2,705
	28,114	28,898
Amortisation	2,295	2,211
Other administrative expenses (ii)	21,219	23,709
Business tax and surcharges	42,320	41,351
Others	12,714	10,483
	220,835	218,674

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

(ii) Auditor's remuneration (including related assurance services for the Group and its subsidiaries and overseas branches) of RMB167 million for the year (2014: RMB161 million) is included in other administrative expenses.

13. DIRECTORS' AND SUPERVISORS' EMOLUMENTS

Details of the directors' and supervisors' emoluments before tax, as disclosed pursuant to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and Chapter 622 Section 383 of the Hong Kong Companies Ordinance, are as follows:

		Year ended 31 December 2015			
Name	Position	Remuneration paid (before tax) RMB'000 (1)	Contributions to defined contribution schemes RMB'000 (2)	Fees RMB'000 (3)	Total emoluments before tax RMB'000 (4)=(1)+(2)+(3)
JIANG Jianqing	Chairman of the Board of Directors, Executive Director	448	99	–	547
YI Huiman	Vice Chairman of the Board of Directors, Executive Director, President	448	99	–	547
QIAN Wenhui (i)	Chairman of the Board of Supervisors	374	83	–	457
ZHANG Hongli (ii)	Executive Director, Vice President	403	99	–	502
WANG Xiquan (iii)	Executive Director, Vice President	403	99	–	502
WANG Xiaoya	Non-executive Director	–	–	–	–
GE Rongrong	Non-executive Director	–	–	–	–
FU Zhongjun	Non-executive Director	–	–	–	–
ZHENG Fuqing (iv)	Non-executive Director	–	–	–	–
FEI Zhoulin (iv)	Non-executive Director	–	–	–	–
CHENG Fengchao (iv)	Non-executive Director	–	–	–	–
M.C. McCarthy	Independent Non-executive Director	–	–	430	430
Kenneth Patrick CHUNG	Independent Non-executive Director	–	–	440	440
Or Ching Fai	Independent Non-executive Director	–	–	470	470
HONG Yongmiao	Independent Non-executive Director	–	–	470	470
YI Xiqun (v)	Independent Non-executive Director	–	–	463	463
Anthony Francis Neoh (vi)	Independent Non-executive Director	–	–	330	330
WANG Chixi	Shareholder Representative Supervisor	746	200	–	946
DONG Juan	External Supervisor	–	–	–	–
QU Qiang (vii)	External Supervisor	–	–	8	8
ZHANG Wei	Employee Representative Supervisor	–	–	50	50
HUI Ping (viii)	Employee Representative Supervisor	–	–	13	13
LI Jun (ix)	Former Non-executive Director	–	–	–	–
WONG Kwong Shing, Frank (x)	Former Independent Non-executive Director	–	–	118	118
ZHAO Lin (xi)	Former Chairman of the Board of Supervisors	224	47	–	271
MENG Yan (xii)	Former External Supervisor	–	–	272	272
LI Mingtian (xiii)	Former Employee Representative Supervisor	–	–	38	38
Total		3,046	726	3,102	6,874

Note: Since January 2015, the remuneration to the Chairman of the Board of Directors, the President, the Chairman of the Board of Supervisors and other executives of the Bank has followed the State's policies relating to the remuneration reform on executives of central enterprises.

The total compensation packages for the Chairman of the Board of Directors, President, Chairman of the Board of Supervisors, Executive Directors, and Shareholder Supervisors of the Bank have not been finalised in accordance with the regulations of the PRC relevant authorities. The remuneration not yet accrued is not expected to have a significant impact on the Group's and the Bank's 2015 financial statements. The total compensation packages will be further disclosed when determined by the relevant authorities.

Fees of Employee Supervisors Mr. Zhang Wei, Mr. Hui Ping and Mr. Li Mingtian are their allowances obtained as Employee Supervisors of the Bank, excluding their remuneration with the Bank in accordance with the employee remuneration system.

(i) The Bank appointed Mr. Qian Wenhui as Shareholder Supervisor of the Bank at the 2014 Annual General Meeting on 19 June 2015, and his term of office took effect from the date of review and approval by the meeting. The Bank appointed Mr. Qian Wenhui as Chairman of the Board of Supervisors of the Bank at a meeting of the Board of Supervisors.

(ii) At the First Extraordinary General Meeting of 2014 held on 15 April 2014, Mr. Zhang Hongli was appointed as Executive Director of the Bank, and his qualification has been approved by CBRC in June 2015.

(iii) At the Annual General Meeting for the Year of 2014 held on 19 June 2015, Mr. Wang Xiquan was appointed as Executive Director of the Bank, and his qualification has been approved by CBRC in June 2015.

(iv) At the First Extraordinary General Meeting of 2015 held on 23 January 2015, Mr. Zheng Fuqing was appointed as Non-executive Director of the Bank and his qualification was approved by CBRC in February 2015. Mr. Fei Zhoulin and Mr. Cheng Fengchao were appointed as Non-executive Directors of the Bank, and their qualifications were approved by CBRC in March 2015.

(v) In October 2015, the Board of Directors of the Bank reviewed and approved the resignation of Mr. Yi Xiqun from Independent Non-executive Director due to work reasons, which will become effective upon approval of new independent non-executive director's qualification by CBRC.

(vi) At the First Extraordinary General Meeting of 2015 held on 23 January 2015, Mr. Anthony Francis Neoh was appointed as Independent Non-executive Director of the Bank, and his qualification has been approved by CBRC in April 2015.

(vii) On 21 December 2015, the Bank appointed Mr. Qu Qiang as External Supervisor of the Bank at the Second Extraordinary General Meeting of 2015, and his term of office took effect from the date of review and approval by the meeting.

(viii) On 25 September 2015, the Bank appointed Mr. Hui Ping as Employee Supervisor of the Bank at the Interim Employees' Congress, and his term of office took effect from the date of review and approval by the Employees' Congress.

(ix) In March 2015, due to expiration of the term of office, Mr. Li Jun ceased to act as Non-executive Director of the Bank.

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

(xi) On 19 June 2015, Mr. Zhao Lin resigned from the posts of Supervisor and Chairman of the Board of Supervisors due to his age.

(xii) On 21 December 2015, Mr. Meng Yan ceased to act as External Supervisor of the Bank due to expiration of the term of office.

(xiii) On 23 July 2015, the term of office of Employee Supervisor Mr. Li Mingtian expired, and he continued to perform the supervisor's responsibilities up to 25 September 2015 according to the Articles of Association of the Bank.

Name	Position	Year ended 31 December 2014						
		Fees RMB'000 (1)	Remuneration paid RMB'000 (2)	Discretionary bonuses RMB'000 (3)	Contribution by the employer to social insurance and welfare plans, housing allowance, etc. RMB'000 (4)	Total emoluments before tax RMB'000 (5)=(1)+(2)+(3)+(4)	Of which: deferred payment RMB'000 (6)	Actual amount of remuneration paid (pre-tax) RMB'000 (7)=(5)-(6)
JIANG Jianqing	Chairman of the Board of Directors, Executive Director	–	525	1,124	347	1,996	563	1,433
YI Huiman	Vice Chairman of the Board of Directors, Executive Director, President	–	473	1,133	369	1,975	568	1,407
ZHAO Lin	Chairman of the Board of Supervisors	–	462	1,145	361	1,968	574	1,394
WANG Xiaoya	Non-executive Director	–	–	–	–	–	–	–
GE Rongrong	Non-executive Director	–	–	–	–	–	–	–
FU Zhongjun	Non-executive Director	–	–	–	–	–	–	–
WONG Kwong Shing, Frank	Independent Non-executive Director	480	–	–	–	480	–	480
M.C. McCarthy	Independent Non-executive Director	430	–	–	–	430	–	430
Kenneth Patrick CHUNG	Independent Non-executive Director	440	–	–	–	440	–	440
Or Ching Fai	Independent Non-executive Director	480	–	–	–	480	–	480
HONG Yongmiao	Independent Non-executive Director	460	–	–	–	460	–	460
YI Xiqun	Independent Non-executive Director	430	–	–	–	430	–	430
WANG Chixi	Shareholder Representative Supervisor	–	378	937	313	1,628	376	1,252
DONG Juan	External Supervisor	100	–	–	–	100	–	100
MENG Yan	External Supervisor	280	–	–	–	280	–	280
ZHANG Wei	Employee Representative Supervisor	50	–	–	–	50	–	50
LI Mingtian	Employee Representative Supervisor	50	–	–	–	50	–	50
LIU Lixian (i)	Former Executive Director, Secretary of Party Discipline Committee	–	446	1,103	326	1,875	553	1,322
LI Jun (ii)	Former Non-executive Director	–	–	–	–	–	–	–
WANG Xiaolan (iii)	Former Non-executive Director	–	–	–	–	–	–	–
YAO Zhongli (iv)	Former Non-executive Director	–	–	–	–	–	–	–
		3,200	2,284	5,442	1,716	12,642	2,634	10,008

Note: The remuneration before tax payable to directors and supervisors for 2014 set out in the table above represents the total amount of annual remuneration for each of these individuals, which includes the amount disclosed in the 2014 Annual Report.

Pursuant to the PRC relevant regulations, a portion of the discretionary bonus payments for the Chairman of the Board of Directors, the President, the Chairman of the Board of Supervisors, Executive Directors and other senior management members are deferred based on the future performance.

Fees of Employee Supervisors Mr. Zhang Wei and Mr. Li Mingtian are their allowances obtained as Employee Supervisors of the Bank, excluding their remuneration with the Bank in accordance with the employee remuneration system.

(i) In December 2014, Mr. Liu Lixian submitted a resignation to the Board of the Bank. By reason of his age, Mr. Liu Lixian ceased to act as Executive Director of the Bank.

(ii) In March 2015, due to expiration of the term of office, Mr. Li Jun ceased to act as Non-executive Director of the Bank.

(iii) In December 2014, Mr. Wang Xiaolan submitted a resignation to the Board of the Bank. By reason of his age, Mr. Wang Xiaolan ceased to act as Non-executive Director of the Bank.

(iv) In November 2014, Mr. Yao Zhongli submitted a resignation to the Board of the Bank and ceased to act as Non-executive Director of the Bank due to his age.

The non-executive directors of the Bank received emoluments from the Bank's shareholders in respect of their services during the year.

During the year, there was no arrangement under which a director or a supervisor waived or agreed to waive any remuneration (2014: Nil).

During the year, no emolument was paid by the Group to any of the Directors or Supervisors as an inducement to join or upon joining the Group or as a compensation for loss of office (2014: Nil).

14. FIVE HIGHEST PAID INDIVIDUALS

The five highest paid individuals of the Group are employees of the Bank's subsidiaries. Their emoluments were determined based on the prevailing market rates in the respective countries/regions where the subsidiaries are operating. None of them are directors, supervisors or key management personnel of the Bank whose emoluments are disclosed in notes 13 and 53(e) to the financial statements. Details of the emoluments in respect of the five highest paid individuals are as follows:

	Group	
	2015 RMB'000	2014 RMB'000
Salaries and allowances	13,770	11,676
Discretionary bonuses	61,608	57,407
Contributions to defined contribution plans	394	–
Compensation for terminating contract	2,458	–
Others	2,789	–
	81,019	69,083

The number of these individuals whose emoluments fell within the following bands is set out below.

	Number of employees	
	2015	2014
RMB10,000,001 Yuan to RMB10,500,000 Yuan	–	1
RMB11,000,001 Yuan to RMB11,500,000 Yuan	–	1
RMB12,000,001 Yuan to RMB12,500,000 Yuan	1	–
RMB12,500,001 Yuan to RMB13,000,000 Yuan	1	–
RMB14,000,001 Yuan to RMB14,500,000 Yuan	–	1
RMB14,500,001 Yuan to RMB15,000,000 Yuan	1	1
RMB18,000,001 Yuan to RMB18,500,000 Yuan	–	1
RMB19,500,001 Yuan to RMB20,000,000 Yuan	1	–
RMB21,500,001 Yuan to RMB22,000,000 Yuan	1	–
	5	5

During the year, no emoluments were paid by the Group to any of these non-director and non-supervisor individuals as an inducement to join or upon joining the Group (2014: Nil).

(In RMB millions, unless otherwise stated)

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

	Notes	2015	2014
Charge/(reversal) of impairment losses on:			
Due from banks and other financial institutions	21	111	8
Financial investments:			
Held-to-maturity investments	27(d)	(25)	3
Available-for-sale financial assets	27(c)(i),(d)	(4)	163
Other		889	288
		971	462

16. INCOME TAX EXPENSE

(a) Income tax

	2015	2014
Current income tax expense:		
Mainland China	86,541	88,981
Hong Kong and Macau	1,837	1,613
Overseas	2,238	2,151
	90,616	92,745
Adjustments in respect of income tax of prior years	(1,232)	254
Deferred income tax credit	(3,869)	(7,673)
	85,515	85,326

(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 year. 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:

	2015	2014
Profit before taxation	363,235	361,612
Tax at the PRC statutory income tax rate	90,809	90,403
Effects of different applicable rates of tax prevailing in other countries/regions	(511)	(575)
Non-deductible expenses (i)	5,774	3,937
Non-taxable income (ii)	(10,256)	(9,081)
Profits attributable to associates and joint ventures	(582)	(539)
Adjustment in respect of income tax of prior years	(1,232)	254
Others	1,513	927
Income tax expense	85,515	85,326

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

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

17. PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY

The consolidated profit attributable to equity holders of the parent company for the year ended 31 December 2015 includes a profit of RMB262,322 million (2014: RMB263,201 million) which has been dealt with in the financial statements of the Bank (Note 42).

18. DIVIDENDS

	2015	2014
Dividends on ordinary shares declared and paid:		
Final dividend on ordinary shares for 2014: RMB0.2554 per share (2013: RMB0.2617 per share)	91,026	91,960
Dividends on preference shares declared and paid:		
Final dividends for 2015	2,331	–

	2015	2014
Dividends on ordinary shares proposed for approval (not recognised as at 31 December):		
Final dividend on ordinary shares for 2015: RMB0.2333 per share (2014: RMB0.2554 per share)	83,150	91,026

19. EARNINGS PER SHARE

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

	2015	2014
Earnings:		
Profit for the year attributable to ordinary equity holders of the parent company	274,800	275,811
Shares:		
Weighted average number of ordinary shares in issue (in million shares)	356,027	351,438
Basic earnings per share (RMB yuan)	0.77	0.78

Basic earnings per share was calculated as the profit for the year 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 ordinary share is based on the following:

	2015	2014
Earnings:		
Profit for the year attributable to ordinary equity holders of the parent company	274,800	275,811
Add: Interest expense on convertible bonds (net of tax)	13	447
Profit used to determine diluted earnings per share	274,813	276,258
Shares:		
Weighted average number of ordinary shares outstanding (in million shares)	356,027	351,438
Add: Weighted average number of ordinary shares assuming conversion of all dilutive shares (in million shares)	–	2,916
Weighted average number of ordinary shares for diluted earnings per share (in million shares)	356,027	354,354
Diluted earnings per share (RMB yuan)	0.77	0.78

(In RMB millions, unless otherwise stated)

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 year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares. As approved by the CBRC and the China Securities Regulatory Commission, the Bank issued RMB25 billion A share convertible bonds on 31 August 2010. As of the end of the financial reporting period, the balance of outstanding convertible bonds of the bank is nil.

20. CASH AND BALANCES WITH CENTRAL BANKS

	Group		Bank	
	2015	2014	2015	2014
Cash and unrestricted balances with central banks:				
Cash on hand	85,226	88,714	81,631	85,693
Surplus reserves with central banks (i)	2,946	80,436	512	80,027
Unrestricted balances with central banks of overseas countries or regions	91,897	31,935	64,915	20,477
	180,069	201,085	147,058	186,197
Restricted balances with central banks:				
Mandatory reserves with central banks (ii)	2,539,660	2,967,011	2,535,503	2,946,700
Fiscal deposits with the PBOC	291,537	337,092	291,537	337,092
Mandatory reserves with central banks of overseas countries or regions (ii)	37,313	18,232	6,467	3,136
Other restricted balances with the PBOC (ii)	11,054	202	11,054	202
	2,879,564	3,322,537	2,844,561	3,287,130
	3,059,633	3,523,622	2,991,619	3,473,327

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

(ii) The Group is required to place mandatory reserve deposits and other restricted deposits with the PBOC and certain central banks of overseas countries or regions where it has operations. Mandatory reserve deposits with central banks and other restricted deposits are not available for use in the Group's daily operations. Mandatory reserve deposits mainly consist of deposits placed with the PBOC. As at 31 December 2015, the mandatory deposit reserve ratios of the domestic branches of the Bank in respect of customer deposits denominated in RMB and foreign currencies were consistent with the requirement of the PBOC. The amounts of mandatory reserve deposits placed with the central banks of those countries or regions outside Mainland China are determined by local jurisdictions.

(In RMB millions, unless otherwise stated)

21. DUE FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group		Bank	
	2015	2014	2015	2014
Due from banks and other financial institutions:				
Banks operating in Mainland China	121,745	202,309	102,413	180,944
Other financial institutions operating in Mainland China	1,441	1,331	1,358	1,331
Banks and other financial institutions operating outside Mainland China	88,702	100,864	86,828	88,085
	211,888	304,504	190,599	270,360
Less: Allowance for impairment losses	(329)	(231)	(329)	(231)
	211,559	304,273	190,270	270,129
Placements with banks and other financial institutions:				
Banks operating in Mainland China	55,375	90,107	46,270	29,659
Other financial institutions operating in Mainland China	284,335	272,392	307,762	305,074
Banks and other financial institutions operating outside Mainland China	132,563	116,030	228,299	132,904
	472,273	478,529	582,331	467,637
Less: Allowance for impairment losses	(39)	(26)	(33)	(26)
	472,234	478,503	582,298	467,611
	683,793	782,776	772,568	737,740

As at 31 December 2015, the amount of the placements from the Group with non-principal guaranteed wealth management products sponsored by the Group is RMB123,397 million (31 December 2014: RMB163,700 million). During the year of 2015, the maximum exposure of the placements from the Group with non-principal guaranteed wealth management products sponsored by the Group is RMB199,316 million (2014: RMB176,624 million). The transactions were conducted in the ordinary course of business under normal terms and conditions and at market rates.

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

Group	Due from banks and other financial institutions	Placements with banks and other financial institutions	Total
At 1 January 2014	183	66	249
Charge/(reversal) for the year	48	(40)	8
At 31 December 2014 and 1 January 2015	231	26	257
Charge for the year	98	13	111
At 31 December 2015	329	39	368

(In RMB millions, unless otherwise stated)

Bank	Due from banks and other financial institutions	Placements with banks and other financial institutions	Total
At 1 January 2014	183	64	247
Charge/(reversal) for the year	48	(38)	10
At 31 December 2014 and 1 January 2015	231	26	257
Charge for the year	98	7	105
At 31 December 2015	329	33	362

22. FINANCIAL ASSETS HELD FOR TRADING

	Group		Bank	
	2015	2014	2015	2014
Debt securities	132,465	33,990	115,950	32,865
Equity investments	373	383	–	–
	132,838	34,373	115,950	32,865
Debt securities analysed into:				
Listed in Hong Kong	687	64	–	64
Listed outside Hong Kong	14,848	2,634	–	1,523
Unlisted	116,930	31,292	115,950	31,278
	132,465	33,990	115,950	32,865

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

	Group		Bank	
	2015	2014	2015	2014
Debt securities	22,224	101,560	22,009	101,391
Other debt instruments:				
Banks and other financial institutions	6,300	71,096	6,300	71,096
Others	181,910	139,799	177,973	137,911
	210,434	312,455	206,282	310,398
Analysed into:				
Listed in Hong Kong	210	62	210	–
Listed outside Hong Kong	3,250	3,312	563	3,206
Unlisted	206,974	309,081	205,509	307,192
	210,434	312,455	206,282	310,398

24. DERIVATIVE FINANCIAL INSTRUMENTS

A derivative is a financial instrument, the value of which changes in response to the change 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 markets participates at measured date.

(In RMB millions, unless otherwise stated)

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 31 December 2015, derivative assets and derivative liabilities which meet the criteria for offsetting were RMB65,861 million and RMB64,354 million respectively, and the net derivative assets and net derivative liabilities were RMB39,774 million and RMB38,267 million respectively.

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

Group

	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	1,211,545	1,309,472	139,060	4,290	2,664,367	35,533	(37,722)
Option contracts purchased	39,851	65,470	778	–	106,099	1,074	–
Option contracts written	50,866	53,240	283	–	104,389	–	(1,203)
	1,302,262	1,428,182	140,121	4,290	2,874,855	36,607	(38,925)
Interest rate contracts:							
Swap contracts	209,289	373,438	647,015	161,450	1,391,192	26,769	(28,079)
Forward contracts	69,289	193,918	322,529	–	585,736	119	(111)
Option contracts purchased	5,386	28	8,059	–	13,473	101	–
Option contracts written	5,386	–	7,383	16	12,785	–	(46)
	289,350	567,384	984,986	161,466	2,003,186	26,989	(28,236)
Commodity derivatives and others	691,028	266,823	44,352	1,460	1,003,663	15,274	(9,665)
	2,282,640	2,262,389	1,169,459	167,216	5,881,704	78,870	(76,826)

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

(In RMB millions, unless otherwise stated)

Bank

	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	951,232	1,093,826	78,220	2,470	2,125,748	27,457	(29,659)
Option contracts purchased	12,961	42,911	26	–	55,898	446	–
Option contracts written	22,495	29,184	238	–	51,917	–	(623)
	986,688	1,165,921	78,484	2,470	2,233,563	27,903	(30,282)
Interest rate contracts:							
Swap contracts	54,607	134,907	95,726	18,354	303,594	1,676	(1,860)
Forward contracts	–	2,286	–	–	2,286	–	–
	54,607	137,193	95,726	18,354	305,880	1,676	(1,860)
Commodity derivatives and others	38,407	54,475	439	299	93,620	3,711	(1,002)
	1,079,702	1,357,589	174,649	21,123	2,633,063	33,290	(33,144)

	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	836,204	662,144	56,735	3,331	1,558,414	18,045	(18,839)
Option contracts purchased	6,019	26,960	–	–	32,979	78	–
Option contracts written	3,133	2,399	–	–	5,532	–	(70)
	845,356	691,503	56,735	3,331	1,596,925	18,123	(18,909)
Interest rate contracts:							
Swap contracts	66,383	69,365	113,153	10,151	259,052	1,791	(2,054)
Forward contracts	1,383	5,253	819	–	7,455	–	(4)
	67,766	74,618	113,972	10,151	266,507	1,791	(2,058)
Commodity derivatives and others	182,605	52,507	1,304	219	236,635	2,378	(1,357)
	1,095,727	818,628	172,011	13,701	2,100,067	22,292	(22,324)

(In RMB millions, unless otherwise stated)

Cash flow hedges

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

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

Group

	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	265	503	10,406	2,192	13,366	201	(32)
Currency swap contracts	2,347	1,018	790	–	4,155	20	(30)
Equity derivative instruments	77	84	104	–	265	–	(60)
	2,689	1,605	11,300	2,192	17,786	221	(122)

	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)

Bank

	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	–	–	513	245	758	4	–
Currency swap contracts	2,081	220	–	–	2,301	20	–
	2,081	220	513	245	3,059	24	–

	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	–	68	156	259	483	5	(3)
Currency swap contracts	3,022	6,508	–	–	9,530	98	–
Currency forward contracts	–	25	–	–	25	–	–
	3,022	6,601	156	259	10,038	103	(3)

There is no ineffectiveness recognised in profit or loss that arises from the cash flow hedge for the current year (2014: Nil).

(In RMB millions, unless otherwise stated)

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 profit or loss during the year is presented as follows:

	Group	
	2015	2014
Gain/(loss) arising from fair value hedges, net:		
— Hedging instruments	91	136
— Hedged items attributable to the hedged risk	(73)	(129)
	18	7

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

Group

	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	279	339	18,828	2,896	22,342	311	(133)
	279	339	18,828	2,896	22,342	311	(133)

	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)

Bank

	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	162	282	15,290	2,626	18,360	73	(99)

(In RMB millions, unless otherwise stated)

	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	395	837	8,297	3,093	12,622	51	(148)

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

	Group		Bank	
	2015	2014	2015	2014
Counterparty credit default risk-weighted assets	45,372	24,882	26,194	22,568
Currency derivatives	24,281	22,676	17,616	21,259
Interest rate derivatives	3,819	1,631	769	731
Credit derivatives	75	–	–	–
Commodity derivatives and others	7,207	565	5,541	568
Netting settled credit default risk-weighted assets	9,990	10	2,268	10
Credit value adjustment	20,332	17,717	16,075	14,399
	65,704	42,599	42,269	36,967

(i) 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.

25. REVERSE REPURCHASE AGREEMENTS

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

	Group		Bank	
	2015	2014	2015	2014
Reverse repurchases (i)	943,351	388,512	792,876	259,213
Cash advanced as collateral on securities borrowing	52,982	79,950	–	–
	996,333	468,462	792,876	259,213
Reverse repurchases analysed by counterparty:				
Banks	569,932	232,592	561,954	230,922
Other financial institutions	373,419	155,920	230,922	28,291
	943,351	388,512	792,876	259,213
Reverse repurchases analysed by collateral:				
Securities	638,863	251,777	483,892	122,478
Bills	304,488	133,752	308,984	133,752
Loans	–	2,983	–	2,983
	943,351	388,512	792,876	259,213

(In RMB millions, unless otherwise stated)

(i) In accordance with master repo agreements and related supplementary agreements, the Group offsets reverse repurchase agreements and repurchase agreements which meet the criteria for offsetting (note 3(13)), and presents net positive (or negative) amounts as reverse repurchase agreements (or repurchase agreements) in the financial statement. As at 31 December 2015, reverse repurchase agreements and repurchase agreements which meet the criteria for offsetting were RMB572,560 million and RMB597,258 million respectively (31 December 2014: RMB385,031 million and RMB429,705 million respectively), and the net reverse repurchase agreements and net repurchase agreements were RMB137,066 million and RMB161,764 million, respectively (31 December 2014: RMB110,748 million and RMB155,422 million, respectively).

(ii) As part of the reverse repurchase agreements, the Group has received securities that it is allowed to sell or repledge in the absence of default by their owners. At 31 December 2015, the Group had received securities with a fair value of approximately RMB140,834 million on such terms (31 December 2014: RMB189,195 million). Of these, securities with a fair value of approximately RMB168,826 million have been repledged under repurchase agreements (31 December 2014: RMB168,769 million). The Group has an obligation to return the securities to its counterparties. If the collateral received declines in value, the Group may, in certain circumstances, require additional collateral.

26. LOANS AND ADVANCES TO CUSTOMERS

	Group		Bank	
	2015	2014	2015	2014
Corporate loans and advances	7,869,552	7,612,592	7,315,786	7,083,319
Personal loans	3,541,862	3,063,465	3,471,539	3,007,959
Discounted bills	522,052	350,274	511,707	344,099
	11,933,466	11,026,331	11,299,032	10,435,377
Less: Allowance for impairment losses	(280,654)	(257,581)	(272,556)	(251,162)
	11,652,812	10,768,750	11,026,476	10,184,215

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

Group

	Individually assessed	Collectively assessed	Total
At 1 January 2014	39,065	201,894	240,959
Impairment loss:	37,610	18,657	56,267
— impairment allowances charged	59,516	134,411	193,927
— impairment allowances transferred	861	(861)	–
— reversal of impairment allowances	(22,767)	(114,893)	(137,660)
Accreted interest on impaired loans (note 6)	(2,779)	–	(2,779)
Write-offs	(33,875)	(4,489)	(38,364)
Recoveries of loans and advances previously written off	1,224	274	1,498
At 31 December 2014 and 1 January 2015	41,245	216,336	257,581
Impairment loss:	63,728	22,294	86,022
— impairment allowances charged	91,878	134,262	226,140
— impairment allowances transferred	902	(902)	–
— reversal of impairment allowances	(29,052)	(111,066)	(140,118)
Accreted interest on impaired loans (note 6)	(4,156)	–	(4,156)
Acquisition of subsidiaries	326	88	414
Write-offs	(50,365)	(9,931)	(60,296)
Recoveries of loans and advances previously written off	721	368	1,089
At 31 December 2015	51,499	229,155	280,654

(In RMB millions, unless otherwise stated)

Bank

	Individually assessed	Collectively assessed	Total
At 1 January 2014	37,410	198,075	235,485
Impairment loss:	36,955	18,147	55,102
— impairment allowances charged	58,381	133,867	192,248
— impairment allowances transferred	856	(856)	–
— reversal of impairment allowances	(22,282)	(114,864)	(137,146)
Accreted interest on impaired loans	(2,772)	–	(2,772)
Write-offs	(33,726)	(4,408)	(38,134)
Recoveries of loans and advances previously written off	1,213	268	1,481
At 31 December 2014 and 1 January 2015	39,080	212,082	251,162
Impairment loss:	62,378	22,108	84,486
— impairment allowances charged	90,032	133,877	223,909
— impairment allowances transferred	890	(890)	–
— reversal of impairment allowances	(28,544)	(110,879)	(139,423)
Accreted interest on impaired loans	(4,144)	–	(4,144)
Write-offs	(50,161)	(9,867)	(60,028)
Recoveries of loans and advances previously written off	721	359	1,080
At 31 December 2015	47,874	224,682	272,556

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

Group

	Corporate loans and advances and discounted bills	Personal loans	Total
At 1 January 2014	172,417	68,542	240,959
Impairment loss:	40,176	16,091	56,267
— impairment allowances charged	155,673	38,254	193,927
— reversal of impairment allowances	(115,497)	(22,163)	(137,660)
Accreted interest on impaired loans (note 6)	(2,779)	–	(2,779)
Write-offs	(33,875)	(4,489)	(38,364)
Recoveries of loans and advances previously written off	1,224	274	1,498
At 31 December 2014 and 1 January 2015	177,163	80,418	257,581
Impairment loss:	63,752	22,270	86,022
— impairment allowances charged	171,571	54,569	226,140
— reversal of impairment allowances	(107,819)	(32,299)	(140,118)
Accreted interest on impaired loans (note 6)	(4,156)	–	(4,156)
Acquisition of subsidiaries	372	42	414
Write-offs	(50,365)	(9,931)	(60,296)
Recoveries of loans and advances previously written off	721	368	1,089
At 31 December 2015	187,487	93,167	280,654

(In RMB millions, unless otherwise stated)

Bank

	Corporate loans and advances and discounted bills	Personal loans	Total
At 1 January 2014	167,580	67,905	235,485
Impairment loss:	39,144	15,958	55,102
— impairment allowances charged	154,131	38,117	192,248
— reversal of impairment allowances	(114,987)	(22,159)	(137,146)
Accreted interest on impaired loans	(2,772)	–	(2,772)
Write-offs	(33,726)	(4,408)	(38,134)
Recoveries of loans and advances previously written off	1,213	268	1,481
At 31 December 2014 and 1 January 2015	171,439	79,723	251,162
Impairment loss:	62,333	22,153	84,486
— impairment allowances charged	169,487	54,422	223,909
— reversal of impairment allowances	(107,154)	(32,269)	(139,423)
Accreted interest on impaired loans	(4,144)	–	(4,144)
Write-offs	(50,161)	(9,867)	(60,028)
Recoveries of loans and advances previously written off	721	359	1,080
At 31 December 2015	180,188	92,368	272,556

	Group		Bank	
	2015	2014	2015	2014
Loans and advances for which allowance for impairment losses are:				
Individually assessed	135,780	92,348	130,375	88,854
Collectively assessed	11,797,686	10,933,983	11,168,657	10,346,523
	11,933,466	11,026,331	11,299,032	10,435,377
Less: Allowance for impairment losses:				
Individually assessed	(51,499)	(41,245)	(47,874)	(39,080)
Collectively assessed	(229,155)	(216,336)	(224,682)	(212,082)
	(280,654)	(257,581)	(272,556)	(251,162)
Net loans and advances for which allowance for impairment losses are:				
Individually assessed	84,281	51,103	82,501	49,774
Collectively assessed	11,568,531	10,717,647	10,943,975	10,134,441
	11,652,812	10,768,750	11,026,476	10,184,215
Identified impaired loans and advances	179,518	124,497	173,857	120,756
Percentage of impaired loans and advances	1.50%	1.13%	1.54%	1.16%

(In RMB millions, unless otherwise stated)

27. FINANCIAL INVESTMENTS

		Group		Bank	
		2015	2014	2015	2014
Receivables	(a)	352,143	331,731	338,839	319,108
Held-to-maturity investments	(b)	2,870,353	2,566,390	2,813,091	2,548,977
Available-for-sale financial assets	(c)	1,444,195	1,188,288	1,299,068	1,090,116
		4,666,691	4,086,409	4,450,998	3,958,201

(a) Receivables

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

		Group		Bank	
		2015	2014	2015	2014
Huarong bonds	(i)	108,187	112,128	108,187	112,128
Special government bond	(ii)	85,000	85,000	85,000	85,000
Others	(iii)	158,956	134,603	145,652	121,980
		352,143	331,731	338,839	319,108

	Group		Bank	
	2015	2014	2015	2014
Analysed into:				
Listed outside Hong Kong	54,900	23,720	54,900	23,720
Unlisted	297,243	308,011	283,939	295,388
	352,143	331,731	338,839	319,108

(i) The Huarong bonds are a series of long term bonds issued China Huarong Asset Management Co., Ltd ("Huarong") in the year of 2000 and 2001 to the Bank, with an aggregate amount of RMB312,996 million. The proceeds from the issuance of the bonds were used to purchase non-performing loans of the Bank. The bonds are non-negotiable, with a tenure of 10 years and bear interest at a fixed rate of 2.25% per annum. In 2010, the Bank received a notice from the Ministry of Finance of the People's Republic of China (the "MOF") that the maturity dates of the Huarong bonds were extended for another ten years and the interest rate remains unchanged. Additionally, the MOF will continue providing funding in support of the repayment of the principal and interest of the bonds. As at 31 December 2015, the Bank received early repayments amounting to RMB204,809 million accumulated.

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

(iii) Others include government, financial and corporate bonds, asset management plans with fixed or determined payments. They will mature from January 2016 to July 2027 and bear interest rates ranging from 2.10% to 9.50% per annum. During the reporting period, the amounts which have been matured have been repaid without overdue history.

(In RMB millions, unless otherwise stated)

(b) Held-to-maturity investments

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

	Group		Bank	
	2015	2014	2015	2014
Debt securities	2,870,448	2,566,532	2,813,118	2,549,001
Less: Allowance for impairment losses	(95)	(142)	(27)	(24)
	2,870,353	2,566,390	2,813,091	2,548,977

	Group		Bank	
	2015	2014	2015	2014
Analysed into:				
Listed in Hong Kong	21,318	11,477	3,830	883
Listed outside Hong Kong	35,798	863,914	11,038	854,631
Unlisted	2,813,237	1,690,999	2,798,223	1,693,463
	2,870,353	2,566,390	2,813,091	2,548,977
Market value of listed debt securities	57,116	875,391	14,868	855,514

For the year ended 31 December 2015, the Group disposed of securities classified as held-to-maturity investments with a total carrying amount of RMB25,472 million (31 December 2014: RMB16,370 million) prior to their maturity. The carrying amount of held-to-maturity securities sold accounted for 0.88% (31 December 2014: 0.62%) of the total amount of the Group's held-to-maturity investments.

(In RMB millions, unless otherwise stated)

(c) Available-for-sale financial assets

Available-for-sale financial assets comprise the following:

	Group		Bank	
	2015	2014	2015	2014
Debt securities, at fair value (i)	1,402,673	1,172,934	1,296,903	1,087,419
Other debt instruments, at fair value	27,593	3,672	–	–
Equity investments:				
At fair value (i)	13,091	10,889	1,433	1,965
At cost (ii)	838	793	732	732
Debt for equity swaps	1,063	1,061	1,061	1,061
Others	448	402	277	277
Less: Allowance for impairment losses of equity investments, at cost	(673)	(670)	(606)	(606)
	1,444,195	1,188,288	1,299,068	1,090,116
Debt securities analysed into:				
Listed in Hong Kong	44,362	23,843	21,770	11,701
Listed outside Hong Kong	169,180	211,051	116,895	175,391
Unlisted	1,189,131	938,040	1,158,238	900,327
	1,402,673	1,172,934	1,296,903	1,087,419
Equity investments analysed into:				
Listed in Hong Kong	508	1,391	–	–
Listed outside Hong Kong	6,730	3,040	1,433	1,965
Unlisted	6,691	7,251	732	732
	13,929	11,682	2,165	2,697
Market value of listed securities:				
Debt securities	213,542	234,894	138,665	187,092
Equity investments	7,238	4,431	1,433	1,965
	220,780	239,325	140,098	189,057

(i) When impairment of an available-for-sale investment measured at fair value occurs, any impairment loss recognised is recorded in the carrying amount directly. As at 31 December 2015, the available-for-sale financial assets measured at fair value include impaired debt securities whose carrying amount was RMB141 million (31 December 2014: RMB75 million), and individually impaired equity investments whose carrying amount was RMB264 million (31 December 2014: RMB593 million), with the reversal of impairment loss recognised in profit or loss for the year of RMB37 million (2014: accrual of impairment loss of RMB52 million) on available-for-sale debt securities; and the accrual of impairment loss recognised in profit or loss for the year of RMB33 million (2014: RMB111 million) on available-for-sale equity investments.

(ii) Certain available-for-sale unlisted equity investments which do not have any quoted market prices and whose fair values cannot be measured reliably are stated at cost less any impairment losses. There is no active market for these investments and it is the Group's intention to dispose of them as opportunities arise. During the year, the Group did not dispose of these equity investments (2014: RMB244 million). No gain was recognised on disposal of these equity investments during the year (2014: RMB213 million).

(In RMB millions, unless otherwise stated)

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

	Group			Bank		
	Held-to-maturity investments	Available-for-sale equity investments	Total	Held-to-maturity investments	Available-for-sale equity investments	Total
At 1 January 2014	142	803	945	58	801	859
Charge for the year	41	–	41	–	–	–
Reversal	(38)	–	(38)	(31)	–	(31)
Disposals	(3)	(195)	(198)	(3)	(195)	(198)
Others	–	62	62	–	–	–
At 31 December 2014 and 1 January 2015	142	670	812	24	606	630
Charge for the year	–	–	–	–	–	–
Reversal	(25)	–	(25)	–	–	–
Disposals	(30)	–	(30)	–	–	–
Others	8	3	11	3	–	3
At 31 December 2015	95	673	768	27	606	633

28. INVESTMENTS IN SUBSIDIARIES

	Bank	
	2015	2014
Unlisted investments, at cost	101,066	80,419

(In RMB millions, unless otherwise stated)

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

Name	Percentage of equity interest % 2015	Percentage of equity interest % 2014	Voting rights % 2015	Nominal value of issued share/ paid-in capital 2015	Amount invested by the Bank	Place of incorporation/ registration and operations	Principal activities
Industrial and Commercial Bank of China (Asia) Limited ("ICBC Asia")	100	100	100	HKD36,379 million	HKD46,930 million	Hong Kong, the PRC	Commercial banking
ICBC International Holdings Limited ("ICBC International")	100	100	100	HKD4,882 million	HKD4,882 million	Hong Kong, the PRC	Investment banking
Industrial and Commercial Bank of China (Almaty) Joint Stock Company	100	100	100	KZT8,933 million	KZT8,933 million	Almaty, Kazakhstan	Commercial banking
ICBC (London) PLC ("ICBC London")	100	100	100	USD200 million	USD200 million	London, United Kingdom	Commercial banking
ICBC Credit Suisse Asset Management Co., Ltd. *	80	80	80	RMB200 million	RMB433 million	Beijing, the PRC	Fund management
Industrial and Commercial Bank of China (Europe) S.A.	100	100	100	EUR437 million	EUR437 million	Luxembourg	Commercial banking
PT. Bank ICBC Indonesia ("ICBC Indonesia")	98.61	98.61	98.61	IDR2,692.2 billion	USD286 million	Jakarta, Indonesia	Commercial banking
Bank ICBC (Joint stock company)	100	100	100	RUB2,310 million	RUB2,310 million	Moscow, Russia	Commercial banking
ICBC Financial Leasing Co., Ltd. *	100	100	100	RMB11,000 million	RMB11,000 million	Tianjin, the PRC	Leasing
Industrial and Commercial Bank of China (Macau) Limited ("ICBC Macau")	89.33	89.33	89.33	MOP589 million	MOP12,064 million	Macau, the PRC	Commercial banking
Zhejiang Pinghu ICBC Rural Bank Co., Ltd. *	60	60	60	RMB200 million	RMB120 million	Zhejiang, the PRC	Commercial banking
Chongqing Bishan ICBC Rural Bank Co., Ltd. *	100	100	100	RMB100 million	RMB100 million	Chongqing, the PRC	Commercial banking
Industrial and Commercial Bank of China (Canada)	80	80	80	CAD158 million	CAD178.66 million	Toronto, Canada	Commercial banking
Industrial and Commercial Bank of China (Malaysia) Berhad	100	100	100	MYR331 million	MYR331 million	Kuala Lumpur, Malaysia	Commercial banking
Industrial and Commercial Bank of China (Thai) Public Company Limited ("ICBC Thai")	97.86	97.86	97.86	THB20,132 million	THB23,711 million	Bangkok, Thailand	Commercial banking
Industrial and Commercial Bank of China Financial Services LLC	100	100	100	USD50 million	USD50.25 million	Delaware and New York, United States	Broker dealer
ICBC-AXA Assurance Co., Ltd. *	60	60	60	RMB8,705 million	RMB5,700 million	Shanghai, China	Insurance
Industrial and Commercial Bank of China (USA) NA	80	80	80	USD309 million	USD258 million	New York, United States	Commercial banking
Industrial and Commercial Bank of China (Argentina) S.A.("ICBC Argentina")	80	80	80	ARS1,345 million	ARS3,505 million	Buenos Aires, Argentina	Commercial banking
ICBC PERU BANK	100	100	100	USD50 million	USD50 million	Lima, Peru	Commercial banking
Industrial and Commercial Bank of China (Brasil) S.A.	99.99	99.99	99.99	Real202 million	Real202 million	Sao Paulo, Brazil	Commercial and investment banking
Industrial and Commercial Bank of China (New Zealand) Limited ("ICBC New Zealand")	100	100	100	NZD60.38 million	NZD60.38 million	Auckland, New Zealand	Commercial banking
Industrial and Commercial Bank of China (Mexico) S.A.	100	100	100	MXN664 million	MXN664 million	Mexico City, Mexico	Commercial banking
ICBC Turkey Bank Anonim Şirketi ("ICBC Turkey")	92.8169	–	92.8169	TRY420 million	USD309 million	Istanbul, Turkey	Commercial banking
ICBC Standard Bank PLC ("ICBC Standard")	60	–	60	USD1,083 million	USD680 million	London, United Kingdom	Banking

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

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

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

(In RMB millions, unless otherwise stated)

29. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

Investment in associates and joint ventures comprise the following:

		Group	
		2015	2014
Interest in associates	(a)	22,095	27,005
Interest in joint ventures	(b)	2,090	1,914
		24,185	28,919

	Group	
	2015	2014
Share of net assets	15,709	16,954
Goodwill	8,824	12,313
	24,533	29,267
Less: Allowance for impairment losses	(348)	(348)
	24,185	28,919

	Bank	
	2015	2014
Shares listed outside Hong Kong, at cost	34,242	34,242

(a) Interest in associates

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

	Percentage of equity interest %		Voting rights %		
Name	31 December 2015	31 December 2014	31 December 2015	Place of incorporation/ registration	Principal activities
Standard Bank Group Limited ("Standard Bank") (i)	20.08	20.08	20.08	Johannesburg, Republic of South Africa	Commercial banking

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

The market value of the Group's investment in Standard Bank amounts to RMB15,362 million as at 31 December 2015 (31 December 2014: RMB25,019 million).

(In RMB millions, unless otherwise stated)

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

	2015	2014
Gross amounts of the associate		
Assets	824,404	1,021,036
Liabilities	749,889	934,306
Net assets	74,515	86,730
Revenue	42,950	48,012
Profit from continuing operations	11,197	10,229
Other comprehensive income	826	187
Total comprehensive income	12,023	10,416
Dividends received from the associate	4,950	5,061
Reconciled to the Group's interests in the associate		
Gross amounts of net assets of the associate attribute to the parent company	64,508	76,606
Group's effective interest	20.08%	20.08%
Group's share of net assets of the associate	12,954	15,382
Goodwill	8,788	11,324
Carrying amount of the Group's interest in Standard Bank in the consolidated financial statements	21,742	26,706

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

	2015	2014
Aggregate amounts of the Group's share of those associates:		
Profit from continuing operations	22	29
Other comprehensive income	–	–
Total comprehensive income	22	29

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

	2015	2014
Carrying amount of material associates — Standard Bank	21,742	26,706
Carrying amount of individually immaterial associates	701	647
Less: Allowance for impairment losses	(348)	(348)
Interest in associates in the consolidated financial statements	22,095	27,005

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

(b) Interest in joint ventures

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

	2015	2014
Aggregate carrying amount of individually immaterial joint ventures in the consolidated financial statements	2,090	1,914
Aggregate amounts of the Group's share of those joint ventures:		
Profit from continuing operations	59	74
Other comprehensive income	–	–
Total comprehensive income	59	74

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

(In RMB millions, unless otherwise stated)

30. PROPERTY AND EQUIPMENT

Group

	Properties and buildings	Construction in progress	Leasehold improvements	Office equipment and motor vehicles	Aircraft and vessels	Total
Cost:						
At 1 January 2014	117,755	24,911	8,257	59,730	34,013	244,666
Additions	4,398	10,643	973	8,731	29,070	53,815
CIP transfer in/(out)	5,931	(10,615)	–	165	4,519	–
Disposals	(671)	(94)	(568)	(3,053)	(778)	(5,164)
At 31 December 2014 and 1 January 2015	127,413	24,845	8,662	65,573	66,824	293,317
Additions	1,909	12,305	1,001	7,530	31,782	54,527
CIP transfer in/(out)	5,920	(10,658)	–	188	4,550	–
Acquisition of subsidiaries	319	–	–	160	–	479
Disposals	(1,328)	(350)	(154)	(2,276)	(10,371)	(14,479)
At 31 December 2015	134,233	26,142	9,509	71,175	92,785	333,844
Accumulated depreciation and impairment:						
At 1 January 2014	35,142	70	4,614	38,523	1,970	80,319
Depreciation charge for the year	5,348	–	1,041	7,909	1,796	16,094
Impairment charge for the year	–	–	–	–	123	123
Disposals	(293)	(29)	(35)	(2,120)	(22)	(2,499)
At 31 December 2014 and 1 January 2015	40,197	41	5,620	44,312	3,867	94,037
Depreciation charge for the year	5,562	–	1,073	7,925	3,489	18,049
Impairment charge for the year	–	–	–	–	324	324
Acquisition of subsidiaries	189	–	–	97	–	286
Disposals	(281)	–	(108)	(2,231)	(658)	(3,278)
At 31 December 2015	45,667	41	6,585	50,103	7,022	109,418
Net carrying amount:						
At 31 December 2014	87,216	24,804	3,042	21,261	62,957	199,280
At 31 December 2015	88,566	26,101	2,924	21,072	85,763	224,426

Bank

	Properties and buildings	Construction in progress	Leasehold improvements	Office equipment and motor vehicles	Total
Cost:					
At 1 January 2014	115,872	18,291	7,096	57,589	198,848
Additions	4,347	5,674	918	8,714	19,653
CIP transfer in/(out)	5,931	(6,096)	–	165	–
Disposals	(671)	(77)	(61)	(2,233)	(3,042)
At 31 December 2014 and 1 January 2015	125,479	17,792	7,953	64,235	215,459
Additions	1,655	8,353	880	7,424	18,312
CIP transfer in/(out)	5,918	(6,105)	–	187	–
Disposals	(1,238)	(309)	(90)	(2,128)	(3,765)
At 31 December 2015	131,814	19,731	8,743	69,718	230,006
Accumulated depreciation and impairment:					
At 1 January 2014	34,819	70	4,370	37,873	77,132
Depreciation and impairment charge for the year	5,284	–	934	7,678	13,896
Disposals	(293)	(29)	(32)	(2,083)	(2,437)
At 31 December 2014 and 1 January 2015	39,810	41	5,272	43,468	88,591
Depreciation and impairment charge for the year	5,442	–	994	7,783	14,219
Disposals	(276)	–	(89)	(2,108)	(2,473)
At 31 December 2015	44,976	41	6,177	49,143	100,337
Net carrying amount:					
At 31 December 2014	85,669	17,751	2,681	20,767	126,868
At 31 December 2015	86,838	19,690	2,566	20,575	129,669

(In RMB millions, unless otherwise stated)

The carrying value of the Group's and the Bank's properties and buildings is analysed based on the remaining terms of the land leases as follows:

	Group		Bank	
	2015	2014	2015	2014
Long term leases (over 50 years):				
Held in the PRC (other than Hong Kong)	13,044	12,236	13,044	12,236
Held in Hong Kong	615	581	293	281
Held overseas	600	514	172	55
	14,259	13,331	13,509	12,572
Medium term leases (10 to 50 years):				
Held in the PRC (other than Hong Kong)	70,459	70,751	70,331	70,751
Held in Hong Kong	305	279	66	69
Held overseas	602	571	8	9
	71,366	71,601	70,405	70,829
Short term leases (less than 10 years):				
Held in the PRC (other than Hong Kong)	2,822	2,179	2,822	2,179
Held in Hong Kong	34	21	34	21
Held overseas	85	84	68	68
	2,941	2,284	2,924	2,268
	88,566	87,216	86,838	85,669

As at 31 December 2015, the process of obtaining the title for the Group's properties and buildings with an aggregate net carrying value of RMB11,852 million (31 December 2014: RMB10,781 million) was still in progress. Management is of the view that the aforesaid matter would neither affect the rights of the Group to these assets nor have any significant impact on the business operation of the Group.

As at 31 December 2015, the net carrying value of aircraft and vessels leased out by the Group under operating leases was RMB85,763 million (31 December 2014: RMB62,957 million).

As at 31 December 2015, the net carrying value of aircraft and vessels owned by the Group that have been pledged as security for due to banks and other financial institutions was RMB22,850 million (31 December 2014: RMB15,598 million).

31. DEFERRED INCOME TAX ASSETS AND LIABILITIES

(a) Analysed by nature

Group

	2015		2014	
	Deductible/ (taxable) temporary differences	Deferred income tax assets/ (liabilities)	Deductible/ (taxable) temporary differences	Deferred income tax assets/ (liabilities)
Deferred income tax assets:				
Allowance for impairment losses	113,845	28,443	104,244	25,807
Change in fair value of available-for-sale financial assets	(38,283)	(9,670)	(5,457)	(1,341)
Change in fair value of financial instruments at fair value through profit or loss	(3,166)	(790)	(2,400)	(602)
Accrued staff costs	28,696	7,174	25,791	6,448
Others	(16,886)	(4,091)	(22,701)	(5,554)
	84,206	21,066	99,477	24,758

(In RMB millions, unless otherwise stated)

Group

	2015		2014	
	Taxable/ (deductible) temporary differences	Deferred income tax liabilities/ (assets)	Taxable/ (deductible) temporary differences	Deferred income tax liabilities/ (assets)
Deferred income tax liabilities:				
Allowance for impairment losses	(1,143)	(296)	(465)	(68)
Change in fair value of available-for-sale financial assets	2,848	595	396	70
Others	2,304	696	2,474	449
	4,009	995	2,405	451

Bank

	2015		2014	
	Deductible/ (taxable) temporary differences	Deferred income tax assets/ (liabilities)	Deductible/ (taxable) temporary differences	Deferred income tax assets/ (liabilities)
Deferred income tax assets:				
Allowance for impairment losses	112,204	28,054	100,136	25,022
Change in fair value of available-for-sale financial assets	(37,275)	(9,343)	(4,477)	(1,110)
Change in fair value of financial instruments at fair value through profit or loss	(3,191)	(798)	(2,411)	(601)
Accrued staff costs	28,696	7,174	25,791	6,448
Others	(18,900)	(4,733)	(23,368)	(5,860)
	81,534	20,354	95,671	23,899

(b) Movements of deferred income tax

Group

2015	At 1 January 2015	Total gains/ (losses) recorded in profit or loss	Total (losses)/ gains recorded in equity	Acquisition of subsidiaries	At 31 December 2015
Deferred income tax assets:					
Allowance for impairment losses	25,807	2,636	–	–	28,443
Change in fair value of available-for-sale financial assets	(1,341)	–	(8,329)	–	(9,670)
Change in fair value of financial instruments at fair value through profit or loss	(602)	(188)	–	–	(790)
Accrued staff costs	6,448	726	–	–	7,174
Others	(5,554)	695	733	35	(4,091)
	24,758	3,869	(7,596)	35	21,066

(In RMB millions, unless otherwise stated)

Group

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

2015	At 1 January 2015	Total gains/(losses) recorded in profit or loss	Total losses recorded in equity	At 31 December 2015
Deferred income tax liabilities:				
Allowance for impairment losses	(68)	(228)	–	(296)
Change in fair value of available-for-sale financial assets	70	–	525	595
Others	449	247	–	696
	451	19	525	995

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

(In RMB millions, unless otherwise stated)

Bank

2015	At 1 January 2015	Total gains/(losses) recorded in profit or loss	Total (losses)/gains recorded in equity	At 31 December 2015
Deferred income tax assets:				
Allowance for impairment losses	25,022	3,032	–	28,054
Change in fair value of available-for-sale financial assets	(1,110)	–	(8,233)	(9,343)
Change in fair value of financial instruments at fair value through profit or loss	(601)	(197)	–	(798)
Accrued staff costs	6,448	726	–	7,174
Others	(5,860)	378	749	(4,733)
	23,899	3,939	(7,484)	20,354

2014	At 1 January 2014	Total gains/(losses) recorded in profit or loss	Total losses recorded in equity	At 31 December 2014
Deferred income tax assets:				
Allowance for impairment losses	19,279	5,743	–	25,022
Change in fair value of available-for-sale financial assets	9,876	–	(10,986)	(1,110)
Change in fair value of financial instruments at fair value through profit or loss	(1,894)	1,293	–	(601)
Accrued staff costs	5,751	697	–	6,448
Others	(4,873)	(259)	(728)	(5,860)
	28,139	7,474	(11,714)	23,899

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

32. OTHER ASSETS

	Group		Bank	
	2015	2014	2015	2014
Interest receivable	108,907	108,330	103,613	103,841
Precious metals	114,619	95,950	92,967	95,885
Land use rights	19,756	20,499	19,682	20,429
Advance payments	11,310	12,124	428	487
Settlement accounts	173,241	95,014	141,516	79,474
Goodwill (i)	8,956	8,966	–	–
Repossessed assets	6,808	3,726	6,624	3,477
Others	15,102	11,492	6,726	6,443
	458,699	356,101	371,556	310,036

(In RMB millions, unless otherwise stated)

(i) The Group paid RMB1,550 million as acquisition cost for the purchase of 92.8169% equity interest in Turkey Tekstilbank in 2015. The excess of the acquisition cost over the Group's interest in the fair value of Turkey Tekstilbank's identifiable net assets, amounting to RMB458 million, was recognised as goodwill attributable to Turkey Tekstilbank.

The Group paid RMB4,251 million as acquisition cost for the purchase of 60% equity interest in ICBC Standard in 2015. The acquisition cost less than the Group's interest in the fair value of ICBC Standard's identifiable net assets, amounting to RMB487 million, was recognised as non-operating income attributable to ICBC Standard.

Goodwill arising from business combinations has been allocated to the Group's CGU, which is not larger than the reportable segment of the Group, for impairment testing.

The recoverable amount of the CGU is determined based on the discounted future cash flows of the CGU. The cash flow projections are based on financial forecasts approved by management of the subsidiaries. The average growth rates are projected based on the similar rates which do not exceed the long term average growth rate for the business in which the CGU operates. The discount rate is the pre-tax rate and reflects the specific risk associated with the CGU.

As indicated by the impairment tests, goodwill arising from business combinations is not impaired and thus, no impairment loss was recognised.

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

		Group		Bank	
		2015	2014	2015	2014
Wealth management products	(1)	205,531	312,336	205,531	312,336
Structured deposits	(2)(a)	27,521	217,431	27,521	217,431
Financial liabilities related to precious metals	(2)(b)	55,871	53,227	55,866	53,223
Debt securities	(2)(c)	8,496	6,227	8,496	6,227
Other		6,508	164	–	–
Total		303,927	589,385	297,414	589,217

(1) The principal guaranteed wealth management products issued by the Group and the financial assets invested in by the aforementioned products form part of a group of financial instruments that are together managed on a fair value basis, and are classified as financial liabilities and financial assets designated at fair value through profit or loss, respectively. The fair value of the wealth management products was RMB1,496 million higher than the amount that the Group would be contractually required to pay to the holders of the wealth management products upon maturity as at 31 December 2015 (31 December 2014: RMB1,531 million higher).

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

(a) As at 31 December 2015, the fair value of structured deposits was higher than the amount that the Group would be contractually required to pay to the holders of these structured deposits upon maturity by RMB159 million (31 December 2014: RMB588 million higher).

(b) As at 31 December 2015, the fair value of the financial liabilities related to precious metals was approximately the same as the amount that the Group would be contractually required to pay to the holders (31 December 2014: approximately the same).

(c) The debt securities including notes issued by Singapore Branch in 2012 and 2014 at fixed rates and note issued by London Branch in 2015 were classified as financial liabilities designated at fair value through profit or loss. The fair value of the debt securities was lower than the amount that the Group would be contractually required to pay to the holders of these debt securities upon maturity as at 31 December 2015 by RMB383 million (31 December 2014: RMB641 million lower).

(In RMB millions, unless otherwise stated)

There were no significant changes in the credit spread of the Bank and therefore the amounts of changes in fair value of the financial liabilities that were attributable to changes in credit risk were considered not significant during the years presented and cumulatively as at 31 December 2015 and 31 December 2014. The changes in fair value of the financial liabilities were mainly attributable to changes in other market factors.

34. DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group		Bank	
	2015	2014	2015	2014
Deposits:				
Banks and other financial institutions operating in Mainland China	1,673,179	941,769	1,653,551	943,755
Banks and other financial institutions operating outside Mainland China	115,088	165,007	68,198	148,548
	1,788,267	1,106,776	1,721,749	1,092,303
Money market takings:				
Banks and other financial institutions operating in Mainland China	185,789	136,819	74,950	39,674
Banks and other financial institutions operating outside Mainland China	291,804	295,644	306,590	261,303
	477,593	432,463	381,540	300,977
	2,265,860	1,539,239	2,103,289	1,393,280

35. REPURCHASE AGREEMENTS

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

	Group		Bank	
	2015	2014	2015	2014
Repurchases (note 25(i))	313,306	344,380	130,830	161,718
Cash received as collateral on securities lending	23,885	36,577	–	–
	337,191	380,957	130,830	161,718
Repurchases analysed by counterparty:				
Banks	180,681	191,763	121,420	161,649
Other financial institutions	132,625	152,617	9,410	69
	313,306	344,380	130,830	161,718
Repurchases analysed by collateral:				
Securities	303,841	332,578	121,365	150,884
Bills	9,465	10,834	9,465	10,834
Loans	–	968	–	–
	313,306	344,380	130,830	161,718

36. CERTIFICATES OF DEPOSIT

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

37. DUE TO CUSTOMERS

	Group		Bank	
	2015	2014	2015	2014
Demand deposits:				
Corporate customers	4,507,661	4,134,828	4,413,305	4,026,374
Personal customers	3,390,514	3,153,817	3,344,216	3,115,187
Time deposits:				
Corporate customers	3,929,353	3,902,305	3,645,906	3,601,210
Personal customers	4,210,600	4,034,790	4,134,525	3,950,564
Others	243,811	330,861	243,721	330,766
	16,281,939	15,556,601	15,781,673	15,024,101

38. DEBT SECURITIES ISSUED

		Group		Bank	
		2015	2014	2015	2014
Subordinated bonds and Tier 2					
Capital Notes issued by	(1)				
The Bank		181,092	187,024	181,092	187,024
Subsidiaries		14,461	9,638	–	–
		195,553	196,662	181,092	187,024
Convertible bonds	(2)	–	9,485	–	9,485
Other debt securities issued by	(3)				
The Bank		59,083	47,181	59,083	47,181
Subsidiaries		51,986	26,262	–	–
		111,069	73,443	59,083	47,181
		306,622	279,590	240,175	243,690

As at 31 December 2015, the amount of debt securities issued due within one year was RMB38,723 million (31 December 2014: RMB28,886 million).

(1) Subordinated bonds and Tie 2 Capital Notes

The Bank:

As approved by the PBOC and the CBRC, the Bank issued callable subordinated bonds through open market bidding in 2005, 2009, 2010, 2011, 2012 and 2014. These subordinated bonds were traded in the bond market among banks. In 2015, the Bank issued Tier 2 Capital Notes denominated in USD. The Notes listed on the Stock Exchange of Hong Kong Limited. The Bank has not had any defaults of principal or interest or other breaches with respect to the subordinated bonds and Tier 2 Capital Notes during the year (2014: Nil). The relevant information on these subordinated bonds is set out below:

Name	Issue date	Issue Price (In RMB)	Amount (In RMB)	Ending balance (In RMB)	Coupon rate	Value date	Maturity date	Circulation date	Notes
			(million)	(million)					
05 ICBC 02 Bond	19/08/2005	100 Yuan	13,000	–	3.77%	06/09/2005	06/09/2020	11/10/2005	(i)
09 ICBC 02 Bond	16/07/2009	100 Yuan	24,000	24,000	4.00%	20/07/2009	20/07/2024	20/08/2009	(ii)
10 ICBC 01 Bond	10/09/2010	100 Yuan	5,800	–	3.90%	14/09/2010	14/09/2020	03/11/2010	(iii)
10 ICBC 02 Bond	10/09/2010	100 Yuan	16,200	16,200	4.10%	14/09/2010	14/09/2025	03/11/2010	(iv)
11 ICBC 01 Bond	29/06/2011	100 Yuan	38,000	38,000	5.56%	30/06/2011	30/06/2031	30/08/2011	(v)
11 ICBC 02 Bond	29/12/2011	100 Yuan	50,000	50,000	5.50%	30/12/2011	30/12/2026	17/01/2012	(vi)
12 ICBC 01 Bond	11/06/2012	100 Yuan	20,000	20,000	4.99%	13/06/2012	13/06/2027	13/07/2012	(vii)
14 ICBC 01 Bond	04/08/2014	100 Yuan	20,000	20,000	5.80%	05/08/2014	05/08/2024	24/09/2014	(viii)

(i) The Bank exercised the option to redeem all of the bonds at face value on 6 September 2015 upon the approval of the relevant regulatory authorities.

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

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

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

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

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

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

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

Name	Issue date	Currency	Issue Price	Amount (Original Currency)	Ending balance (In RMB)	Coupon rate	Value date	Maturity date	Circulation date	Notes
				(million)	(million)					
15 USD Tier 2 Capital Notes	15/09/2015	USD	99.189%	2,000	12,987	4.875%	21/09/2015	21/09/2025	22/09/2015	(ix)

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

Subsidiaries:

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

On 4 November 2011, ICBC Asia issued subordinated notes with an aggregate nominal amount of RMB1,500 million, bearing a fixed interest rate of 6% per annum. The subordinated notes were issued at the price fixed at 100% of the nominal amount with maturity due on 4 November 2021.

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

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

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

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

The above subordinated bonds and notes are separately listed on the Singapore Exchange Securities Trading Limited, the Stock Exchange of Hong Kong Limited and the London Stock Exchange Plc. ICBC Asia, ICBC Macau and ICBC Standard have not had any defaults of principal or interest or other breaches with respect to the subordinated bonds and notes during the year (2014: Nil).

(In RMB millions, unless otherwise stated)

(2) Convertible bonds

As approved by the CBRC and the China Securities Regulatory Commission, the Bank issued RMB25 billion A share convertible bonds on 31 August 2010. As at 31 December 2015, the bank redeemed all outstanding ICBC Convertible Bonds which was approved by the CBRC and the board of directors of the Bank and delisted from the Shanghai Stock Exchange.

Name	Issue date	Issue price	Coupon rate	Value date	Maturity date	Circulation date	Issue amount
ICBC convertible bonds	31/08/2010	RMB100 Yuan	Step-up interest rate	31/08/2010	31/08/2016	10/09/2010	RMB25 billion

The convertible bonds issued have been split into the liability and equity components as follows:

	Liability component	Equity component	Total
Nominal value of convertible bonds	21,998	3,002	25,000
Direct transaction costs	(113)	(17)	(130)
Balance as at the issuance date	21,885	2,985	24,870
Conversion	(14,980)	(2,597)	(17,577)
Amortisation	2,580	–	2,580
Balance as at 31 December 2014	9,485	388	9,873
Conversion	(9,482)	(386)	(9,868)
Amortisation	11	–	11
Redemption	(14)	(2)	(16)
Balance as at 31 December 2015	–	–	–

(3) Other debt securities issued

As at 31 December 2015, the Group's other debt securities issued mainly include:

The Bank:

(i) Sydney Branch issued debt securities amounting to RMB13,146 million denominated in AUD, CHF, RMB, EUR, HKD, JPY and USD with maturities between 2016 and 2024 at fixed or floating interest rates. Of which, in 2015, Sydney Branch issued debt securities amounting to RMB5,055 million denominated in AUD, RMB, HKD, JPY and USD with maturities between 2016 and 2022 at fixed or floating interest rates.

(ii) Singapore Branch issued debt securities and notes amounting to RMB7,034 million denominated in RMB and USD with maturities between 2016 and 2021 at fixed interest rates. Of which, in 2015, Singapore Branch issued debt securities and notes amounting to RMB3,090 million denominated in RMB and USD, with maturities in 2018 at fixed rates.

(iii) In 2015, Tokyo Branch issued debt securities amounting to RMB4,012 million denominated in USD, JPY and RMB with maturities in 2016 at fixed interest rates.

(iv) New York Branch issued notes amounting to RMB21,440 million denominated in USD with maturities between 2016 and 2020 at fixed or floating interest rates. Of which, in 2015, New York Branch issued notes amounting to RMB6,976 million denominated in USD with maturities between 2016 and 2020 at fixed interest rates.

(v) In 2015, Luxembourg Branch issued notes amounting to RMB5,321 million denominated in USD with maturities between 2016 and 2018 at fixed or floating interest rates.

(vi) In 2015, Dubai (DIFC) Branch issued debt securities amounting to RMB3,235 million denominated in USD with maturities in 2020 at fixed interest rates.

(vii) The Head Office issued debt securities in Hong Kong amounting to RMB2,498 million denominated in RMB with maturities between 2016 and 2019 at fixed interest rates.

(viii) The Head Office issued debt securities in London amounting to RMB1,997 million denominated in RMB with maturities between 2016 and 2018 at fixed interest rates.

(ix) Shanghai Branch issued cross-board interbank deposits in Shanghai Free Trade Zone amounting to RMB280 million denominated in RMB with maturities in 2016.

Subsidiaries:

(i) ICBC Asia issued notes amounting to RMB5,717 million denominated in RMB, EUR, HKD and USD with maturities between 2016 and 2020 at fixed interest rates. Of which, in 2015, ICBC Asia issued notes amounting to RMB5,124 million denominated in USD, EUR, RMB and HKD, with maturities between 2016 and 2020 at fixed interest rates; ICBC Asia issued interbank deposits amounting to RMB14,106 million denominated in RMB with maturities in 2016 at fixed interest rates.

(ii) ICBC Financial Leasing issued medium-term notes amounting to RMB21,203 million denominated in RMB and USD with maturities between 2018 and 2021 at fixed or floating interest rates. Of which, Skysea International Capital Management Limited ("Skysea International"), which is controlled by the Group, issued guaranteed notes of USD750 million with a fixed interest rate of 4.875% in 2011 and redeemed USD112 million in 2015. As at 31 December 2015, the carrying amount of the Notes were RMB3,975 million. The notes were guaranteed by Hong Kong Branch and were issued at the price fixed at 97.708% of the nominal amount with maturities due on 7 December 2021. By satisfying certain conditions, Skysea International has the option to redeem all of the notes at any time. The Notes were listed on the Stock Exchange of Hong Kong Limited.

In 2015, ICBCIL Finance Co. Ltd, which is controlled by the Group, issued medium-term notes amounting to RMB1,500 million denominated in RMB, with maturities in 2018 at a fixed interest rate of 3.90%. In 2015, ICBCIL Finance Co. Ltd issued medium-term notes amounting to RMB15,728 million denominated in USD, with maturities between 2018 and 2020 at fixed or floating interest rates. By satisfying certain conditions, ICBCIL Finance Co. Ltd has the option to redeem all of the notes at any time. Above notes were guaranteed by ICBC Financial Leasing Co. Ltd and listed on the Irish Stock Exchange and the Stock Exchange of Hong Kong Limited respectively.

(iii) ICBC Thai issued debt securities amounting to RMB5,979 million denominated in THB with maturities between 2016 and 2019 at fixed interest rates. Of which, in 2015, ICBC Thai issued debt securities of RMB2,006 million denominated in THB with maturities between 2016 and 2017 at fixed interest rates.

(iv) ICBC International issued debt securities amounting to RMB4,203 million denominated in USD with maturities in 2017 at fixed interest rates.

(v) ICBC New Zealand issued medium-term notes amounting to RMB313 million denominated in NZD and USD with maturities between 2017 and 2018 at fixed or floating interest rates. Of which, in 2015, ICBC New Zealand issued medium-term notes amounting to RMB91 million denominated in USD with maturities in 2018 at floating interest rates.

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

(vii) ICBC Argentina issued medium-term notes amounting to RMB476 million denominated in ARS with maturities between 2016 and 2017 at floating interest rates. Of which, in 2015, ICBC Argentina issued medium-term notes amounting to RMB334 million denominated in ARS with maturities between 2016 and 2017 at floating interest rates.

39. OTHER LIABILITIES

	Group		Bank	
	2015	2014	2015	2014
Interest payable	254,942	242,433	250,425	237,680
Settlement accounts	196,320	104,972	158,757	89,923
Salaries, bonuses, allowances and subsidies payables (i)	23,748	21,038	22,085	19,679
Early retirement benefits	4,716	4,798	4,716	4,798
Sundry tax payables	11,968	11,612	11,455	11,870
Promissory notes	5,052	2,409	4,843	2,161
Others	92,327	77,428	34,145	43,507
	589,073	464,690	486,426	409,618

(i) There was no overdue payment for staff salaries, bonuses, allowances, subsidies payables as at 31 December 2015 (31 December 2014: Nil).

(ii) As at 31 December 2015, the amount of other liabilities due within one year was RMB518,166 million (31 December 2014: RMB403,335 million).

40. SHARE CAPITAL

	2015		2014	
	Number of shares (millions)	Nominal value	Number of shares (millions)	Nominal value
Issued and fully paid:				
H shares of RMB1 Yuan each	86,795	86,795	86,795	86,795
A shares of RMB1 Yuan each (i)	269,612	269,612	266,700	266,700
	356,407	356,407	353,495	353,495

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

(i) According to the "Announcement in Relation to the Conversion of ICBC Convertible Bonds", the 250 million convertible bonds (with a nominal value of RMB100 each and an aggregate amount of RMB25 billion) issued by the Bank on 31 August 2010 can be converted into the Bank's A shares from 1 March 2011. Given that the closing price of A shares of the Bank from 19 November 2014 to 30 December 2014 is not less than 130% (i.e. RMB4.25 per share) of the prevailing conversion price of the ICBC Convertible Bonds (RMB3.27 per share) for 15 trading days out of 30 consecutive trading days, the redemption clause of convertible bonds was triggered. The Bank exercised the right of early redemption of the ICBC Convertible Bonds to redeem all outstanding ICBC Convertible Bonds which appeared on the register on the redemption record date. The abovementioned redemption record date was 12 February 2015. As at 12 February 2015, 249,857,640 ICBC Convertible Bonds were converted into A shares of the Bank, and unconverted ICBC Convertible Bonds of 142,360 were redeemed by the Bank. A total of 7,387,711,262 shares have been converted and total of 269,612,212,539 A shares have been issued by the Bank.

41. PREFERENCE SHARES

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

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

(b) Main Clauses

(1) Overseas preference shares

(i) Dividend

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

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

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

Dividends will be paid annually.

(ii) Conditions to distribution of dividends

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

(iii) Dividend stopper

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

(iv) Order of distribution and liquidation method

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

(v) Mandatory conversion trigger events

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

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

(vi) Redemption

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

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

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

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

(vii) Dividend setting mechanism

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

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

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

(2) Domestic preference shares

(i) Dividend

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

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

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

Dividends will be paid annually.

(ii) Conditions to distribution of dividends

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

(iii) Dividend stopper

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

(iv) Order of distribution and liquidation method

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

(v) Mandatory conversion trigger events

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

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

(vi) Redemption

Five years after the first redemption date of issuance (18 November 2015) under the premise of obtaining the approval of the CBRC and meets regulatory requirements, the Group has right to redeem all or some of oversea preference shares. The redemption period of preference shares ranges the start date from the date of redemption or conversion of all (Redemption price is equal to book value plus accrued dividend in current period).

(vii) Dividend setting mechanism

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

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

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

(c) Changes in Preference shares outstanding

		Preference shares				
		Overseas			Domestic	
Financial instrument outstanding		USD	EUR	RMB	RMB	Total
1 January 2015	Amount (million shares)	147	40	120	–	307
	In original currency (million)	2,940	600	12,000	–	N/A
	In RMB (million)	17,991	4,558	12,000	–	34,549
Increase this year	Amount (million shares)	–	–	–	450	450
	In original currency (million)	–	–	–	45,000	45,000
	In RMB (million)	–	–	–	45,000	45,000
Decrease this year	Amount (million shares)	–	–	–	–	–
	In original currency (million)	–	–	–	–	N/A
	In RMB (million)	–	–	–	–	–
31 December 2015	Amount (million shares)	147	40	120	450	757
	In original currency (million)	2,940	600	12,000	45,000	N/A
	In RMB (million)	17,991	4,558	12,000	45,000	79,549

(d) Interests attribute to equity instruments' holders

Equity instrument			1 January 2015	31 December 2015
1.	Total equity attribute to equity holders of the parent company		1,530,859	1,789,474
	(1)	Equity attribute to ordinary equity holders of the parent company	1,496,431	1,710,099
	(2)	Equity attribute to other equity holders of the parent company	34,428	79,375
2.	Total equity attribute to non-controlling interests		6,445	11,045
	(1)	Equity attribute to non-controlling interests of ordinary shares	6,445	11,045
	(2)	Equity attribute to non-controlling interests of other equity instruments	–	–

42. RESERVES

(a) Capital reserve

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

(b) Surplus reserve

(i) Statutory surplus reserve

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

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

Pursuant to the resolution of the board of directors' meeting held on 30 March 2016, an appropriation of 10% of the profit for the year determined under the generally accepted accounting principles of PRC ("PRC GAAP") to the statutory surplus reserve, in the amount of RMB26,398 million (2014: RMB26,537 million) was approved.

(ii) Discretionary surplus reserve

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

(iii) Other surplus reserve

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

(c) General reserve

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

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

The general reserve balance of the Bank as at 31 December 2015 amounted to RMB241,509 million (2014: RMB218,078 million), which has reached 1.5% of the year end balance of the Bank's risk assets.

(d) Investment revaluation reserve

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

(e) Foreign currency translation reserve

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

(f) Cash flow hedge reserve

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

(g) Other reserves

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

(h) Distributable profits

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

(In RMB millions, unless otherwise stated)

The statement of changes in equity of the Bank during the year are set out below.

				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 hedging reserve	Subtotal	Retained profits	Total equity
Balance as at 1 January 2014	351,390	–	1,960	142,865	122,733	199,916	(29,141)	(1,573)	(4,080)	430,720	484,105	1,268,175
Profit for the year	–	–	–	–	–	–	–	–	–	–	263,201	263,201
Other comprehensive income	–	–	–	–	–	–	32,993	(125)	44	32,912	–	32,912
Total comprehensive income	–	–	–	–	–	–	32,993	(125)	44	32,912	263,201	296,113
Capital injection by other equity holder	–	34,428	–	–	–	–	–	–	–	–	–	34,428
Convertible bonds	2,105	–	(1,572)	5,572	–	–	–	–	–	5,572	–	6,105
Dividends – ordinary shares 2013 final (note 18)	–	–	–	–	–	–	–	–	–	–	(91,960)	(91,960)
Appropriation to surplus reserves (i)	–	–	–	–	26,537	–	–	–	–	26,537	(26,537)	–
Appropriation to general reserve	–	–	–	–	–	18,162	–	–	–	18,162	(18,162)	–
Balance as at 31 December 2014 and 1 January 2015	**353,495**	**34,428**	**388**	**148,437**	**149,270**	**218,078**	**3,852**	**(1,698)**	**(4,036)**	**513,903**	**610,647**	**1,512,861**
Profit for the year	–	–	–	–	–	–	–	–	–	–	262,322	262,322
Other comprehensive income	–	–	–	–	–	–	24,637	97	(43)	24,691	–	24,691
Total comprehensive income	–	–	–	–	–	–	24,637	97	(43)	24,691	262,322	287,013
Capital injection by other equity holder	–	44,947	–	–	–	–	–	–	–	–	–	44,947
Convertible bonds	2,912	–	(388)	7,761	–	–	–	–	–	7,761	–	10,285
Dividends – ordinary shares 2014 final (note 18)	–	–	–	–	–	–	–	–	–	–	(91,026)	(91,026)
Dividends – preference shares (note 18)	–	–	–	–	–	–	–	–	–	–	(2,331)	(2,331)
Appropriation to surplus reserve (i)	–	–	–	–	26,398	–	–	–	–	26,398	(26,398)	–
Appropriation to general reserve	–	–	–	–	–	23,431	–	–	–	23,431	(23,431)	–
Others	–	–	–	(3)	–	–	–	–	–	(3)	–	(3)
Balance as at 31 December 2015	**356,407**	**79,375**	**–**	**156,195**	**175,668**	**241,509**	**28,489**	**(1,601)**	**(4,079)**	**596,181**	**729,783**	**1,761,746**

(i) Includes the appropriation made by overseas branches in the amount of RMB71 million (2014: RMB114 million).

43. COMPONENTS OF OTHER COMPREHENSIVE INCOME

	2015	2014
Items that will not be reclassified to profit or loss:		
Share of the other comprehensive income of the investee accounted for using equity method which will not be reclassified to profit or loss	(8)	–
Items that may be reclassified subsequently to profit or loss:		
Net gain from change in fair value of available-for-sale financial assets	36,956	43,992
Less: Transfer to profit or loss arising from disposal/impairment	(2,357)	1,602
Income tax effect	(8,854)	(11,044)
	25,745	34,550
Effective hedging portion of gains or losses arising from cash flow hedging instruments:		
(Loss)/gain during the year	(88)	122
Less: Income tax effect	–	(12)
	(88)	110
Share of the other comprehensive income of the investee accounted for using equity method which will be reclassified subsequently to profit or loss	156	80
Foreign currency translation differences	(5,400)	(2,173)
	20,405	32,567

(In RMB millions, unless otherwise stated)

44. ACQUISITION OF SUBSIDIARY

(1) ICBC Standard

(a) General information

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. 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. After the completion of acquisition, Standard Bank Plc was formally renamed as Industrial and Commercial Bank of China Standard Bank Plc ("ICBC Standard") on 27 March 2015. ICBC acquired directly 60% of total issued shares of Standard Bank Plc as of 31 December 2015.

(b) Total consideration transferred and Goodwill

	ICBC Standard	
	Carrying value	Fair value
Cash	4,251	4,251
Total consideration transferred	4,251	4,251
Non-controlling interests		3,159
Less: Fair value of identifiable net assets		7,897
Consideration transferred less than fair value of identifiable net assets		(487)

(c) The details of the identifiable assets and liabilities acquired are as follows:

	ICBC Standard	
	Fair value	Carrying value
Assets:		
Cash and balances with central banks	6,388	6,388
Due from banks and other financial institutions	2,239	2,239
Precious metals	18,426	18,426
Placements with banks and other financial institutions	12,950	12,913
Financial assets at fair value through profit and loss	17,110	17,110
Derivative financial assets	59,324	59,324
Reverse repurchase agreements	15,806	15,806
Loans and advances to customers	1,925	1,922
Available-for-sale financial assets	16	16
Other assets	3,179	3,177
Liabilities:		
Due to banks and other financial institutions	35,062	35,025
Financial liabilities at fair value through profit or loss	7,385	7,385
Derivative financial liabilities	59,674	59,674
Repurchase agreements	1,812	1,812
Certificates of deposit	16,813	16,811
Debt securities issued	4,342	4,366
Other liabilities	4,378	4,378
Net assets	7,897	7,870
Less: Non-controlling interests	3,159	
Net assets acquired	4,738	

(In RMB millions, unless otherwise stated)

(d) The financial performance and cash flows of ICBC Standard from the date of acquisition until 31 December 2015 are as follows:

	Period from 1 February 2015 to 31 December 2015
Operating income	800
Loss for the period	(1,390)
Net cash flows for the period	5,130

(e) An analysis of the net inflow of cash and cash equivalents in respect of the acquisition of ICBC Standard is as follows:

	1 February 2015
Cash and cash equivalents held by ICBC Standard	6,388
Cash consideration paid on acquisition of ICBC Standard	(4,251)
Net cash inflow on acquisition of ICBC Standard	2,137

(2) ICBC Turkey

(a) Background of subsidiaries acquisition

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

(b) Total consideration transferred and Goodwill

	ICBC Turkey	
	Carrying value	Fair value
Cash	1,550	1,550
Total consideration transferred	1,550	1,550
Non-controlling interests		355
Less: Fair value of identifiable net assets		1,447
Goodwill		458

(In RMB millions, unless otherwise stated)

(c) The details of the identifiable assets and liabilities acquired are as follows:

	ICBC Turkey	
	Fair value	**Carrying value**
Assets:		
Cash and balances with central banks	923	923
Due from banks and other financial institutions	546	546
Financial assets held for trading	7	7
Available-for-sale financial asstes	274	274
Loans and advances to customers	5,474	5,474
Fixed assets	62	62
Deferred income tax assets	20	20
Other assets	102	102
Liabilities:		
Derivative financial liabilities	1	1
Due to customers	5,112	5,112
Due to banks and other financial institutions	148	148
Placements from banks and other financial institutions	453	453
Deferred income tax liabilities	18	18
Other liabilities	229	229
Net assets	1,447	1,447
Less: Non-controlling interests	355	
Net assets acquired	1,092	

(d) The financial performance and cash flows of ICBC Turkey from the date of acquisition until 31 December 2015 are as follows:

	Period from 22 May 2015 to 31 December 2015
Operating income	290
Profit for the period	0
Net cash flows for the period	(195)

(e) An analysis of the net outflow of cash and cash equivalents in respect of the acquisition of ICBC Turkey is as follows:

	22 May 2015
Cash and cash equivalents held by ICBC Turkey	923
Cash consideration paid on acquisition of ICBC Turkey	(1,550)
Net cash outflow on acquisition of ICBC Turkey	(627)

(f) Acquisition of Non-controlling interests

The Bank completed the tender offer to purchase the remaining shares of ICBC Turkey with the total face value of TRY72,730,110.49 from 20 July 2015 to 14 August 2015. After the tender offer, the Bank has held 92.8169% of the issued shares of ICBC Turkey.

(In RMB millions, unless otherwise stated)

Impact on non-controlling interests and equity attribute to equity holders of the parent company of transaction:

	ICBC Turkey
Acquisition cost	
Cash	374
Total	374
Less: share of net assets in subsidiaries based on the shares acquired	219
Difference	155
Including: Adjustment of capital reserve	155

45. INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES

(1) Structured entities sponsored by third party institutions in which the Group held an interest

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

The following table sets out an analysis of the carrying amounts of interests held by the Group as at 31 December 2015 in the structured entities sponsored by third party institutions:

	Group			
	31 December 2015		31 December 2014	
	Carrying amount	Maximum exposure	Carrying amount	Maximum exposure
Investment funds	5,679	5,679	3,146	3,146
Wealth management products	27,793	27,793	3,872	3,872
Segregated asset management plans	215,504	215,504	139,194	139,194
Trust plans	3,657	3,657	11,225	11,225
Asset-backed securities	7,182	7,182	6,459	6,459
	259,815	259,815	163,896	163,896

The following table sets out an analysis of the line items in the statement of financial position as at 31 December 2015 in which assets were recognised relating to the Group's interests in structured entities sponsored by third parties:

	Group			
	31 December 2015			
	Held-to maturity investments	Available-for-sale financial assets	Financial assets designated at fair value through profit or loss	Receivables
Investment funds	–	5,679	–	–
Wealth management products	–	27,593	–	200
Segregated asset management plans	–	–	181,376	34,128
Trust plans	–	–	–	3,657
Asset-backed securities	306	6,480	306	90
	306	39,752	181,682	38,075

(In RMB millions, unless otherwise stated)

	Group			
	31 December 2014			
	Held-to maturity investments	Available-for-sale financial assets	Financial assets designated at fair value through profit or loss	Receivables
Investment funds	–	3,146	–	–
Wealth management products	–	3,672	–	200
Segregated asset management plans	–	–	139,004	190
Trust plans	–	–	–	11,225
Asset-backed securities	465	4,666	–	1,328
	465	11,484	139,004	12,943

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

(2) Structured entities sponsored by the Group which the Group did not consolidate but held an interest in as at 31 December 2015

The types of unconsolidated structured entities sponsored by the Group include investment funds and non-principal-guaranteed wealth management products. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of investors. These structured entities are financed through the issue of notes to investors. Interest held by the Group includes investments in notes issued by these structured entities and fees charged by providing management services. As at 31 December 2015, the carrying amounts of the investments in the notes issued by these structured entities and fee receivables being recognised were not material in the statement of financial positions.

As at 31 December 2015, the amount of assets held by the unconsolidated non-principal-guaranteed wealth management products and investment funds, which are sponsored by the Group, were RMB2,385,200 million (31 December 2014: RMB1,454,836 million) and RMB936,220 million (31 December 2014: RMB590,386 million) respectively.

(3) Unconsolidated structured entities sponsored by the Group during the year which the Group did not have an interest in as at 31 December 2015

During the year of 2015, the amount of fee and commission income received from such category of non-principal-guaranteed wealth management products by the Group was RMB6,076 million (2014: RMB7,812 million).

During the year of 2015, the amount of income received from such category of investment funds was RMB57 million. (2014: RMB17 million.)

The aggregated amount of the non-principal-guaranteed wealth management products sponsored and issued by the Group after 1 January 2015 but matured before 31 December 2015 was RMB821.48 billion (The aggregated amount of the non-principal-guaranteed wealth management products sponsored and issued by the Group after 1 January 2014 but matured before 31 December 2014 was RMB2,308.47 billion).

The aggregated amount of the investment funds sponsored and issued by the Group after 1 January 2015 but matured before 31 December 2015 was RMB57,936 million (The aggregated amount of the investment funds sponsored and issued by the Group after 1 January 2014 but matured before 31 December 2014 was RMB45,288 million).

(In RMB millions, unless otherwise stated)

46. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

Analysis of balances of cash and cash equivalents

	Note	2015	2014
Cash on hand	20	85,226	88,714
Balances with central banks other than restricted deposits	20	94,843	112,371
Nostro accounts with banks and other financial institutions with original maturity of three months or less		122,082	293,713
Placements with banks and other financial institutions with original maturity of three months or less		235,904	245,148
Reverse repurchase agreements with original maturity of three months or less		903,243	254,318
		1,441,298	994,264

47. TRANSFERRED FINANCIAL ASSETS

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

Repurchase transactions and securities lending transactions

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

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

	31 December 2015		31 December 2014	
	Carrying amount of transferred assets	Carrying amount of associated liabilities	Carrying amount of transferred assets	Carrying amount of ssociated liabilities
Repurchase agreements	7,191	7,107	1,998	1,472
Securities lending agreements	63,834	–	13,361	–
	71,025	7,107	15,359	1,472

Securitisation transactions

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

As the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial assets and it has retained control of them, those financial assets are recognised on the statement of financial position to the extent of the Group's continuing involvement. The extent of the Group's continuing involvement is the extent to which the Group is exposed to changes in the value of the transferred assets. As at 31 December 2015, loans with an original carrying amount of RMB29,527 million (31 December 2014: RMB9,164 million) had been securitised by the Group under arrangements in which the Group retains a continuing involvement in such assets in the form of subordinated tranches. As at 31 December 2015, the carrying amount of assets that the Group continues to recognise was RMB1,310 million (31 December 2014: RMB268 million).

(In RMB millions, unless otherwise stated)

With respect to the securitisation of financial assets that do not qualify for derecognition, the relevant financial assets are not derecognised, and the consideration paid by third parties are recorded as a financial liability. As at 31 December 2015, carrying amount of transferred assets that did not qualify for derecognition were RMB122 million (31 December 2014: RMB270 million) and carrying amount of their associated liabilities were RMB17 million (31 December 2014: RMB126 million).

48. SHARE APPRECIATION RIGHTS PLAN

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

49. COMMITMENTS AND CONTINGENT LIABILITIES

(a) Capital commitments

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

	Group		Bank	
	2015	2014	2015	2014
Authorised, but not contracted for	719	850	701	850
Contracted, but not provided for	22,081	28,738	3,261	8,215
	22,800	29,588	3,962	9,065

(b) Operating lease commitments

Operating lease commitments — Lessee

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

	Group		Bank	
	2015	2014	2015	2014
Within one year	5,516	5,210	4,965	4,799
Over one year but within five years	11,093	12,389	10,030	11,533
Over five years	2,369	580	2,094	477
	18,978	18,179	17,089	16,809

Operating lease commitments – Lessor

At the end of the reporting period, the Group leased certain aircraft and vessels to third parties under operating lease arrangements, and the total future minimum lease receivables in respect of non-cancellable operating leases with its tenants were as follows:

	Group	
	2015	2014
Within one year	10,198	6,156
Over one year but within five years	39,463	23,987
Over five years	39,344	25,198
	89,005	55,341

(In RMB millions, unless otherwise stated)

(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.

	Group		Bank	
	2015	2014	2015	2014
Bank acceptances	339,494	348,924	336,461	347,331
Guarantees issued:				
Financing letters of guarantees	61,839	33,369	110,738	86,357
Non-financing letters of guarantees	281,804	274,186	295,055	314,375
Sight letters of credit	27,148	56,096	25,588	48,505
Usance letters of credit and other commitments	219,199	334,838	210,786	327,832
Loan commitments:				
With an original maturity of under one year	102,375	235,664	91,546	99,245
With an original maturity of one year or over	727,316	584,362	691,737	531,827
Undrawn credit card limit	538,709	474,684	527,533	465,147
	2,297,884	2,342,123	2,289,444	2,220,619

	Group		Bank	
	2015	2014	2015	2014
Credit risk-weighted assets of credit commitments(i)	1,071,193	1,014,045	1,042,388	988,911

(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 31 December 2015, there were a number of legal proceedings outstanding against the Bank and/or its subsidiaries with a claimed amount of RMB4,715 million (31 December 2014: RMB3,001 million).

In the opinion of management, the Group and the Bank have 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 and the Bank.

(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. 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 31 December 2015, the Bank had underwritten and sold bonds with an accumulated amount of RMB97,477 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 31 December 2015, the Group and the Bank had no unexpired securities underwriting obligations (31 December 2014: Nil).

(In RMB millions, unless otherwise stated)

50. DESIGNATED FUNDS AND LOANS

	Group	
	2015	2014
Designated funds	1,013,303	940,303
Designated loans	1,012,587	939,773

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

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

51. ASSETS PLEDGED AS SECURITY

Financial assets of the Group including securities, bills and loans have been pledged as security for liabilities or contingent liabilities, mainly the repurchase agreements and derivative contracts. As at 31 December 2015, the carrying value of the financial assets of the Group pledged as security amounted to approximately RMB144,813 million (31 December 2014: RMB194,448 million).

52. FIDUCIARY ACTIVITIES

The Group provides custody, trust and asset management services to third parties. Revenue from such activities is included in "net fee and commission income" set out in note 7 above. Those assets held in a fiduciary capacity are not included in the Group's consolidated statement of financial position.

53. RELATED PARTY DISCLOSURES

In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the year:

(a) Shareholders with significant influence

(i) The MOF

The MOF is a ministry under the State Council of the PRC, primarily responsible for, among others, state fiscal revenues, expenses and taxation policies. As at 31 December 2015, the MOF directly owned approximately 34.60% (31 December 2014: approximately 34.88%) of the issued share capital of the Bank. The Group enters into banking transactions with the MOF in its normal course of business, including the subscription and redemption of government bonds issued by the MOF. Details of the material transactions are as follows:

	2015	2014
Balances at end of the year:		
The PRC government bonds and the special government bond	834,549	1,037,908

	2015	2014
Transactions during the year:		
Subscription of the PRC government bonds	48,340	150,024
Redemption of the PRC government bonds	89,719	123,113
Interest income on the PRC government bonds	29,169	29,323
Interest rate ranges during the year are as follows:	%	%
Bond investments	2.16 to 6.34	2.25 to 6.34

(In RMB millions, unless otherwise stated)

As at 31 December 2015, the Group holds a series of long term bonds issued by Huarong, which is under the control of the MOF, with an aggregate amount of RMB108,187 million (31 December 2014: RMB112,128 million). The details of the Huarong bonds are included in note 27.

Other related party transactions between the Group and enterprises under the control or joint control of the MOF are disclosed in note 53(g) "transactions with state-owned entities in the PRC".

(ii) Huijin

As at 31 December 2015, Central Huijin Investment Ltd ("Huijin") directly owned approximately 34.71% (31 December 2014: approximately 35.12%) of the issued share capital of the Bank. Huijin is a state-owned investment company established on 16 December 2003 under the Company Law of the PRC. Huijin has total registered and paid-in capital of RMB828,209 million. Huijin is a wholly-owned subsidiary of China Investment Corporation, and in accordance with the authorisation by the State, Huijin makes equity investments in the key state-owned financial institutions, and shall, to the extent of its capital contribution, exercise the rights and perform the obligations as an investor on behalf of the State in accordance with applicable laws, to achieve the goal of preserving and enhancing the value of state-owned financial assets. Huijin does not engage in other business activities, and does not intervene in the day-to-day business operations of the key state-owned financial institutions it controls.

As at 31 December 2015, the Huijin Bonds held by the Bank are of an aggregate face value of RMB16.91 billion (31 December 2014: RMB21.63 billion), with terms ranging from 3 to 30 years and coupon rates ranging from 3.16% to 4.20% per annum. The Huijin Bonds are government-backed and the Bank's subscription of the Huijin Bonds was conducted in the ordinary course of business, in compliance with relevant regulatory requirements and the corporate governance of the Bank.

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

	2015	2014
Balances at end of the year:		
Debt securities purchased	16,897	20,821
Interest receivable	200	239
Due to customers	22,765	16,506
Interest payable	21	26
Financial liabilities designated at fair value through profit or loss	5,000	–

	2015	2014
Transactions during the year:		
Interest income on debt securities purchased	722	731
Interest expense on due to customers	662	273
Expense on financial liabilities designated at fair value through profit or loss	515	–
Interest rate ranges during the year are as follows:	%	%
Debt securities purchased	3.16 to 4.20	3.14 to 4.20
Due to customers	0.01 to 2.99	0.01 to 3.30

Huijin has equity interests in certain other banks and financial institutions under the direction of the Government. The Group enters into transactions with these banks and financial institutions in the ordinary course of business under normal commercial terms. Management considers that these banks and financial institutions are competitors of the Group. Significant transactions during the year conducted with these banks and financial institutions, and the corresponding balances as at 31 December 2015 are as follows:

	2015	2014
Balances at end of the year:		
Debt securities purchased	870,280	973,027
Due from banks and other financial institutions	76,449	82,410
Loans and advances to customers	2,366	–
Derivative financial assets	814	537
Due to banks and other financial institutions	158,662	143,845
Derivative financial liabilities	833	425
Credit commitments	14,945	3,415

(In RMB millions, unless otherwise stated)

	2015	2014
Transactions during the year:		
Interest income on debt securities purchased	32,756	38,975
Interest income on amounts due from banks and other financial institutions	263	380
Interest income on loans and advances to customers	16	–
Interest expense on amounts due to banks and other financial institutions	1,666	2,193
Interest rate ranges during the year are as follows:	%	%
Debt securities purchased	0.50 to 6.50	0.0331 to 6.50
Due from banks and other financial institutions	0 to 6.20	0 to 6.00
Loans and advances to customers	0.70 to 3.80	–
Due to banks and other financial institutions	0 to 5.45	0 to 7.20

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

(b) Subsidiaries

	2015	2014
Balances at end of the year:		
Debt securities purchased	19,827	13,768
Due from banks and other financial institutions	362,556	195,574
Loans and advances to customers	31,906	18,308
Derivative financial assets	3,169	1,653
Due to banks and other financial institutions	385,187	210,237
Derivative financial liabilities	1,893	1,984
Reverse repurchase agreements	4,496	–
Repurchase agreements	11,689	–
Financial investments	12,500	–
Credit commitments	109,424	127,089

	2015	2014
Transactions during the year:		
Interest income on debt securities purchased	55	71
Interest income on amounts due from banks and other financial institutions	779	538
Interest income on loans and advances to customers	91	61
Interest expense on amounts due to banks and other financial institutions	616	386
Net trading expense	106	345
Net fee and commission income	881	396
Interest rate ranges during the year are as follows:	%	%
Debt securities purchased	0.73 to 4.50	0.0125 to 1.56
Due from banks and other financial institutions	0 to 8.00	0 to 5.65
Loans and advances to customers	0.05 to 6.46	1.84 to 6.40
Due to banks and other financial institutions	0.01 to 9.00	0.01 to 6.98

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

(c) Associates and affiliates

	2015	2014
Balances at end of the year:		
Due from banks and other financial institutions	1,062	62
Loans and advances to customers	329	106
Derivative financial assets	2,242	–
Due to banks and other financial institutions	11,957	566
Due to customers	66	40
Derivative financial liabilities	2,003	–
Credit commitments	305	10

	2015	2014
Transactions during the year:		
Interest income on amounts due from banks and other financial institutions	65	–
Interest income on loans and advances to customers	5	2
Interest expense on amounts due to banks and other financial institutions	129	8
Interest rate ranges during the year are as follows:	%	%
Due from banks and other financial institutions	0 to 8.99	0.15 to 0.35
Loans and advances to customers	1.61 to 2.69	2.23 to 2.68
Due to banks and other financial institutions	0 to 4.51	0.35 to 1.60
Due to customers	0 to 0.45	0 to 0.68

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

(d) Joint ventures and affiliates

	2015	2014
Balances at end of the year:		
Due to customers	16	–

	2015	2014
Transactions during the year:		
Interest expense on due to customers	–	–
Interest rate ranges during the year are as follows:	%	%
Due to customers	0.35 to 1.15	–

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

(e) Key management personnel

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

The aggregate compensation for the year, other than those for the personnel disclosed in note 13 above, is as follows:

	2015 RMB'000	2014 RMB'000
Short term employment benefits	3,828	14,465
Post-employment benefits	245	317
	4,073	14,782

Note: The above remuneration before tax payable to key management personnel for 2014 represents the total amount of annual remuneration, which includes the amount disclosed in the 2014 Annual Report.

The total compensation packages for senior management of the Bank for the year ended 31 December 2015 have not been finalised in accordance with the regulations of the PRC relevant authorities. The remuneration not yet accrued is not expected to have a significant impact on the Group's and the Bank's 2015 financial statements. The total compensation packages will be further disclosed when determined by the relevant authorities.

(In RMB millions, unless otherwise stated)

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

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

	2015	2014
Loans	–	–

The aggregated balance of loans and credit card overdraft to the person which are considered as related parties according to the relevant rules of Shanghai Stock Exchange was RMB6.86 million as at 31 December 2015 (31 December 2014: RMB0.54 million).

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

(f) Annuity Fund

Apart from the obligations for defined contributions to the Annuity Fund, Annuity Fund does not hold any share or bond issued by the Group as at 31 December 2015 (31 December 2014: Annuity Fund holds the convertible bonds issued by the Group with an amount of RMB27.36 million).

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

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

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

54. SEGMENT INFORMATION

(a) Operating segments

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

Corporate banking

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

Personal banking

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

Treasury operations

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

(In RMB millions, unless otherwise stated)

Others

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

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

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

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

	Year ended 31 December 2015				
	Corporate banking	Personal banking	Treasury operations	Others	Total
External net interest income	287,137	26,963	193,767	–	507,867
Internal net interest (expense)/income	(45,613)	152,758	(107,145)	–	–
Net fee and commission income	78,211	64,709	471	–	143,391
Other income, net (i)	6,179	539	5,519	5,238	17,475
Operating income	325,914	244,969	92,612	5,238	668,733
Operating expenses	(93,129)	(100,962)	(20,633)	(6,111)	(220,835)
Impairment losses on:					
Loans and advances to customers	(63,752)	(22,270)	–	–	(86,022)
Others	(200)	(1)	(202)	(568)	(971)
Operating profit/(loss)	168,833	121,736	71,777	(1,441)	360,905
Share of profits of associates and joint ventures	–	–	–	2,330	2,330
Profit before taxation	168,833	121,736	71,777	889	363,235
Income tax expense					(85,515)
Profit for the year					277,720
Other segment information:					
Depreciation	6,534	5,109	2,625	292	14,560
Amortisation	1,053	704	474	64	2,295
Capital expenditure	25,873	20,045	10,394	1,189	57,501
As at 31 December 2015					
Segment assets	8,427,930	3,587,372	10,075,355	119,123	22,209,780
Including: Investments in associates and joint ventures	–	–	–	24,185	24,185
Property and equipment	89,197	69,444	35,629	30,156	224,426
Other non-current assets (ii)	18,472	7,148	5,077	11,083	41,780
Segment liabilities	9,073,983	7,843,009	3,379,557	112,712	20,409,261
Other segment information:					
Credit commitments	1,759,175	538,709	–	–	2,297,884

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

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

(In RMB millions, unless otherwise stated)

	Year ended 31 December 2014				
	Corporate banking	Personal banking	Treasury operations	Others	Total
External net interest income	294,461	17,206	181,855	–	493,522
Internal net interest (expense)/income	(72,827)	168,038	(95,211)	–	–
Net fee and commission income	80,714	51,208	575	–	132,497
Other income/(expense), net (i)	6,303	618	(2,743)	4,661	8,839
Operating income	308,651	237,070	84,476	4,661	634,858
Operating expenses	(99,638)	(93,892)	(18,969)	(6,175)	(218,674)
Impairment losses on:					
Loans and advances to customers	(40,176)	(16,091)	–	–	(56,267)
Others	(322)	(1)	(144)	5	(462)
Operating profit/(loss)	168,515	127,086	65,363	(1,509)	359,455
Share of profits of associates and joint ventures	–	–	–	2,157	2,157
Profit before taxation	168,515	127,086	65,363	648	361,612
Income tax expense					(85,326)
Profit for the year					276,286
Other segment information:					
Depreciation	8,482	4,931	2,483	198	16,094
Amortisation	1,113	663	414	21	2,211
Capital expenditure	26,235	19,322	9,770	777	56,104
As at 31 December 2014					
Segment assets	7,978,544	3,110,238	9,402,275	118,896	20,609,953
Including: Investments in associates and joint ventures	–	–	–	28,919	28,919
Property and equipment	81,543	60,209	30,286	27,242	199,280
Other non-current assets (ii)	16,914	7,060	4,629	10,378	38,981
Segment liabilities	8,733,769	7,405,054	2,865,212	68,614	19,072,649
Other segment information:					
Credit commitments	1,867,439	474,684	–	–	2,342,123

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

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

(b) Geographical information

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

(In RMB millions, unless otherwise stated)

	Year ended 31 December 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	210,421	56,386	47,333	24,031	49,421	78,677	17,092	24,506	–	507,867
Internal net interest (expense)/income	(135,954)	26,121	10,207	76,079	13,620	3,182	8,185	(1,440)	–	–
Net fee and commission income	4,639	35,803	22,685	24,685	21,179	20,588	5,751	8,167	(106)	143,391
Other (expense)/income, net (i)	(2,146)	(649)	1,082	6,209	227	1,811	(131)	11,072	–	17,475
Operating income	76,960	117,661	81,307	131,004	84,447	104,258	30,897	42,305	(106)	668,733
Operating expenses	(19,094)	(35,297)	(25,271)	(37,297)	(34,545)	(39,482)	(14,593)	(15,362)	106	(220,835)
Impairment losses on:										
Loans and advances to customers	(6,047)	(24,946)	(20,546)	(11,034)	(9,080)	(10,984)	(1,769)	(1,616)	–	(86,022)
Others	(185)	(113)	(176)	(24)	(7)	(21)	(2)	(443)	–	(971)
Operating profit	51,634	57,305	35,314	82,649	40,815	53,771	14,533	24,884	–	360,905
Share of profits of associates and joint ventures	–	–	–	–	–	–	–	2,330	–	2,330
Profit before taxation	51,634	57,305	35,314	82,649	40,815	53,771	14,533	27,214	–	363,235
Income tax expense										(85,515)
Profit for the year										277,720
Other segment information:										
Depreciation	1,823	2,178	1,435	2,131	2,528	2,968	1,117	380	–	14,560
Amortisation	779	267	104	144	261	372	68	300	–	2,295
Capital expenditure	2,488	6,026	1,081	1,906	2,727	3,649	1,137	38,487	–	57,501

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

	As at 31 December 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 areas	9,142,237	4,862,465	3,366,173	3,633,597	2,216,719	2,819,807	1,069,622	2,450,563	(7,372,469)	22,188,714
Including: Investments in associates and joint ventures	–	–	–	–	–	–	–	24,185	–	24,185
Property and equipment	14,164	29,480	11,843	18,844	19,906	24,329	10,771	95,089	–	224,426
Other non-current assets (i)	10,717	5,839	3,086	4,031	5,610	7,209	1,318	3,970	–	41,780
Unallocated assets										21,066
Total assets										22,209,780
Liabilities by geographical areas	7,568,090	4,995,033	3,497,543	4,799,262	2,289,592	2,732,706	1,024,661	810,582	(7,372,469)	20,345,000
Unallocated liabilities										64,261
Total liabilities										20,409,261
Other segment information:										
Credit commitments	558,184	398,045	250,410	415,973	149,897	207,604	54,608	263,163	–	2,297,884

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

(In RMB millions, unless otherwise stated)

	Year ended 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
External net interest income	189,569	62,596	47,949	29,633	48,166	75,409	18,613	21,587	–	493,522
Internal net interest (expense)/income	(134,777)	21,946	9,293	70,935	15,274	7,669	9,127	533	–	–
Net fee and commission income	4,532	32,565	22,016	22,364	20,643	19,403	5,143	6,150	(319)	132,497
Other income/(expense), net (i)	11,915	(2,221)	(197)	(8,272)	(312)	110	(168)	7,984	–	8,839
Operating income	71,239	114,886	79,061	114,660	83,771	102,591	32,715	36,254	(319)	634,858
Operating expenses	(21,206)	(35,353)	(25,307)	(36,334)	(33,689)	(38,735)	(14,525)	(13,844)	319	(218,674)
Impairment losses on:										
Loans and advances to customers	(3,727)	(15,641)	(11,495)	(6,806)	(7,574)	(7,131)	(2,637)	(1,256)	–	(56,267)
Others	(67)	(49)	7	(25)	(52)	3	(11)	(268)	–	(462)
Operating profit	46,239	63,843	42,266	71,495	42,456	56,728	15,542	20,886	–	359,455
Share of profits of associates and joint ventures	–	–	–	–	–	–	–	2,157	–	2,157
Profit before taxation	46,239	63,843	42,266	71,495	42,456	56,728	15,542	23,043	–	361,612
Income tax expense										(85,326)
Profit for the year										276,286
Other segment information:										
Depreciation	1,809	2,252	1,469	2,016	2,440	2,806	1,083	2,219	–	16,094
Amortisation	859	202	125	137	263	385	66	174	–	2,211
Capital expenditure	2,413	4,795	1,376	3,033	3,246	4,007	1,317	35,917	–	56,104

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

	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 areas	8,820,680	4,680,319	3,342,070	3,394,573	2,008,309	2,579,889	1,001,247	1,919,486	(7,161,378)	20,585,195
Including: Investments in associates and joint ventures	–	–	–	–	–	–	–	28,919	–	28,919
Property and equipment	14,363	26,113	12,294	19,086	19,839	24,204	10,748	72,633	–	199,280
Other non-current assets (i)	11,274	5,986	2,691	3,631	5,307	5,674	1,326	3,092	–	38,981
Unallocated assets										24,758
Total assets										20,609,953
Liabilities by geographical areas	7,431,623	4,693,296	3,457,784	4,344,494	1,983,382	2,555,769	959,520	747,042	(7,161,378)	19,011,532
Unallocated liabilities										61,117
Total liabilities										19,072,649
Other segment information:										
Credit commitments	469,704	438,216	319,851	419,494	129,088	158,055	58,811	348,904	–	2,342,123

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

55. FINANCIAL INSTRUMENTS RISK MANAGEMENT

A description and an analysis of the major risks faced by the Group are as follows:

The board of directors (the "Board") has the ultimate responsibility for risk management and oversees the Group's risk management functions through the Risk Management Committee and the Audit Committee of the Board.

The President supervises the risk management strategies and reports directly to the Board. He chairs two management committees including the Risk Management Committee and the Asset and Liability Management Committee. These two committees formulate and make recommendations in respect of risk management strategies and policies through the President to the Risk Management Committee of the Board. The Chief Risk Officer assists the President to supervise and manage various risks.

The Group has also assigned departments monitoring financial risks within the Group, including the Credit Management Department to monitor credit risk, the Risk Management Department together with the Asset and Liability Management Department to monitor market and liquidity risks, and the Internal Control and Compliance Department to monitor operational risk. The Risk Management Department is primarily responsible for coordinating and establishing a comprehensive risk management framework, preparing consolidated reports on credit risk, market risk and operational risk and reporting directly to the Chief Risk Officer.

The Bank maintains a dual-reporting line structure at the branch level for risk management purposes. Under this structure, the risk management departments of the branches report to both the corresponding risk management departments at the Head Office and management of the relevant branches.

(a) Credit risk

Credit risk is the risk of loss arising from a borrower's or counterparty's inability to meet its obligations. Credit risk can also arise from operational failures that result in an unauthorised or inappropriate guarantee, commitment or investment of funds. The Group is exposed to credit risk primarily due to loans, guarantees and other credit related commitments.

The principal features of the Group's credit risk management function include:

- Centralised credit management policies and procedures;
- Risk management rules and procedures that focus on risk control throughout the entire credit business process, including customer investigation and credit rating, granting of credit limits, loan evaluation, loan review and approval, granting of loan and post-disbursement loan monitoring;
- Stringent qualification system for the loan approval officers; and
- Information management systems designed to enable a real time risk monitoring.

To enhance the credit risk management practices, the Group also launches training programs periodically for credit officers at different levels.

In addition to the credit risk exposures on credit-related assets and amounts due from or lending to banks and other financial institutions, credit risk also arises in other areas. For instance, credit risk exposure also arises from derivative financial instruments which is, however, limited to those with positive fair values, as recorded in the statement of financial position. In addition, the Group also makes available to its customers' guarantees which may require the Group to make payments on their behalf. Such payments are collected from customers based on the terms of the agreements signed. They expose the Group to similar risks as loans and these are mitigated by the same control processes and policies.

The Group will normally sign an International Swaps and Derivatives Association ("ISDA") Master Agreement, a China Interbank Market Financial Derivatives Master Agreement ("NAFMII master agreement") with its counterparties for documenting over-the-counter derivative activities. Each of these master agreements provides the contractual framework within which derivative dealing activities are conducted. Under each of these master agreements, close-out netting shall be applied across all outstanding transactions covered by the agreement if either party defaults.

Risk concentration

Credit risk is often greater when counterparties are concentrated in one single industry or geographical location or have comparable economic characteristics.

Impairment assessment

The main considerations for the loan impairment assessment include whether any payments of principal or interest are overdue or whether there are any liquidity problems of counterparties, credit rating downgrades, or infringement of the original terms of the contract. The Group addresses impairment assessment in two areas: individually assessed impairment and collectively assessed impairment.

Individually assessed loans

All corporate loans and discounted bills are individually reviewed for objective evidence of impairment and classified based on a five-tier classification system. Corporate loans and discounted bills that are classified as substandard, doubtful or loss are assessed individually for impairment.

(a) Credit risk (continued)

If there is objective evidence that an impairment loss on a loan or advance has incurred on an individual basis, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The allowance for impairment loss is deducted in the carrying amount. The impairment loss is recognised in the statement of profit or loss. In determining allowances on an individual basis, the following factors are considered:

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

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

Collectively assessed loans

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

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

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

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

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

Homogenous groups of loans not considered individually significant

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

(a) Credit risk (continued)

Individually assessed loans with no objective evidence of impairment

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

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

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

Collateral

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

Reverse repurchase business is mainly collateralised by bills, loans or investment securities. As part of the reverse repurchase agreements, the Group has received securities that it is allowed to sell or repledge in the absence of default by their owners. Fair value of collateral is shown in note 25.

Corporate loans are mainly collateralised by properties or other assets. As at 31 December 2015, the carrying value of corporate loans and discounted bills covered by collateral amounted to RMB8,391,604 million (31 December 2014: RMB7,962,866 million), of which credit exposure of corporate loans covered by collateral amounted to RMB3,712,124 million (31 December 2014: RMB3,666,694 million).

Retail loans are mainly collateralised by residential properties. As at 31 December 2015, the carrying value of retail loans covered by collateral amounted to RMB3,541,862 million (31 December 2014: RMB3,063,465 million), of which credit exposure of retail loans covered by collateral amounted to RMB3,027,428 million (31 December 2014: RMB2,577,534 million).

The Group prefers more liquid collateral with relatively stable market value and does not accept collateral that is illiquid, with difficulties in registration or high fluctuations in market value. The value of collateral should be assessed and confirmed by the Group or valuation agents identified by the Group. The value of collateral should adequately cover the outstanding balance of loans. The loan-to-value ratio depends on types of collateral, usage condition, liquidity, price volatility and realisation cost. All collateral has to be registered in accordance with the relevant laws and regulations. The credit officers inspect the collateral and assess the changes in the value of collateral regularly.

Although collateral can be an important mitigation of credit risk, the Group grants loans based on the assessment of the borrowers' ability to meet obligations out of their cash flow, instead of the value of collateral. The necessity of a collateral is dependent on the nature of the loan. In the event of default, the Group might sell the collateral for repayment. The fair value of collateral of past due but not impaired loans and impaired loans are disclosed in note 55(a)(iii).

(In RMB millions, unless otherwise stated)

(a) Credit risk (continued)

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

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

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

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

	Group		Bank	
	2015	2014	2015	2014
Balances with central banks	2,974,407	3,434,908	2,909,988	3,387,634
Due from banks and other financial institutions	683,793	782,776	772,568	737,740
Financial assets held for trading	132,465	33,990	115,950	32,865
Financial assets designated at fair value through profit or loss	210,434	312,455	206,282	310,398
Derivative financial assets	78,870	24,048	33,290	22,292
Reverse repurchase agreements	996,333	468,462	792,876	259,213
Loans and advances to customers	11,652,812	10,768,750	11,026,476	10,184,215
Financial investments				
— Receivables	352,143	331,731	338,839	319,108
— Held-to-maturity investments	2,870,353	2,566,390	2,813,091	2,548,977
— Available-for-sale financial assets	1,430,266	1,176,606	1,296,903	1,087,419
Others	272,777	198,482	219,948	164,875
	21,654,653	20,098,598	20,526,211	19,054,736
Credit commitments	2,297,884	2,342,123	2,289,444	2,220,619
Total maximum credit risk exposure	23,952,537	22,440,721	22,815,655	21,275,355

(ii) Risk concentrations

Credit risk is often greater when counterparties are concentrated in one single industry or geographic location or have comparable economic features. In addition, different geographic areas and industrial sectors have their unique characteristics in terms of economic development, and could present a different credit risk.

(In RMB millions, unless otherwise stated)

(a) Credit risk (continued)

By geographical distribution

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

Group

31 December 2015

	Head Office	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central China	Western China	North eastern China	Overseas and others	Total
Balances with central banks	2,546,091	66,674	72,786	84,112	16,509	30,432	22,002	135,801	2,974,407
Due from banks and other financial institutions	411,713	4,210	592	21,413	1,471	1,256	362	242,776	683,793
Financial assets held for trading	115,855	–	–	95	–	–	–	16,515	132,465
Financial assets designated at fair value through profit or loss	277	64	42	204,917	19	50	12	5,053	210,434
Derivative financial assets	17,758	2,746	1,347	1,726	238	206	843	54,006	78,870
Reverse repurchase agreements	788,380	–	–	–	–	–	–	207,953	996,333
Loans and advances to customers	472,341	2,237,047	1,513,330	1,970,272	1,636,115	2,129,451	654,867	1,039,389	11,652,812
Financial investments									
— Receivables	327,410	635	484	5,508	4,260	302	240	13,304	352,143
— Held-to-maturity investments	2,643,343	42,541	21,454	13,469	11,844	28,973	9,607	99,122	2,870,353
— Available-for-sale financial assets	875,753	54,154	34,253	237,336	19,189	20,394	2,642	186,545	1,430,266
Others	136,643	19,021	10,966	20,274	11,813	13,253	3,177	57,630	272,777
	8,335,564	2,427,092	1,655,254	2,559,122	1,701,458	2,224,317	693,752	2,058,094	21,654,653
Credit commitments	558,184	398,045	250,410	415,973	149,897	207,604	54,608	263,163	2,297,884
Total maximum credit risk exposure	8,893,748	2,825,137	1,905,664	2,975,095	1,851,355	2,431,921	748,360	2,321,257	23,952,537

The compositions of each geographical distribution above are set out in note 54(b).

31 December 2014

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

The compositions of each geographical distribution above are set out in note 54(b).

(In RMB millions, unless otherwise stated)

(a) Credit risk (continued)

Bank

31 December 2015

	Head Office	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central China	Western China	North eastern China	Overseas and others	Total
Balances with central banks	2,546,091	66,674	72,786	84,112	16,509	30,432	22,002	71,382	2,909,988
Due from banks and other financial institutions	526,428	4,265	5,133	21,434	1,763	949	555	212,041	772,568
Financial assets held for trading	115,855	–	–	95	–	–	–	–	115,950
Financial assets designated at fair value through profit or loss	277	64	42	204,917	19	50	12	901	206,282
Derivative financial assets	18,916	2,746	1,347	1,726	238	206	843	7,268	33,290
Reverse repurchase agreements	792,876	–	–	–	–	–	–	–	792,876
Loans and advances to customers	472,341	2,237,047	1,513,330	1,977,195	1,636,115	2,130,405	654,867	405,176	11,026,476
Financial investments									
— Receivables	327,410	635	484	5,508	4,260	302	240	–	338,839
— Held-to-maturity investments	2,647,078	42,541	21,454	13,469	11,844	28,973	9,607	38,125	2,813,091
— Available-for-sale financial assets	875,753	54,154	34,253	237,336	19,189	20,394	2,642	53,182	1,296,903
Others	136,668	19,021	10,966	20,274	11,813	13,253	3,177	4,776	219,948
	8,459,693	2,427,147	1,659,795	2,566,066	1,701,750	2,224,964	693,945	792,851	20,526,211
Credit commitments	558,584	412,366	268,690	432,707	155,694	211,347	57,204	192,852	2,289,444
Total maximum credit risk exposure	9,018,277	2,839,513	1,928,485	2,998,773	1,857,444	2,436,311	751,149	985,703	22,815,655

The compositions of each geographical distribution above are set out in note 54(b), except that "overseas and others" does not include domestic and overseas subsidiaries.

31 December 2014

	Head Office	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central China	Western China	North eastern China	Overseas and others	Total
Balances with central banks	3,006,630	67,318	49,194	179,692	20,387	32,200	8,599	23,614	3,387,634
Due from banks and other financial institutions	524,317	5,516	2,675	47,560	1,556	2,068	1,232	152,816	737,740
Financial assets held for trading	32,865	–	–	–	–	–	–	–	32,865
Financial assets designated at fair value through profit or loss	301,231	172	126	7,675	58	79	20	1,037	310,398
Derivative financial assets	10,479	1,371	5,519	848	255	322	910	2,588	22,292
Reverse repurchase agreements	256,230	–	–	2,983	–	–	–	–	259,213
Loans and advances to customers	463,735	2,141,295	1,412,991	1,823,446	1,462,435	1,940,872	608,799	330,642	10,184,215
Financial investments									
— Receivables	304,092	1,140	510	5,948	5,960	1,218	240	–	319,108
— Held-to-maturity investments	2,454,903	51,699	18,931	4,140	–	–	–	19,304	2,548,977
— Available-for-sale financial assets	695,131	62,585	37,264	228,694	15,006	17,094	3,422	28,223	1,087,419
Others	93,801	16,278	10,303	16,925	11,312	11,572	2,823	1,861	164,875
	8,143,414	2,347,374	1,537,513	2,317,911	1,516,969	2,005,425	626,045	560,085	19,054,736
Credit commitments	470,929	453,676	327,181	430,897	136,142	169,578	63,188	169,028	2,220,619
Total maximum credit risk exposure	8,614,343	2,801,050	1,864,694	2,748,808	1,653,111	2,175,003	689,233	729,113	21,275,355

The compositions of each geographical distribution above are set out in note 54(b), except that "overseas and others" does not include domestic and overseas subsidiaries.

(In RMB millions, unless otherwise stated)

(a) Credit risk (continued)

By industry distribution

The credit risk exposures of the Group mainly comprise loans and advances to customers and investments in securities. Details of the composition of the Group's investments in debt securities are set out in note 55(a)(iv) to the financial statements. The composition of the Group's and of the Bank's gross loans and advances to customers by industry is analysed as follows:

	Group		Bank	
	2015	2014	2015	2014
Manufacturing	1,603,631	1,642,460	1,527,906	1,565,314
Transportation, storage and postal services	1,551,248	1,439,285	1,458,156	1,352,250
Wholesale and retail	866,779	923,005	821,903	878,113
Production and supply of electricity, heating, gas and water	835,616	751,728	799,646	708,326
Leasing and commercial services	724,246	624,046	696,444	600,812
Real estate	562,917	530,103	453,665	454,883
Water, environment and public utility management	472,791	477,193	463,172	470,172
Mining	280,556	301,261	261,988	281,433
Construction	226,619	220,860	213,570	210,093
Lodging and catering	224,215	224,994	152,780	161,846
Science, education, culture and sanitation	137,497	123,207	128,682	115,238
Others	383,437	354,450	337,874	284,839
Subtotal for corporate loans	7,869,552	7,612,592	7,315,786	7,083,319
Personal mortgage and business loans	2,811,288	2,387,331	2,758,696	2,345,742
Others	730,574	676,134	712,843	662,217
Subtotal for personal loans	3,541,862	3,063,465	3,471,539	3,007,959
Discounted bills	522,052	350,274	511,707	344,099
Total for loans and advances to customers	11,933,466	11,026,331	11,299,032	10,435,377

(iii) Loans and advances to customers

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

	Group		Bank	
	2015	2014	2015	2014
Neither past due nor impaired	11,599,446	10,814,697	10,979,700	10,233,526
Past due but not impaired	154,502	87,137	145,475	81,095
Impaired	179,518	124,497	173,857	120,756
	11,933,466	11,026,331	11,299,032	10,435,377
Less: Allowance for impairment losses	(280,654)	(257,581)	(272,556)	(251,162)
	11,652,812	10,768,750	11,026,476	10,184,215

(In RMB millions, unless otherwise stated)

(a) Credit risk (continued)

Neither past due nor impaired

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

Group

	2015			2014		
	Pass	Special mention	Total	Pass	Special mention	Total
Unsecured loans	3,209,224	38,155	3,247,379	3,082,321	41,084	3,123,405
Guaranteed loans	1,425,870	119,735	1,545,605	1,394,854	64,417	1,459,271
Loans secured by mortgages	5,131,186	189,839	5,321,025	4,740,077	106,667	4,846,744
Pledged loans	1,454,131	31,306	1,485,437	1,359,527	25,750	1,385,277
	11,220,411	379,035	11,599,446	10,576,779	237,918	10,814,697

Bank

	2015			2014		
	Pass	Special mention	Total	Pass	Special mention	Total
Unsecured loans	3,135,856	36,398	3,172,254	2,903,774	39,852	2,943,626
Guaranteed loans	1,352,375	118,830	1,471,205	1,275,140	63,887	1,339,027
Loans secured by mortgages	4,701,956	184,160	4,886,116	4,502,333	103,629	4,605,962
Pledged loans	1,419,713	30,412	1,450,125	1,319,691	25,220	1,344,911
	10,609,900	369,800	10,979,700	10,000,938	232,588	10,233,526

Past due but not impaired

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

Group

	2015			2014		
	Corporate loans and advances	Personal loans	Total	Corporate loans and advances	Personal loans	Total
Past due for:						
Less than one month	68,926	15,913	84,839	33,068	14,004	47,072
One to two months	22,052	7,870	29,922	14,428	6,891	21,319
Two to three months	30,099	9,642	39,741	10,977	7,769	18,746
	121,077	33,425	154,502	58,473	28,664	87,137
Fair value of collateral held	118,814	65,453	184,267	57,332	54,452	111,784

(In RMB millions, unless otherwise stated)

(a) Credit risk (continued)

Bank

	2015			2014		
	Corporate loans and advances	Personal loans	Total	Corporate loans and advances	Personal loans	Total
Past due for:						
Less than one month	62,514	15,138	77,652	28,232	13,609	41,841
One to two months	21,964	7,544	29,508	13,758	6,841	20,599
Two to three months	28,699	9,616	38,315	10,899	7,756	18,655
	113,177	32,298	145,475	52,889	28,206	81,095
Fair value of collateral held	116,546	63,324	179,870	54,934	53,438	108,372

Impaired

Impaired loans and advances are defined as those loans and advances having objective evidence of impairment as a result of one or more events that occured after initial recognition and that event has an impact on the estimated future cash flows of loans and advances that can be reliably estimated. These loans and advances include corporate loans and personal loans which are graded as "Substandard", "Doubtful" or "Loss".

The fair values of collateral that the Group and the Bank hold relating to loans individually determined to be impaired as at 31 December 2015 amounted to RMB43,771 million (31 December 2014: RMB28,925 million) and RMB42,196 million (31 December 2014: RMB28,058 million), respectively. The collateral mainly consists of land and buildings, equipment and others.

Renegotiated loans and advances to customers

The Group has formulated a set of loan restructuring policies to renegotiate the contractual terms with customers, to maximise the collectability of loans and to manage customer relationships.

The carrying amount of renegotiated loans and advances to customers is as follows:

	Group		Bank	
	2015	2014	2015	2014
Renegotiated loans and advances to customers	4,557	4,579	4,441	3,882
— Impaired loans and advances to customers included in above	1,942	2,061	1,905	2,004

Collateral repossessed

During the year, the Group took possession of collateral held as security with a carrying amount of RMB3,690 million (2014: RMB2,030 million). Such collateral mainly comprises land and buildings, equipment and others.

(In RMB millions, unless otherwise stated)

(a) Credit risk (continued)

(iv) Debt securities

The credit risk of debt securities mainly arises from the risk that the issuer might default on a payment or go into liquidation. Debt securities by different types of issuers are generally subject to different degrees of credit risk.

The following tables present an analysis of the Group's total credit risk exposures of debt securities by types of issuers and investments:

Group

31 December 2015

	Receivables	Held-to-maturity investments	Available-for-sale financial assets	Financial assets held for trading	Financial assets designated at fair value through profit or loss	Total
Neither past due nor impaired						
Governments and central banks	85,000	1,608,648	179,759	5,512	–	1,878,919
Policy banks	15,090	1,159,165	327,141	1,726	9,970	1,513,092
Public sector entities	1,500	17,726	93,269	4,272	907	117,674
Banks and other financial institutions	171,997	52,573	360,194	82,320	1,139	668,223
Corporate entities	40,572	32,244	442,169	38,635	10,208	563,828
Subtotal	314,159	2,870,356	1,402,532	132,465	22,224	4,741,736
Less: Collective allowance for impairment losses	–	(3)	–	–	–	(3)
Subtotal	314,159	2,870,353	1,402,532	132,465	22,224	4,741,733
Impaired (*)						
Banks and other financial institutions	–	92	–	–	–	92
Corporate entities	–	–	434	–	–	434
	–	92	434	–	–	526
Less: Individual allowance for impairment losses	–	(92)	(293)	–	–	(385)
Subtotal	–	–	141	–	–	141
Total	314,159	2,870,353	1,402,673	132,465	22,224	4,741,874

31 December 2014

	Receivables	Held-to-maturity investments	Available-for-sale financial assets	Financial assets held for trading	Financial assets designated at fair value through profit or loss	Total
Neither past due nor impaired						
Governments and central banks	87,486	1,231,741	136,276	2,636	–	1,458,139
Policy banks	15,090	1,275,337	367,455	789	29,120	1,687,791
Public sector entities	1,500	21,125	93,488	192	3,021	119,326
Banks and other financial institutions	167,278	16,666	170,885	10,816	11,565	377,210
Corporate entities	47,564	21,468	404,755	19,557	57,854	551,198
Subtotal	318,918	2,566,337	1,172,859	33,990	101,560	4,193,664
Impaired (*)						
Banks and other financial institutions	–	78	–	–	–	78
Corporate entities	–	117	75	–	–	192
	–	195	75	–	–	270
Less: impairment losses	–	(142)	–	–	–	(142)
Subtotal	–	53	75	–	–	128
Total	318,918	2,566,390	1,172,934	33,990	101,560	4,193,792

(*) Impaired debt securities above are mainly determined based on individual assessments. In determining whether a debt security is impaired, the Group considers the evidence of a loss event and the decreases in estimated future cash flows. No collateral was held by the Group as security of the impaired debt securities.

(In RMB millions, unless otherwise stated)

(a) Credit risk (continued)

Bank

31 December 2015

	Receivables	Held-to-maturity investments	Available-for-sale financial assets	Financial assets held for trading	Financial assets designated at fair value through profit or loss	Total
Neither past due nor impaired						
Governments and central banks	85,000	1,576,164	153,413	842	–	1,815,419
Policy banks	15,090	1,149,092	323,325	1,609	9,970	1,499,086
Public sector entities	1,500	16,671	90,748	4,272	907	114,098
Banks and other financial institutions	171,997	59,349	324,828	76,100	1,104	633,378
Corporate entities	40,572	11,818	404,528	33,127	10,028	500,073
Subtotal	314,159	2,813,094	1,296,842	115,950	22,009	4,562,054
Less: Collective allowance for impairment losses	–	(3)	–	–	–	(3)
Subtotal	314,159	2,813,091	1,296,842	115,950	22,009	4,562,051
Impaired (*)						
Banks and other financial institutions	–	24	–	–	–	24
Corporate entities	–	–	107	–	–	107
	–	24	107	–	–	131
Less: Individual allowance for impairment losses	–	(24)	(46)	–	–	(70)
Subtotal	–	–	61	–	–	61
Total	314,159	2,813,091	1,296,903	115,950	22,009	4,562,112

31 December 2014

	Receivables	Held-to-maturity investments	Available-for-sale financial assets	Financial assets held for trading	Financial assets designated at fair value through profit or loss	Total
Neither past due nor impaired						
Governments and central banks	87,486	1,222,694	117,090	1,538	–	1,428,808
Policy banks	15,090	1,273,622	359,775	789	29,120	1,678,396
Public sector entities	1,500	20,110	90,664	192	3,021	115,487
Banks and other financial institutions	167,278	22,608	146,000	10,789	11,565	358,240
Corporate entities	47,564	9,943	373,860	19,557	57,685	508,609
Subtotal	318,918	2,548,977	1,087,389	32,865	101,391	4,089,540
Impaired (*)						
Banks and other financial institutions	–	–	–	–	–	–
Corporate entities	–	24	30	–	–	54
	–	24	30	–	–	54
Less: impairment losses	–	(24)	–	–	–	(24)
Subtotal	–	–	30	–	–	30
Total	318,918	2,548,977	1,087,419	32,865	101,391	4,089,570

(*) Impaired debt securities above are all determined based on individual assessments. In determining whether a debt security is impaired, the Bank considers the evidence of a loss event and the decreases in estimated future cash flows. No collateral was held by the Bank as security of the impaired debt securities.

(In RMB millions, unless otherwise stated)

(b) Liquidity risk

Liquidity risk is the risk that capital will not be sufficient or funds will not be raised at a reasonable cost in a timely manner to meet the need of asset growth or repayment of debts due, although remaining solvent. This may arise from amount or maturity mismatches of assets and liabilities.

The Group manages its liquidity risk through the Asset and Liability Management Department and aims at:

- optimising the structure of assets and liabilities;
- maintaining the stability of the deposit base;
- projecting cash flows and evaluating the level of current assets; and
- in terms of liquidity of the branches, maintaining an efficient internal fund transfer mechanism.

(i) Analysis of the remaining maturity of the assets and liabilities

The Group and the Bank's expected remaining maturity of its financial instruments may vary significantly from the following analysis. For example, demand deposits from customers are expected to maintain a stable or increasing balance although they have been classified as repayable on demand in the following tables.

Group

31 December 2015

	Overdue/ repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	More than five years	Undated (***)	Total
Assets:								
Cash and balances with central banks	471,606	–	–	–	–	–	2,588,027	3,059,633
Due from banks and other financial institutions (*)	206,836	1,091,447	153,808	197,090	30,904	41	–	1,680,126
Financial assets held for trading	–	12,700	24,030	81,757	11,660	2,318	373	132,838
Financial assets designated at fair value through profit or loss	534	1,051	6,750	9,211	174,786	13,665	4,437	210,434
Derivative financial assets	681	11,116	12,841	31,758	18,134	4,340	–	78,870
Loans and advances to customers	68,278	755,892	739,152	2,918,622	2,881,766	4,139,152	149,950	11,652,812
Financial investments	–	97,632	207,490	808,375	2,344,194	1,194,931	14,069	4,666,691
Investments in associates and joint ventures	–	–	–	–	–	–	24,185	24,185
Property and equipment	–	–	–	–	–	–	224,426	224,426
Others	270,430	51,295	9,188	53,048	23,629	33,018	39,157	479,765
Total assets	1,018,365	2,021,133	1,153,259	4,099,861	5,485,073	5,387,465	3,044,624	22,209,780
Liabilities:								
Due to central banks	–	–	20	30	160	–	–	210
Financial liabilities designated at fair value through profit or loss	59,151	81,382	122,790	22,124	17,267	1,213	–	303,927
Derivative financial liabilities	512	11,467	12,890	28,555	17,170	6,232	–	76,826
Due to banks and other financial institutions (**)	1,541,535	590,578	178,260	210,401	45,149	37,128	–	2,603,051
Certificates of deposit	–	35,579	53,158	77,938	16,234	443	–	183,352
Due to customers	8,515,746	891,898	1,241,541	3,574,017	2,055,662	3,075	–	16,281,939
Debt securities issued	–	9,880	11,789	17,054	72,154	195,745	–	306,622
Others	287,242	77,754	73,697	143,495	64,250	6,896	–	653,334
Total liabilities	10,404,186	1,698,538	1,694,145	4,073,614	2,288,046	250,732	–	20,409,261
Net liquidity gap	(9,385,821)	322,595	(540,886)	26,247	3,197,027	5,136,733	3,044,624	1,800,519

(*) Includes reverse repurchase agreements.

(**) Includes repurchase agreements.

(***) Includes loans and advances to customers and bond investments that are impaired or not impaired but overdue for more than one month.

(In RMB millions, unless otherwise stated)

(b) Liquidity risk (continued)

31 December 2014

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

(*) Includes reverse repurchase agreements.

(**) Includes repurchase agreements.

(***) Includes loans and advances to customers and bond investments that are impaired or not impaired but overdue for more than one month.

(In RMB millions, unless otherwise stated)

(b) Liquidity risk (continued)

Bank

31 December 2015

	Overdue/ repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	More than five years	Undated (***)	Total
Assets:								
Cash and balances with central banks	438,595	–	–	–	–	–	2,553,024	2,991,619
Due from banks and other financial institutions (*)	128,273	1,012,629	179,239	222,886	20,299	2,118	–	1,565,444
Financial assets held for trading	–	12,091	23,854	77,365	1,844	796	–	115,950
Financial assets designated at fair value through profit or loss	534	1,051	6,750	8,994	170,851	13,665	4,437	206,282
Derivative financial assets	–	6,854	5,689	18,098	1,897	752	–	33,290
Loans and advances to customers	65,032	731,234	708,366	2,785,871	2,616,127	3,973,504	146,342	11,026,476
Financial investments	–	84,014	197,508	745,343	2,245,551	1,176,355	2,227	4,450,998
Investments in subsidiaries and associates	–	–	–	–	–	–	135,308	135,308
Property and equipment	–	–	–	–	–	–	129,669	129,669
Others	211,640	38,449	7,730	51,224	22,751	32,679	27,437	391,910
Total assets	844,074	1,886,322	1,129,136	3,909,781	5,079,320	5,199,869	2,998,444	21,046,946
Liabilities:								
Financial liabilities designated at fair value through profit or loss	55,866	81,380	122,646	21,682	15,840	–	–	297,414
Derivative financial liabilities	–	8,404	7,140	14,665	2,004	931	–	33,144
Due to banks and other financial institutions (**)	1,500,867	424,289	125,601	160,226	23,136	–	–	2,234,119
Certificates of deposit	–	24,572	40,220	69,614	15,264	443	–	150,113
Due to customers	8,372,090	765,431	1,136,934	3,476,619	2,027,537	3,062	–	15,781,673
Debt securities issued	–	1,240	7,197	8,872	38,850	184,016	–	240,175
Others	219,042	57,126	69,291	139,405	57,009	6,689	–	548,562
Total liabilities	10,147,865	1,362,442	1,509,029	3,891,083	2,179,640	195,141	–	19,285,200
Net liquidity gap	(9,303,791)	523,880	(379,893)	18,698	2,899,680	5,004,728	2,998,444	1,761,746

(*) Includes reverse repurchase agreements.

(**) Includes repurchase agreements.

(***) Includes loans and advances to customers and bond investments that are impaired or not impaired but overdue for more than one month.

(In RMB millions, unless otherwise stated)

(b) Liquidity risk (continued)

31 December 2014

	Overdue repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	More than five years	Undated (***)	Total
Assets:								
Cash and balances with central banks	523,289	–	–	–	–	–	2,950,038	3,473,327
Due from banks and other financial institutions (*)	244,088	536,533	82,043	106,694	25,572	2,023	–	996,953
Financial assets held for trading	–	150	3,664	26,820	1,580	651	–	32,865
Financial assets designated at fair value through profit or loss	795	19,025	39,127	121,089	112,696	13,506	4,160	310,398
Derivative financial assets	–	4,249	5,331	10,297	1,838	577	–	22,292
Loans and advances to customers	31,294	702,985	801,272	2,472,172	2,518,038	3,561,413	97,041	10,184,215
Financial investments	–	35,390	128,776	385,644	2,247,973	1,157,691	2,727	3,958,201
Investments in subsidiaries and associates	–	–	–	–	–	–	114,661	114,661
Property and equipment	–	–	–	–	–	–	126,868	126,868
Others	168,632	22,751	9,429	48,807	24,779	34,066	25,471	333,935
Total assets	968,098	1,321,083	1,069,642	3,171,523	4,932,476	4,769,927	3,320,966	19,553,715
Liabilities:								
Due to central banks	–	–	226	–	–	–	–	226
Financial liabilities designated at fair value through profit or loss	53,223	206,035	265,024	58,708	6,227	–	–	589,217
Derivative financial liabilities	–	3,801	5,301	10,284	2,140	798	–	22,324
Due to banks and other financial institutions (**)	869,417	331,701	223,864	125,181	4,835	–	–	1,554,998
Certificates of deposit	–	28,620	39,966	47,779	20,301	443	–	137,109
Due to customers	7,768,923	836,581	1,187,301	3,260,494	1,936,382	34,420	–	15,024,101
Debt securities issued	–	2,251	7,469	6,665	37,504	189,801	–	243,690
Others	163,906	49,115	68,472	135,334	44,936	7,426	–	469,189
Total liabilities	8,855,469	1,458,104	1,797,623	3,644,445	2,052,325	232,888	–	18,040,854
Net liquidity gap	(7,887,371)	(137,021)	(727,981)	(472,922)	2,880,151	4,537,039	3,320,966	1,512,861

(*) Includes reverse repurchase agreements.

(**) Includes repurchase agreements.

(***) Includes loans and advances to customers and bond investments that are impaired or not impaired but overdue for more than one month.

(ii) Maturity analysis of contractual undiscounted cash flows

The tables below summarise the maturity profile of the Group's and of the Bank's financial instruments based on the contractual undiscounted cash flows. The balances of some items in the tables below are different from the balances on the statement of financial position as the tables incorporate all cash flows relating to both principal and interest. The Group and the Bank's expected cash flows on these instruments may vary significantly from the following analysis. For example, demand deposits from customers are expected to maintain a stable or increasing balance although they have been classified as repayable on demand in the following tables.

(In RMB millions, unless otherwise stated)

(b) Liquidity risk (continued)

Group

31 December 2015

	Overdue/ repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	More than five years	Undated (***)	Total
Non-derivative cash flows:								
Financial assets:								
Cash and balances with central banks	471,606	–	3,480	–	–	–	2,588,027	3,063,113
Due from banks and other financial institutions (*)	206,837	1,093,314	155,711	202,647	34,250	50	–	1,692,809
Financial assets held for trading	–	12,729	24,225	83,231	13,790	4,916	373	139,264
Financial assets designated at fair value through profit or loss	534	1,065	6,802	9,776	174,944	13,689	4,437	211,247
Loans and advances to customers (**)	69,484	815,009	878,558	3,407,083	4,481,120	5,903,532	235,756	15,790,542
Financial investments	–	98,461	212,512	835,939	2,414,570	1,225,527	14,104	4,801,113
Others	222,918	33,767	5,282	7,374	5,815	508	2,242	277,906
	971,379	2,054,345	1,286,570	4,546,050	7,124,489	7,148,222	2,844,939	25,975,994

(*) Includes reverse repurchase agreements.

(**) The maturity profile of the renegotiated loans' contractual undiscounted cash flows is determined according to the negotiated terms.

(***) Includes loans and advances to customers and bond investments that are impaired or not impaired but overdue for more than one month.

31 December 2015

	Overdue/ repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	More than five years	Undated	Total
Non-derivative cash flows:								
Financial liabilities:								
Due to central banks	–	–	20	31	160	–	–	211
Financial liabilities designated at fair value through profit or loss	59,200	81,491	123,294	22,503	19,300	1,240	–	307,028
Due to banks and other financial institutions (*)	1,541,557	592,445	180,183	214,820	47,487	37,141	–	2,613,633
Certificates of deposit	–	35,766	53,905	79,441	17,207	522	–	186,841
Due to customers	8,516,764	893,282	1,264,680	3,632,057	2,128,421	3,457	–	16,438,661
Debt securities issued	–	9,987	12,784	25,980	106,603	250,514	–	405,868
Others	196,112	9,825	2,497	3,387	34,126	30,908	–	276,855
	10,313,633	1,622,796	1,637,363	3,978,219	2,353,304	323,782	–	20,229,097
Derivative cash flows:								
Derivative financial instruments settled on net basis	–	557	(105)	(37)	67	37	–	519
Derivative financial instruments settled on gross basis:								
— Cash inflow	55,558	1,234,460	752,515	1,592,386	267,045	35,759	–	3,937,723
— Cash outflow	(55,435)	(1,235,452)	(754,756)	(1,587,293)	(264,255)	(36,900)	–	(3,934,091)
	123	(992)	(2,241)	5,093	2,790	(1,141)	–	3,632

(*) Includes repurchase agreements.

(In RMB millions, unless otherwise stated)

(b) Liquidity risk (continued)

31 December 2014

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

(*) Includes reverse repurchase agreements.

(**) The maturity profile of the renegotiated loans' contractual undiscounted cash flows is determined according to the negotiated terms.

(***) Includes loans and advances to customers and bond investments that are impaired or not impaired but overdue for more than one month.

31 December 2014

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

(*) Includes repurchase agreements.

(In RMB millions, unless otherwise stated)

(b) Liquidity risk (continued)

Bank

31 December 2015

	Overdue/ repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	More than five years	Undated (***)	Total
Non-derivative cash flows:								
Financial assets:								
Cash and balances with central banks	438,595	–	3,432	–	–	–	2,553,024	2,995,051
Due from banks and other financial institutions (*)	128,273	1,014,641	181,145	228,150	22,038	2,500	–	1,576,747
Financial assets held for trading	–	12,102	23,960	78,395	2,396	802	–	117,655
Financial assets designated at fair value through profit or loss	534	1,065	6,802	9,404	171,009	13,689	4,437	206,940
Loans and advances to customers (**)	66,217	787,695	840,412	3,248,159	4,125,373	5,669,778	228,326	14,965,960
Financial investments	–	84,740	202,449	772,957	2,312,027	1,206,316	2,227	4,580,716
Others	181,205	24,743	255	487	5	5	1,192	207,892
	814,824	1,924,986	1,258,455	4,337,552	6,632,848	6,893,090	2,789,206	24,650,961

(*) Includes reverse repurchase agreements.

(**) The maturity profile of the renegotiated loans' contractual undiscounted cash flows is determined according to the negotiated terms.

(***) Includes loans and advances to customers and bond investments that are impaired or not impaired but overdue for more than one month.

31 December 2015

	Overdue/ repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	More than five years	Undated	Total
Non-derivative cash flows:								
Financial liabilities:								
Financial liabilities designated at fair value through profit or loss	55,866	81,489	123,150	22,046	17,829	–	–	300,380
Due to banks and other financial institutions (*)	1,500,891	425,997	127,520	164,771	25,199	–	–	2,244,378
Certificates of deposit	–	24,723	40,857	70,933	16,214	522	–	153,249
Due to customers	8,372,886	766,165	1,159,609	3,534,130	2,099,811	3,441	–	15,936,042
Debt securities issued	–	1,242	7,894	16,240	67,818	229,869	–	323,063
Others	175,509	2,377	100	727	748	3,952	–	183,413
	10,105,152	1,301,993	1,459,130	3,808,847	2,227,619	237,784	–	19,140,525
Derivative cash flows:								
Derivative financial instruments settled on net basis	–	256	(127)	(87)	(19)	(68)	–	(45)
Derivative financial instruments settled on gross basis:								
— Cash inflow	–	707,203	458,376	1,212,795	78,293	1,432	–	2,458,099
— Cash outflow	–	(709,123)	(460,906)	(1,208,811)	(77,517)	(1,488)	–	(2,457,845)
	–	(1,920)	(2,530)	3,984	776	(56)	–	254

(*) Includes repurchase agreements.

(In RMB millions, unless otherwise stated)

(b) Liquidity risk (continued)

31 December 2014

	Overdue/ repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	More than five years	Undated (***)	Total
Non-derivative cash flows:								
Financial assets:								
Cash and balances with central banks	523,289	–	3,983	–	–	–	2,950,038	3,477,310
Due from banks and other financial institutions (*)	244,088	538,385	83,742	110,344	26,378	2,375	–	1,005,312
Financial assets held for trading	–	158	3,801	28,345	1,817	708	–	34,829
Financial assets designated at fair value through profit or loss	795	19,375	41,164	123,787	120,507	13,910	4,160	323,698
Loans and advances to customers (**)	31,934	770,805	963,972	3,025,846	4,366,518	5,454,756	149,360	14,763,191
Financial investments	–	44,237	154,016	505,382	2,621,735	1,375,927	2,727	4,704,024
Others	140,322	12,648	202	102	46	5	1,240	154,565
	940,428	1,385,608	1,250,880	3,793,806	7,137,001	6,847,681	3,107,525	24,462,929

(*) Includes reverse repurchase agreements.

(**) The maturity profile of the renegotiated loans' contractual undiscounted cash flows is determined according to the negotiated terms.

(***) Includes loans and advances to customers and bond investments that are impaired or not impaired but overdue for more than one month.

31 December 2014

	Overdue/ repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	More than five years	Undated	Total
Non-derivative cash flows:								
Financial liabilities:								
Borrowing from central banks	–	–	227	–	–	–	–	227
Financial liabilities designated at fair value through profit or loss	53,223	206,447	265,981	59,683	6,868	–	–	592,202
Due to banks and other financial institutions (*)	869,426	332,974	224,893	128,345	5,022	–	–	1,560,660
Certificates of deposit	–	28,872	40,449	49,003	20,978	536	–	139,838
Due to customers	7,769,800	837,965	1,202,171	3,347,164	2,063,319	42,938	–	15,263,357
Debt securities issued	–	2,253	7,679	14,021	66,212	239,007	–	329,172
Others	65,183	20,609	21,383	31,024	263	4,673	128	143,263
	8,757,632	1,429,120	1,762,783	3,629,240	2,162,662	287,154	128	18,028,719
Derivative cash flows:								
Derivative financial instruments settled on net basis	–	4	5	8	(65)	(218)	–	(266)
Derivative financial instruments settled on gross basis:								
— Cash inflow	–	590,574	573,384	784,818	58,039	3,550	–	2,010,365
— Cash outflow	–	(590,643)	(573,508)	(785,033)	(58,146)	(3,536)	–	(2,010,866)
	–	(69)	(124)	(215)	(107)	14	–	(501)

(*) Includes repurchase agreements.

(In RMB millions, unless otherwise stated)

(b) Liquidity risk (continued)

(iii) Analysis of credit commitments by contractual expiry date

Management expects that not all of the commitments will be drawn before the expiry of the commitments.

Group

31 December 2015

	Repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	More than five years	Total
Credit commitments	719,327	151,167	249,287	480,940	554,572	142,591	2,297,884

31 December 2014

	Repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	More than five years	Total
Credit commitments	692,629	156,397	257,582	610,824	429,940	194,751	2,342,123

Bank

31 December 2015

	Repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	More than five years	Total
Credit commitments	712,885	142,472	249,381	490,244	557,562	136,900	2,289,444

31 December 2014

	Repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	More than five years	Total
Credit commitments	688,108	157,827	263,299	534,912	380,889	195,584	2,220,619

(c) Market risk

Market risk is the risk of loss, in respect of the Group's on and off-balance sheet activities, arising from adverse movements in market rates including interest rates, foreign exchange rates, commodity prices and stock prices. Market risk arises from both the Group's trading and non-trading businesses.

The Group is primarily exposed to structural interest rate risk arising from commercial banking and position risk arising from treasury transactions. Interest rate risk is inherent in many of its businesses and largely arises from mismatches between the repricing dates of interest-generating assets and interest-bearing liabilities.

The Group's currency risk mainly results from the risk arising from exchange rate fluctuations on its foreign exchange exposures. Foreign exchange exposures include the mismatch of foreign exchange assets and liabilities, and off-balance sheet foreign exchange positions arising from derivative transactions.

(In RMB millions, unless otherwise stated)

(c) Market risk (continued)

The Group considers the market risk arising from stock price fluctuations in respect of its investment portfolios as immaterial.

Sensitivity analysis, interest rate repricing gap analysis and currency risk concentration analysis are the major market risk management tools used by the Group. The Bank monitors market risk separately in respect of trading and other non-trading portfolios. The Bank adopts VaR analysis as the major tool for calculating and monitoring the market risk of trading portfolios. The following sections include a VaR analysis by risk type of the Group's trading portfolios of the parent company and a sensitivity analysis based on the Group's interest rate risk exposure and currency risk exposure (both trading and non-trading portfolios).

(i) VaR

VaR analysis is a statistical technique which estimates the potential maximum losses that could occur on risk positions taken due to movements in interest rates, foreign exchange rates or prices over a specified time horizon and at a specified level of confidence. The Bank adopts a historical simulation model to calculate and monitor trading portfolio VaR with 250 days' historical market data (with a 99% confidence level, and one-day holding period) on a daily basis.

A summary of VaR by risk type of the Bank's trading portfolios is as follows:

	2015			
	31 December 2015	Average	Highest	Lowest
Interest rate risk	55	46	72	21
Currency risk	63	64	141	34
Commodity risk	13	17	41	4
Total portfolio VaR	81	90	156	60

	2014			
	31 December 2014	Average	Highest	Lowest
Interest rate risk	32	24	60	8
Currency risk	55	39	65	17
Commodity risk	9	12	20	6
Total portfolio VaR	72	46	90	24

VaR for each risk factor is the derived largest potential loss due to fluctuations solely in that risk factor. As there was a diversification effect due to the correlation amongst the risk factors, the individual VaR did not add up to the total portfolio VaR.

Although VaR is an important tool for measuring market risk under normal market environment, the assumptions on which the model is based do give rise to some limitations, mainly including the following:

(1) VaR does not reflect liquidity risk. In the VaR model, a one-day holding period assumes that it is possible to hedge or dispose of positions within that period without restriction, the price of the financial instruments will fluctuate in the specified range, and the correlation between these market prices will remain unchanged. This may not fully reflect the market risk arising at times of severe illiquidity, when a one-day holding period may be insufficient to liquidate or hedge all positions fully;

(2) Even though positions may change throughout the day, VaR only represents the risk of the portfolios at the close of each business day, and it does not account for any losses that may occur beyond the 99% confidence level; and

(3) VaR relies heavily on historical data to provide information and may not clearly predict the future changes and modifications of the risk factors, especially those of an exceptional nature due to significant market moves.

(In RMB millions, unless otherwise stated)

(c) Market risk (continued)

(ii) Interest rate risk

The Group's interest rate risk mainly arises from the mismatches between the repricing dates of interest-generating assets and interest-bearing liabilities. The Group's interest-generating assets and interest-bearing liabilities are mainly denominated in RMB.

The Group manages its interest rate risk by:

- regularly monitoring the macroeconomic factors that may have impact on the PBOC benchmark interest rates;
- optimising the differences in timing between contractual repricing (maturities) of interest-generating assets and interest-bearing liabilities; and
- managing the deviation of the pricing of interest-generating assets and interest-bearing liabilities from the PBOC benchmark interest rates.

A principal part of the Group's management of interest rate risk is to monitor the sensitivity of projected net interest income under varying interest rate scenarios (simulation modeling). The Group aims to mitigate the impact of prospective interest rate movements which could reduce future net interest income, while balancing the cost of such hedging on the current revenue.

The following tables demonstrate the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's and the Bank's net interest income and equity.

The effect of the net interest income is the effect of the assumed changes in interest rates on the net interest income, arising from the financial assets and financial liabilities held at year end that are subject to repricing within the coming year, including the effect of hedging instruments. The effect of equity is the effect of the assumed changes in interest rates on other comprehensive income, calculated by revaluing fixed rate available-for-sale financial assets held at year end, including the effect of any associated hedges.

Group

	Effect on net interest income		Effect on equity	
Change in basis points	**2015**	**2014**	**2015**	**2014**
+100 basis points	(5,926)	(1,635)	(38,609)	(30,483)
−100 basis points	5,926	1,635	41,729	32,354

Bank

	Effect on net interest income		Effect on equity	
Change in basis points	**2015**	**2014**	**2015**	**2014**
+100 basis points	(6,348)	(1,891)	(34,323)	(28,604)
−100 basis points	6,348	1,891	36,791	30,306

The interest rate sensitivities set out in the tables above are for illustration only and are based on simplified scenarios. The figures represent the effect of the pro forma movements in net interest income and equity based on the projected yield curve scenarios and the Group's and the Bank's current interest rate risk profile. This effect, however, does not incorporate actions that would be taken by management to mitigate the impact of interest rate risk. The projections above also assume that interest rates of all maturities move by the same amount and, therefore, do not reflect the potential impact on net interest income and equity in the case where some rates change while others remain unchanged.

(In RMB millions, unless otherwise stated)

(c) Market risk (continued)

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

31 December 2015

	Less than three months	Three months to one year	One to five years	More than five years	Non-interest-bearing	Total
Assets:						
Cash and balances with central banks	2,672,292	–	–	–	387,341	3,059,633
Due from banks and other financial institutions (*)	1,438,201	197,465	27,608	41	16,811	1,680,126
Financial assets held for trading	41,451	82,154	6,619	2,241	373	132,838
Financial assets designated at fair value through profit or loss	9,405	9,339	173,054	13,665	4,971	210,434
Derivative financial assets	–	–	–	–	78,870	78,870
Loans and advances to customers	6,897,524	4,333,873	188,200	130,887	102,328	11,652,812
Financial investments	447,620	869,374	2,158,378	1,177,390	13,929	4,666,691
Investments in associates and joint ventures	–	–	–	–	24,185	24,185
Property and equipment	–	–	–	–	224,426	224,426
Others	10,045	225	–	–	469,495	479,765
Total assets	11,516,538	5,492,430	2,553,859	1,324,224	1,322,729	22,209,780
Liabilities:						
Due to central banks	20	30	160	–	–	210
Financial liabilities designated at fair value through profit or loss	204,160	21,682	15,953	–	62,132	303,927
Derivative financial liabilities	–	–	–	–	76,826	76,826
Due to banks and other financial institutions (**)	2,332,698	234,978	13,113	6,805	15,457	2,603,051
Certificates of deposit	107,758	66,575	8,576	443	–	183,352
Due to customers	10,316,969	3,563,821	2,052,611	3,075	345,463	16,281,939
Debt securities issued	33,046	16,674	63,223	193,679	–	306,622
Others	3,371	150	617	623	648,573	653,334
Total liabilities	12,998,022	3,903,910	2,154,253	204,625	1,148,451	20,409,261
Interest rate mismatch	(1,481,484)	1,588,520	399,606	1,119,599	N/A	N/A

(*) Includes reverse repurchase agreements.

(**) Includes repurchase agreements.

(In RMB millions, unless otherwise stated)

(c) Market risk (continued)

31 December 2014

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

(*) Includes reverse repurchase agreements.

(**) Includes repurchase agreements.

(In RMB millions, unless otherwise stated)

(c) Market risk (continued)

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

31 December 2015

	Less than three months	Three months to one year	One to five years	More than five years	Non-interest-bearing	Total
Assets:						
Cash and balances with central banks	2,607,873	–	–	–	383,746	2,991,619
Due from banks and other financial institutions (*)	1,311,681	221,232	20,299	2,118	10,114	1,565,444
Financial assets held for trading	36,356	77,365	1,433	796	–	115,950
Financial assets designated at fair value through profit or loss	9,405	9,122	169,119	13,665	4,971	206,282
Derivative financial assets	–	–	–	–	33,290	33,290
Loans and advances to customers	6,457,483	4,218,448	130,127	120,707	99,711	11,026,476
Financial investments	420,217	806,570	2,060,875	1,161,171	2,165	4,450,998
Investments in subsidiaries and associates	–	–	–	–	135,308	135,308
Property and equipment	–	–	–	–	129,669	129,669
Others	–	–	–	–	391,910	391,910
Total assets	10,843,015	5,332,737	2,381,853	1,298,457	1,190,884	21,046,946
Liabilities:						
Financial liabilities designated at fair value through profit or loss	204,026	21,682	15,840	–	55,866	297,414
Derivative financial liabilities	–	–	–	–	33,144	33,144
Due to banks and other financial institutions (**)	2,029,557	179,112	1,894	–	23,556	2,234,119
Certificates of deposit	83,033	58,563	8,074	443	–	150,113
Due to customers	10,051,225	3,463,631	2,027,361	3,061	236,395	15,781,673
Debt securities issued	17,189	8,872	30,098	184,016	–	240,175
Others	–	–	–	–	548,562	548,562
Total liabilities	12,385,030	3,731,860	2,083,267	187,520	897,523	19,285,200
Interest rate mismatch	(1,542,015)	1,600,877	298,586	1,110,937	N/A	N/A

(*) Includes reverse repurchase agreements.

(**) Includes repurchase agreements.

(In RMB millions, unless otherwise stated)

(c) Market risk (continued)

31 December 2014

	Less than three months	Three months to one year	One to five years	More than five years	Non-interest-bearing	Total
Assets:						
Cash and balances with central banks	3,050,431	–	–	–	422,896	3,473,327
Due from banks and other financial institutions (*)	852,932	106,694	25,572	2,023	9,732	996,953
Financial assets held for trading	4,241	26,820	1,153	651	–	32,865
Financial assets designated at fair value through profit or loss	59,025	121,238	111,674	13,506	4,955	310,398
Derivative financial assets	–	–	–	–	22,292	22,292
Loans and advances to customers	6,033,430	3,907,837	59,402	111,002	72,544	10,184,215
Financial investments	321,399	505,118	2,014,637	1,114,350	2,697	3,958,201
Investments in subsidiaries and associates	–	–	–	–	114,661	114,661
Property and equipment	–	–	–	–	126,868	126,868
Others	417	58	–	–	333,460	333,935
Total assets	10,321,875	4,667,765	2,212,438	1,241,532	1,110,105	19,553,715
Liabilities:						
Due to central banks	226	–	–	–	–	226
Financial liabilities designated at fair value through profit or loss	471,059	58,708	6,227	–	53,223	589,217
Derivative financial liabilities	–	–	–	–	22,324	22,324
Due to banks and other financial institutions (**)	1,418,556	124,432	4,835	–	7,175	1,554,998
Certificates of deposit	84,951	46,014	5,701	443	–	137,109
Due to customers	9,414,307	3,260,487	1,936,382	34,420	378,505	15,024,101
Debt securities issued	16,336	16,150	21,403	189,801	–	243,690
Others	–	–	–	–	469,189	469,189
Total liabilities	11,405,435	3,505,791	1,974,548	224,664	930,416	18,040,854
Interest rate mismatch	(1,083,560)	1,161,974	237,890	1,016,868	N/A	N/A

(*) Includes reverse repurchase agreements.

(**) Includes repurchase agreements.

(In RMB millions, unless otherwise stated)

(c) Market risk (continued)

(iii) Currency risk

The Group conducts its businesses mainly in RMB, with certain transactions denominated in USD, HKD and, to a lesser extent, other currencies. Transactions in foreign currencies mainly arise from the Group's treasury operations, foreign exchange dealings and overseas investments.

The exchange rate of RMB to USD is managed under a floating exchange rate system. The HKD exchange rate has been pegged to USD and therefore the exchange rate of RMB to HKD has fluctuated in line with the changes in the exchange rate of RMB to USD.

The Group manages its currency risk through various methods, including limitation management and risk hedging to hedge currency risk, and performing currency risk sensitivity analysis and stress testing regularly.

The tables below indicate a sensitivity analysis of exchange rate changes of the currencies to which the Group had significant exposure on its monetary assets and liabilities and its forecasted cash flows. The analysis calculates the effect of a reasonably possible movement in the currency rates against RMB, with all other variables held constant, on profit before taxation and equity. A negative amount in the table reflects a potential net reduction in profit before taxation or equity, while a positive amount reflects a potential net increase. This effect, however, is based on the assumption that the Group's foreign exchange exposures as at the year end are kept unchanged and, therefore, have not incorporated actions that would be taken by the Group to mitigate the adverse impact of this currency risk.

Group

Currency	Change in currency rate	Effect on profit before taxation 2015	Effect on profit before taxation 2014	Effect on equity 2015	Effect on equity 2014
USD	-1%	75	(42)	(280)	(184)
HKD	-1%	402	572	(795)	(585)

Bank

Currency	Change in currency rate	Effect on profit before taxation 2015	Effect on profit before taxation 2014	Effect on equity 2015	Effect on equity 2014
USD	-1%	49	(3)	(22)	(16)
HKD	-1%	152	127	(14)	(12)

While the tables above indicates the effect on profit before taxation and equity of 1% depreciation of USD and HKD, there will be an opposite effect with the same amount if the currencies appreciate by the same percentage.

(In RMB millions, unless otherwise stated)

(c) Market risk (continued)

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

Group

31 December 2015

	RMB	USD (equivalent to RMB)	HKD (equivalent to RMB)	Others (equivalent to RMB)	Total
Assets:					
Cash and balances with central banks	2,892,981	72,522	19,253	74,877	3,059,633
Due from banks and other financial institutions (*)	1,226,502	373,998	14,612	65,014	1,680,126
Financial assets held for trading	116,092	11,654	139	4,953	132,838
Financial assets designated at fair value though profit or loss	209,444	252	166	572	210,434
Derivative financial assets	26,643	37,476	6,736	8,015	78,870
Loans and advances to customers	10,629,123	714,769	171,499	137,421	11,652,812
Financial investments	4,423,990	165,656	16,668	60,377	4,666,691
Investments in associates and joint ventures	231	352	1,508	22,094	24,185
Property and equipment	138,760	83,631	688	1,347	224,426
Others	274,586	95,968	9,029	100,182	479,765
Total assets	19,938,352	1,556,278	240,298	474,852	22,209,780
Liabilities:					
Due to central banks	50	–	–	160	210
Financial liabilities designated at fair value through profit or loss	233,169	11,249	–	59,509	303,927
Derivative financial liabilities	26,349	34,905	7,610	7,962	76,826
Due to banks and other financial institutions (**)	1,829,716	624,804	22,891	125,640	2,603,051
Certificates of deposit	40,813	108,770	7,211	26,558	183,352
Due to customers	15,435,986	515,515	202,105	128,333	16,281,939
Debt securities issued	196,986	89,408	2,485	17,743	306,622
Others	564,520	73,183	5,548	10,083	653,334
Total liabilities	18,327,589	1,457,834	247,850	375,988	20,409,261
Net position	1,610,763	98,444	(7,552)	98,864	1,800,519
Credit commitments	1,840,354	355,858	25,449	76,223	2,297,884

(*) Includes reverse repurchase agreements.

(**) Includes repurchase agreements.

(In RMB millions, unless otherwise stated)

(c) Market risk (continued)

31 December 2014

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

(*) Includes reverse repurchase agreements.

(**) Includes repurchase agreements.

(In RMB millions, unless otherwise stated)

(c) Market risk (continued)

Bank

31 December 2015

	RMB	USD (equivalent to RMB)	HKD (equivalent to RMB)	Others (equivalent to RMB)	Total
Assets:					
Cash and balances with central banks	2,884,990	61,956	1,698	42,975	2,991,619
Due from banks and other financial institutions (*)	1,246,867	223,412	42,911	52,254	1,565,444
Financial assets held for trading	115,950	–	–	–	115,950
Financial assets designated at fair value though profit or loss	205,509	210	–	563	206,282
Derivative financial assets	26,269	5,133	–	1,888	33,290
Loans and advances to customers	10,440,810	514,733	5,614	65,319	11,026,476
Financial investments	4,325,530	87,616	657	37,195	4,450,998
Investments in subsidiaries and associates	17,352	10,012	44,820	63,124	135,308
Property and equipment	129,195	255	9	210	129,669
Others	252,894	35,499	5,174	98,343	391,910
Total assets	19,645,366	938,826	100,883	361,871	21,046,946
Liabilities:					
Financial liabilities designated at fair value through profit or loss	233,052	8,496	–	55,866	297,414
Derivative financial liabilities	25,202	5,255	–	2,687	33,144
Due to banks and other financial institutions (**)	1,732,680	348,135	47,131	106,173	2,234,119
Certificates of deposit	36,340	86,173	1,974	25,626	150,113
Due to customers	15,361,944	360,613	12,466	46,650	15,781,673
Debt securities issued	180,693	50,227	1,898	7,357	240,175
Others	506,821	34,326	2,677	4,738	548,562
Total liabilities	18,076,732	893,225	66,146	249,097	19,285,200
Net position	1,568,634	45,601	34,737	112,774	1,761,746
Credit commitments	1,824,981	377,739	10,982	75,742	2,289,444

(*) Includes reverse repurchase agreements.

(**) Includes repurchase agreements.

(In RMB millions, unless otherwise stated)

(c) Market risk (continued)

31 December 2014

	RMB	USD (equivalent to RMB)	HKD (equivalent to RMB)	Others (equivalent to RMB)	Total
Assets:					
Cash and balances with central banks	3,429,507	29,572	2,391	11,857	3,473,327
Due from banks and other financial institutions (*)	747,415	184,773	20,728	44,037	996,953
Financial assets held for trading	32,801	64	–	–	32,865
Financial assets designated at fair value though profit or loss	310,190	63	–	145	310,398
Derivative financial assets	6,819	13,946	–	1,527	22,292
Loans and advances to customers	9,575,989	568,158	9,773	30,295	10,184,215
Financial investments	3,876,423	58,041	1,350	22,387	3,958,201
Investments in subsidiaries and associates	16,920	3,836	34,331	59,574	114,661
Property and equipment	126,552	214	7	95	126,868
Others	215,667	23,565	337	94,366	333,935
Total assets	18,338,283	882,232	68,917	264,283	19,553,715
Liabilities:					
Due to central banks	–	–	–	226	226
Financial liabilities designated at fair value through profit or loss	529,768	6,227	–	53,222	589,217
Derivative financial liabilities	4,121	16,183	–	2,020	22,324
Due to banks and other financial institutions (**)	1,173,756	269,703	13,365	98,174	1,554,998
Certificates of deposit	46,156	64,469	7,818	18,666	137,109
Due to customers	14,696,113	269,220	24,386	34,382	15,024,101
Debt securities issued	218,713	14,523	2,913	7,541	243,690
Others	438,194	21,040	3,006	6,949	469,189
Total liabilities	17,106,821	661,365	51,488	221,180	18,040,854
Net position	1,231,462	220,867	17,429	43,103	1,512,861
Credit commitments	1,764,368	347,315	55,594	53,342	2,220,619

(*) Includes reverse repurchase agreements.

(**) Includes repurchase agreements.

(d) Capital management

The Group's objectives on capital management are:

- Maintain reasonable capital adequacy ratio to continuously meet regulatory requirements on capital. Keeping stable capital base to ensure the Group's business growth and the implementation of business development and strategic plan in order to achieve comprehensive, coordinated and sustainable development;
- Adopt the advanced measurement approaches, improve the internal capital adequacy assessment process (ICAAP), disclose information on capital management, cover all types of risks, and ensure the stable operation of the Group;
- Integrate the quantified results of various risks into daily management, establish a bank value management system with economic capital as the core tool, improve the policy, process and application management system, strengthen the capital constraint and incentive mechanism, enhance the product pricing and decision-making capabilities, and improve the capital allocation efficiency; and
- Make reasonable use of various capital instruments, continuously enhance capital strengths, refine capital structure, improve capital quality, reduce capital cost, and maximize shareholder returns.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the risk profile of its activities. In order to maintain or adjust the capital structure, the Group may adjust its profit distribution policy, issue or repurchase own shares, qualifying other tier 1 capital instruments, qualifying tier 2 capital instruments and convertible bonds, etc.

The Group's Management monitors the capital adequacy ratios regularly based on regulations issued by the CBRC. The required information is respectively filed with the CBRC by the Group and the Bank semi-annually and quarterly.

From 1 January 2013, the Group commenced to calculate the capital adequacy ratios in accordance with Regulation Governing Capital of Commercial Banks (Provisional) and other relevant regulations promulgated by the CBRC. In April 2014, CBRC officially approved the Bank to adopt advanced capital management approaches. Within the scope of the approval, the foundation internal ratings-based (IRB) approach is adopted to corporate credit risk, the IRB approach to retail credit risk, the internal model approach (IMA) to market risk, and the standardized approach to operational risk meeting regulatory requirements.

The CBRC requires commercial banks to meet the requirements of capital adequacy ratios by the end of 2018 in accordance with Regulation Governing Capital of Commercial Banks (Provisional). For systemically important banks, CBRC requires minimum core tier 1 capital adequacy ratio, tier 1 capital adequacy ratio and capital adequacy ratio of 8.50%, 9.50% and 11.50%, respectively. For non-systemically important banks, CBRC requires corresponding minimum ratios of 7.50%, 8.50% and 10.50%, respectively. In addition, overseas entities are directly regulated by local banking regulatory commissions, and the requirements of capital adequacy ratios differ by countries.

The Group calculates the following core tier 1 capital adequacy ratio, tier 1 capital adequacy ratio and capital adequacy ratio in accordance with Regulation Governing Capital of Commercial Banks (Provisional) and relevant requirements promulgated by the CBRC. The requirements pursuant to these regulations may have certain differences comparing to those applicable in Hong Kong and other jurisdictions.

The capital adequacy ratios and related components of the Group are calculated in accordance with the statutory financial statements of the Group prepared under PRC GAAP. During the year, the Group has complied in full with all its externally imposed capital requirements.

(In RMB millions, unless otherwise stated)

(d) Capital management (continued)

The capital adequacy ratios calculated after implementation of the advanced capital management approaches are as follows:

	31 December 2015	31 December 2014
Core tier 1 capital	1,713,160	1,498,403
Paid-in capital	356,407	353,495
Valid portion of capital reserve	151,963	144,874
Surplus reserve	178,040	150,752
General reserve	246,356	221,622
Retained profits	781,853	650,308
Valid portion of minority interests	4,340	2,191
Others	(5,799)	(24,839)
Core tier 1 capital deductions	11,665	11,670
Goodwill	8,478	8,487
Other intangible assets other than land use rights	1,356	1,279
Cash flow hedge reserves that relate to the hedging of items that are not fair valued on the balance sheet	(3,869)	(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	1,701,495	1,486,733
Additional tier 1 capital	79,567	34,500
Additional tier 1 capital instruments and related premium	79,375	34,428
Valid portion of minority interests	192	72
Net tier 1 capital	1,781,062	1,521,233
Tier 2 capital	244,641	306,704
Valid portion of tier 2 capital instruments and related premium	180,242	187,829
Surplus provision for loan impairment	63,398	118,633
Valid portion of minority interests	1,001	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	2,012,103	1,812,137
Risk-weighted assets (i)	13,216,687	12,475,939
Core tier 1 capital adequacy ratio	12.87%	11.92%
Tier 1 capital adequacy ratio	13.48%	12.19%
Capital adequacy ratio	15.22%	14.53%

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

56. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value estimates are generally subjective in nature, and are made as of a specific point in time based on the characteristics of the financial instruments and relevant market information. The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The Group has established policies and internal controls with respect to the measurement of fair values, specify the framework of fair value measurement of financial instrument, fair value measurement methodologies and procedures. Fair value measurement policies specify valuation techniques, parameter selection and relevant concepts, models and parameter solutions. Operating procedures specify measurement operating procedures, valuation date, market parameter selection and corresponding allocation of responsibilities. In the process of fair value measurement, front office is responsible for daily transactions management. Financial Accounting Department plays a lead role of developing accounting policies of fair value measurement, valuation methodologies and system implementation. Risk Management Department is responsible for verifying trade details and valuation models.

The following is a description of the fair value of the financial instruments recorded at fair value which are determined using valuation techniques. These incorporate the Group's estimate of assumptions that a market participant would make when valuing the instruments.

Financial investments

Financial investments valued using valuation techniques consist of debt securities and asset-backed securities. The Group values such securities in use of a discounted cash flow analysis which incorporates either only observable data or both observable and non-observable data. Observable inputs include assumptions regarding current interest rates; unobservable inputs include assumptions regarding expected future default rates, prepayment rates and market liquidity discounts.

A majority of the debt securities classified as level 2 are RMB bonds. The fair value of these bonds are determined based on the valuation results provided by China Central Depository & Clearing Co., Ltd., which are determined based on a valuation technique for which all significant inputs are observable market data.

Derivatives

Derivatives valued using a valuation technique with market observable inputs are mainly interest rate swaps, foreign exchange forwards, swaps and options, etc. The most frequently applied valuation techniques include discounted cash flow model and Black-Scholes model. The models incorporate various inputs including foreign exchange spot and forward rates, foreign exchange rate volatility, interest rate yield curves, etc..

Structured products are mainly valued using dealer's quotations.

Other liabilities designated at fair value through profit or loss

For unquoted other liabilities designated at fair value through profit or loss, discounted cash flow model is used based on current yield curve appropriate for the remaining term to maturity adjusted for market liquidity and credit spreads; and Heston model is applied based on yield curves, foreign exchange forward rates, foreign exchange rate volatilities, etc., which is calibrated by active market quotes of standard European options with the same underlying.

(In RMB millions, unless otherwise stated)

(a) Financial instruments recorded at fair value

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

Group

31 December 2015

	Level 1	Level 2	Level 3	Total
Financial assets which are measured at fair value on a recurring basis:				
Financial assets held for trading				
Equity investments	373	–	–	373
Debt securities	14,808	117,657	–	132,465
	15,181	117,657	–	132,838
Financial assets designated at fair value through profit or loss				
Debt securities	824	21,400	–	22,224
Other debt instruments	–	6,300	–	6,300
Others	–	534	181,376	181,910
	824	28,234	181,376	210,434
Derivative financial assets				
Exchange rate contracts	102	36,277	228	36,607
Interest rate contracts	25	26,249	715	26,989
Commodity derivatives and others	8,662	6,511	101	15,274
	8,789	69,037	1,044	78,870
Available-for-sale financial assets				
Equity investments	12,331	134	626	13,091
Debt securities	130,441	1,266,712	5,520	1,402,673
Other debt instruments	–	27,593	–	27,593
	142,772	1,294,439	6,146	1,443,357
	167,566	1,509,367	188,566	1,865,499
Financial liabilities which are measured at fair value on a recurring basis:				
Financial liabilities designated at fair value through profit or loss				
Wealth management products	–	205,531	–	205,531
Structured deposits	–	27,521	–	27,521
Financial liabilities related to precious metals	–	55,871	–	55,871
Other debt securities issued	1,947	6,549	–	8,496
Others	144	4,153	2,211	6,508
	2,091	299,625	2,211	303,927
Derivative financial liabilities				
Exchange rate contracts	116	38,575	234	38,925
Interest rate contracts	3	26,052	2,181	28,236
Commodity derivatives and others	6,244	3,366	55	9,665
	6,363	67,993	2,470	76,826
	8,454	367,618	4,681	380,753

(In RMB millions, unless otherwise stated)

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

31 December 2014

	Level 1	Level 2	Level 3	Total
Financial assets which are measured at fair value on a recurring basis:				
Financial assets held for trading				
Equity investments	383	–	–	383
Debt securities	102	33,888	–	33,990
	485	33,888	–	34,373
Financial assets designated at fair value through profit or loss				
Debt securities	377	101,183	–	101,560
Other debt instruments	–	71,096	–	71,096
Others	–	795	139,004	139,799
	377	173,074	139,004	312,455
Derivative financial assets				
Exchange rate contracts	–	18,093	1,140	19,233
Interest rate contracts	–	1,640	770	2,410
Commodity derivatives and others	86	2,287	32	2,405
	86	22,020	1,942	24,048
Available-for-sale financial assets				
Equity investments	9,875	710	304	10,889
Debt securities	80,841	1,078,241	13,852	1,172,934
Other debt instruments	–	3,672	–	3,672
	90,716	1,082,623	14,156	1,187,495
	91,664	1,311,605	155,102	1,558,371
Financial liabilities which are measured at fair value on a recurring basis:				
Financial liabilities designated at fair value through profit or loss				
Wealth management products	–	312,336	–	312,336
Structured deposits	–	217,431	–	217,431
Financial liabilities related to precious metals	–	53,227	–	53,227
Other debt securities issued	–	6,227	–	6,227
Others	–	164	–	164
	–	589,385	–	589,385
Derivative financial liabilities				
Exchange rate contracts	–	19,102	1,319	20,421
Interest rate contracts	–	1,661	726	2,387
Commodity derivatives and others	25	1,324	34	1,383
	25	22,087	2,079	24,191
	25	611,472	2,079	613,576

(In RMB millions, unless otherwise stated)

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

Bank

31 December 2015

	Level 1	Level 2	Level 3	Total
Financial assets which are measured at fair value on a recurring basis:				
Financial assets held for trading				
Debt securities	–	115,950	–	115,950
	–	115,950	–	115,950
Financial assets designated at fair value through profit or loss				
Debt securities	773	21,236	–	22,009
Other debt instruments	–	6,300	–	6,300
Others	–	534	177,439	177,973
	773	28,070	177,439	206,282
Derivative financial assets				
Exchange rate contracts	–	27,695	208	27,903
Interest rate contracts	–	1,146	530	1,676
Commodity derivatives and others	–	3,674	37	3,711
	–	32,515	775	33,290
Available-for-sale financial assets				
Equity investments	1,433	–	–	1,433
Debt securities	71,517	1,224,821	565	1,296,903
	72,950	1,224,821	565	1,298,336
	73,723	1,401,356	178,779	1,653,858
Financial liabilities which are measured at fair value on a recurring basis:				
Financial liabilities designated at fair value through profit or loss				
Wealth management products	–	205,531	–	205,531
Structured deposits	–	27,521	–	27,521
Financial liabilities related to precious metals	–	55,866	–	55,866
Debt securities issued	1,947	6,549	–	8,496
	1,947	295,467	–	297,414
Derivative financial liabilities				
Exchange rate contracts	–	30,074	208	30,282
Interest rate contracts	–	1,330	530	1,860
Commodity derivatives and others	–	986	16	1,002
	–	32,390	754	33,144
	1,947	327,857	754	330,558

(In RMB millions, unless otherwise stated)

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

31 December 2014

	Level 1	Level 2	Level 3	Total
Financial assets which are measured at fair value on a recurring basis:				
Financial assets held for trading				
Debt securities	64	32,801	–	32,865
	64	32,801	–	32,865
Financial assets designated at fair value through profit or loss				
Debt securities	208	101,183	–	101,391
Other debt instruments	–	71,096	–	71,096
Others	–	795	137,116	137,911
	208	173,074	137,116	310,398
Derivative financial assets				
Exchange rate contracts	–	16,974	1,149	18,123
Interest rate contracts	–	1,021	770	1,791
Commodity derivatives and others	–	2,346	32	2,378
	–	20,341	1,951	22,292
Available-for-sale financial assets				
Equity investments	1,965	–	–	1,965
Debt securities	41,497	1,040,305	5,617	1,087,419
	43,462	1,040,305	5,617	1,089,384
	43,734	1,266,521	144,684	1,454,939
Financial liabilities which are measured at fair value on a recurring basis:				
Financial liabilities designated at fair value through profit or loss				
Wealth management products	–	312,336	–	312,336
Structured deposits	–	217,431	–	217,431
Financial liabilities related to precious metals	–	53,223	–	53,223
Debt securities issued	–	6,227	–	6,227
	–	589,217	–	589,217
Derivative financial liabilities				
Exchange rate contracts	–	17,646	1,263	18,909
Interest rate contracts	–	1,337	721	2,058
Commodity derivatives and others	–	1,323	34	1,357
	–	20,306	2,018	22,324
	–	609,523	2,018	611,541

(In RMB millions, unless otherwise stated)

(b) Movement in level 3 financial instruments measured at fair value

The following table shows a reconciliation of the opening and closing balance of level 3 financial assets and liabilities which are recorded at fair value and the movement during the year:

Group

	As at 1 January 2015	Total (losses)/gains recorded in profit or loss	Total gains recorded in other comprehensive income	Additions	Disposals	Settlements	Transfers to Level 2 from Level 3	As at 31 December 2015
Financial assets:								
Derivative financial assets								
Exchange rate contracts	1,140	(153)	–	149	–	(855)	(53)	228
Interest rate contracts	770	(113)	–	121	–	(6)	(57)	715
Commodity derivatives and others	32	38	–	34	–	(3)	–	101
	1,942	(228)	–	304	–	(864)	(110)	1,044
Financial assets designated at fair value through profit or loss	139,004	8,411	–	83,053	(49,092)	–	–	181,376
Available-for-sale financial assets								
Debt securities	13,852	334	48	4,172	(218)	(12,668)	–	5,520
Equity investments	304	–	322	–	–	–	–	626
	155,102	8,517	370	87,529	(49,310)	(13,532)	(110)	188,566
Financial liabilities:								
Financial liabilities designated at fair value through profit or loss	–	202	–	(2,413)	–	–	–	(2,211)
Derivative financial liabilities								
Exchange rate contracts	(1,319)	173	–	(205)	–	1,012	105	(234)
Interest rate contracts	(726)	(746)	–	(725)	–	14	2	(2,181)
Commodity derivatives and others	(34)	28	–	(378)	–	329	–	(55)
	(2,079)	(343)	–	(3,721)	–	1,355	107	(4,681)

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

(In RMB millions, unless otherwise stated)

(b) Movement in level 3 financial instruments measured at fair value (continued)

Bank

	As at 1 January 2015	Total gains/(losses) recorded in profit or loss	Total gains recorded in other comprehensive income	Additions	Disposals	Settlements	Transfers to Level 2 from Level 3	As at 31 December 2015
Financial assets:								
Derivative financial assets								
Exchange rate contracts	1,149	6	–	–	–	(864)	(83)	208
Interest rate contracts	770	(177)	–	–	–	(6)	(57)	530
Commodity derivatives and others	32	8	–	–	–	(3)	–	37
	1,951	(163)	–	–	–	(873)	(140)	775
Financial assets designated at fair value through profit or loss	137,116	8,075	–	81,340	(49,092)	–	–	177,439
Available-for-sale financial assets								
Debt securities	5,617	(62)	16	200	(218)	(4,988)	–	565
	144,684	7,850	16	81,540	(49,310)	(5,861)	(140)	178,779
Financial liabilities:								
Derivative financial liabilities								
Exchange rate contracts	(1,263)	(6)	–	–	–	961	100	(208)
Interest rate contracts	(721)	176	–	–	–	11	4	(530)
Commodity derivatives and others	(34)	13	–	–	–	5	–	(16)
	(2,018)	183	–	–	–	977	104	(754)

	As at 1 January 2014	Total gains/(losses) recorded in profit or loss	Total gains recorded in other comprehensive income	Additions	Disposals	Settlements	Transfers to Level 2 from Level 3	As at 31 December 2014
Financial assets:								
Derivative financial assets								
Exchange rate contracts	497	959	–	–	–	(307)	–	1,149
Interest rate contracts	552	321	–	–	–	(52)	(51)	770
Commodity derivatives and others	51	(19)	–	–	–	–	–	32
	1,100	1,261	–	–	–	(359)	(51)	1,951
Financial assets designated at fair value through profit or loss	140,566	6,857	–	41,905	(52,212)	–	–	137,116
Available-for-sale financial Assets								
Debt securities	2,472	(90)	112	5,418	–	(2,295)	–	5,617
	144,138	8,028	112	47,323	(52,212)	(2,654)	(51)	144,684
Financial liabilities:								
Derivative financial liabilities								
Exchange rate contracts	(506)	(1,049)	–	–	–	287	5	(1,263)
Interest rate contracts	(548)	(233)	–	–	–	57	3	(721)
Commodity derivatives and others	(52)	18	–	–	–	–	–	(34)
	(1,106)	(1,264)	–	–	–	344	8	(2,018)

(In RMB millions, unless otherwise stated)

(b) Movement in level 3 financial instruments measured at fair value (continued)

Gains or losses on level 3 financial instruments included in the statement of profit or loss for the year comprise:

	2015					
	Group			Bank		
	Realised	Unrealised	Total	Realised	Unrealised	Total
Total gains for the year	6,754	1,420	8,174	6,483	1,550	8,033

	2014					
	Group			Bank		
	Realised	Unrealised	Total	Realised	Unrealised	Total
Total gains for the year	5,668	984	6,652	5,720	1,044	6,764

(c) Transfers between levels

(i) Transfers between level 1 and level 2

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

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

During the year, the transfers between level 1 and level 2 of the fair value hierarchy for financial assets and liabilities of the Group were immaterial.

(ii) Transfers between level 2 and level 3

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

During the year, certain derivatives financial instruments were transferred out from level 3 to level 2 of the fair value hierarchy when significant inputs used in their fair value measurements such as market price volatility, which was previously unobservable became observable.

(d) Valuation of financial instruments with significant unobservable inputs

Financial instruments valued with significant unobservable inputs are primarily certain structured derivatives, certain debt securities and asset-backed securities. These financial instruments are valued using cash flow discount model. The models incorporate various non-observable assumptions such as discount rate and market rate volatilities.

As at 31 December 2015, the carrying amount of financial instrument valued with significant unobservable inputs were immaterial, and the effects of changes in significant unobservable assumptions to reasonably possible alternative assumptions were also immaterial.

(In RMB millions, unless otherwise stated)

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

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

Group

	2015				
	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets					
Held-to-maturity investments	2,870,353	2,944,661	56,841	2,654,913	232,907
Receivables	352,143	353,223	–	109,005	244,218
Subtotal	3,222,496	3,297,884	56,841	2,763,918	477,125
Financial liabilities					
Subordinated bonds	195,553	215,581	–	215,581	–
Subtotal	195,553	215,581	–	215,581	–

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

Bank

	2015				
	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets					
Held-to-maturity investments	2,813,091	2,887,836	19,943	2,637,893	230,000
Receivables	338,839	339,918	–	121,305	218,613
Subtotal	3,151,930	3,227,754	19,943	2,759,198	448,613
Financial liabilities					
Subordinated bonds	181,092	192,431	–	192,431	–
Subtotal	181,092	192,431	–	192,431	–

(In RMB millions, unless otherwise stated)

	2014				
	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets					
Held-to-maturity investments	2,548,977	2,550,726	5,464	2,304,662	240,600
Receivables	319,108	318,959	–	74,635	244,324
Subtotal	2,868,085	2,869,685	5,464	2,379,297	484,924
Financial liabilities					
Subordinated bonds	187,024	187,711	–	187,711	–
Convertible bonds	9,485	14,264	14,264	–	–
Subtotal	196,509	201,975	14,264	187,711	–

Subject to the existence of an active market, such as an authorised securities exchange, the market value is the best reflection of the fair value of financial instruments. As there is no available market value for certain of the financial assets and liabilities held and issued by the Group, the discounted cash flow method or other valuation methods described below are adopted to determine the fair values of these assets and liabilities:

(i) The receivables are not quoted in an active market. The fair values of those receivables relating to the restructuring of the Bank are estimated on the basis of the stated interest rates and the consideration of the relevant special clauses of the instruments evaluated in the absence of any other relevant observable market data, and the fair values approximate to their carrying amounts. The fair values of receivables other than those relating to the restructuring of the Bank are estimated on the basis of pricing models or discounted cash flows.

(ii) The fair values of held-to-maturity investments, subordinated bonds and convertible bonds are determined with reference to the available market values. If quoted market prices are not available, then fair values are estimated on the basis of pricing models or discounted cash flows.

(iii) Available-for-sale equity investments measured at cost were all non-listed shares. The fair values are estimated on th basis o f pricing models or discounted cash flows. The fair value was approximately the same with its book value and classified in fair value hierarchy level 3.

All of the above-mentioned assumptions and methods provide a consistent basis for the calculation of the fair values of the Group and the Bank's assets and liabilities. However, other institutions may use different assumptions and methods. Therefore, the fair values disclosed by different financial institutions may not be entirely comparable.

Those financial instruments for which their carrying amounts are the reasonable approximations of their fair values because, for example, they are short term in nature or repriced at current market rates frequently, are as follows:

Assets	Liabilities
Balances with central banks	Due to banks and other financial institutions
Due from banks and other financial institutions	Repurchase agreements
Reverse repurchase agreements	Due to customers
Loans and advances to customers	Other financial liabilities
Other financial assets	

57. OTHER IMPORTANT MATTERS

Termination of the 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 a share subscription agreement by the Bank of 20% shares of SinoPac Holdings or Bank SinoPac. On 27 February 2014 and 1 April 2015, the Bank, SinoPac Holdings and Bank SinoPac entered into two supplemental agreements to extend the transaction waiting period to 1 October 2015. As at the end of the transaction waiting period, as the Cross-Strait Service Trade Agreement was still not passed by Taiwan, the limit of percentage of outstanding voting shares or capital held by a commercial bank from Mainland China in a Taiwan financial institution was not relaxed to 20%. The Bank, SinoPac Holdings and Bank SinoPac, upon consultation, unanimously agreed not to further extend the transaction waiting period. Termination of the acquisition of SinoPac Holdings or Bank SinoPac will not have a significant impact on the future operation of the Bank.

(In RMB millions, unless otherwise stated)

58. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	Notes	31 December 2015	31 December 2014
ASSETS			
Cash and balances with central banks	20	2,991,619	3,473,327
Due from banks and other financial institutions	21	772,568	737,740
Financial assets held for trading	22	115,950	32,865
Financial assets designated at fair value through profit or loss	23	206,282	310,398
Derivative financial assets	24	33,290	22,292
Reverse repurchase agreements	25	792,876	259,213
Loans and advances to customers	26	11,026,476	10,184,215
Financial investments	27	4,450,998	3,958,201
Investments in subsidiaries	28	101,066	80,419
Investments in associates	29	34,242	34,242
Property and equipment	30	129,669	126,868
Deferred income tax assets	31	20,354	23,899
Other assets	32	371,556	310,036
TOTAL ASSETS		21,046,946	19,553,715
LIABILITIES			
Due to central banks		–	226
Financial liabilities designated at fair value through profit or loss	33	297,414	589,217
Derivative financial liabilities	24	33,144	22,324
Due to banks and other financial institutions	34	2,103,289	1,393,280
Repurchase agreements	35	130,830	161,718
Certificates of deposit	36	150,113	137,109
Due to customers	37	15,781,673	15,024,101
Income tax payable		62,136	59,571
Debt securities issued	38	240,175	243,690
Other liabilities	39	486,426	409,618
TOTAL LIABILITIES		19,285,200	18,040,854
EQUITY			
Share capital	40	356,407	353,495
Other equity instrument		79,375	34,428
Including: Preference shares	41	79,375	34,428
Equity component of convertible bonds	38	–	388
Reserves	42	596,181	513,903
Retained profits	42	729,783	610,647
TOTAL EQUITY		1,761,746	1,512,861
TOTAL EQUITY AND LIABILITIES		21,046,946	19,553,715

59. AFTER THE REPORTING PERIOD EVENT

The profit distribution plan

A final dividend of RMB0.2333 per share after the appropriation of statutory surplus reserve and general reserve, was approved at the board of directors' meeting held on 30 March 2016, and is subject to the approval of the Bank's shareholders at the forthcoming annual general meeting. Based on the number of ordinary shares issued as at 31 December 2015, the final dividend amounted to approximately RMB83,150 million. The dividend payable was not recognised as a liability as at 31 December 2015.

60. COMPARATIVE AMOUNTS

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

61. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 30 March 2016.

(In RMB millions, unless otherwise stated)

(a) Illustration of differences between the financial statements prepared under IFRSs and those prepared in accordance with PRC GAAP

There are no differences between the profit attributable to equity holders of the parent company under PRC GAAP and IFRSs for the year ended 31 December 2015 (2014: no differences). There are no differences between the equity attributable to equity holders of the parent company under PRC GAAP and IFRSs as at 31 December 2015 (31 December 2014: no differences).

(b) Liquidity ratios

	As at 31 December 2015	Average for the year ended 31 December 2015	As at 31 December 2014	Average for the year ended 31 December 2014
RMB current assets to RMB current liabilities	35.50%	35.58%	33.19%	33.37%
Foreign currency current assets to foreign currency current liabilities	98.12%	103.42%	91.10%	86.14%

The above liquidity ratios are calculated in accordance with the formula promulgated by the CBRC and based on the financial information prepared in accordance with PRC GAAP.

The Group prepares the liquidity ratios on a semi-annual basis and the disclosed average liquidity ratio is the arithmetic mean of two consecutive liquidity ratios as at 30 June and 31 December.

(c) Foreign currency concentrations

	31 December 2015			
	USD	HKD	Others	Total
Spot assets	1,472,295	238,102	451,411	2,161,808
Spot liabilities	(1,432,026)	(247,850)	(375,988)	(2,055,864)
Forward purchases	1,263,904	53,298	528,589	1,845,791
Forward sales	(1,277,231)	(21,979)	(579,439)	(1,878,649)
Net option position	(3,322)	58	(200)	(3,464)
Net long position	23,620	21,629	24,373	69,622
Net structural position	58,175	2,196	23,441	83,812

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

(In RMB millions, unless otherwise stated)

The net option position is calculated using the delta equivalent approach required by the Hong Kong Monetary Authority. The net structural position of the Group includes the structural positions of the Bank's overseas branches, banking subsidiaries and other subsidiaries substantially involved in foreign exchange. Structural assets and liabilities include:

- property and equipment, net of depreciation charges;
- capital and statutory reserves of overseas branches; and
- investments in overseas subsidiaries, associates and joint ventures.

(d) International claims

International claims refer to the sum of cross-border claims in all currencies and local claims in foreign currencies, including loans and advances to customers, balances with central banks, amounts due from banks and other financial institutions and debt investments.

A country or geographical area is reported where it constitutes 10% or more of the aggregate amount of international claims, after taking into account any risk transfers. Risk transfers are only made if the claims are guaranteed by a party in a country which is different from that of the counterparty or if the claims are on an overseas branch of a bank whose Head Office is located in another country.

	31 December 2015				
	Banks and other financial institutions	Official sector	Non-bank private sector	Others	Total
Asia Pacific	265,804	121,857	892,630	65,720	1,346,011
— of which attributed to Hong Kong	20,074	18,258	257,330	55,769	351,431
North and South America	78,850	64,007	79,366	7,706	229,929
	344,654	185,864	971,996	73,426	1,575,940

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

(In RMB millions, unless otherwise stated)

(e) Loans and advances to customers

(i) Analysis by industry sector

31 December 2015

	Gross loans and advances to customers	Loans and advances covered by collateral	Overdue loans and advances to customers	Loans and advances individually assessed to be impaired	Allowance for impairment losses		
					Individually assessed	Collectively assessed	Total
Manufacturing	1,603,631	644,478	94,341	54,124	21,447	25,390	46,837
Transportation, storage and postal services	1,551,248	437,972	11,537	4,262	1,817	25,349	27,166
Wholesale and retail	866,779	433,413	83,422	48,829	16,747	13,403	30,150
Production and supply of electricity, heating gas and water	835,616	161,857	2,726	2,341	1,462	13,654	15,116
Leasing and commercial services	724,246	425,061	9,762	5,229	1,995	11,782	13,777
Real estate	562,917	398,193	17,653	6,434	2,722	9,119	11,841
Water, environment and public utility management	472,791	249,396	1,685	286	139	7,742	7,881
Mining	280,556	43,415	9,313	4,008	1,235	4,532	5,767
Construction	226,619	96,557	10,064	3,304	1,470	3,659	5,129
Lodging and catering	224,215	147,758	7,964	3,599	995	3,615	4,610
Science, education, culture and sanitation	137,497	44,063	1,024	576	197	2,244	2,441
Others	383,437	107,909	4,888	2,264	1,009	6,245	7,254
Subtotal of corporate loans	7,869,552	3,190,072	254,379	135,256	51,235	126,734	177,969
Personal mortgage and business loans	2,811,288	2,745,301	48,487	–	–	73,950	73,950
Others	730,574	282,127	29,115	–	–	19,217	19,217
Subtotal of personal loans	3,541,862	3,027,428	77,602	–	–	93,167	93,167
Discounted bills	522,052	522,052	717	524	264	9,254	9,518
Total loans and advances to customers	11,933,466	6,739,552	332,698	135,780	51,499	229,155	280,654
Current market value of collateral held against the covered portion of overdue loans and advances *							300,497
Covered portion of overdue loans and advances *							146,208
Uncovered portion of overdue loans and advances *							186,490

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

31 December 2014

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

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

(In RMB millions, unless otherwise stated)

The amount of new impairment loss charged to the consolidated statement of profit or loss and the amount of impaired loans and advances written off during the year are set out below:

	2015		2014	
	New impairment loss	Write-offs of impaired loans	New impairment loss	Write-offs of impaired loans
Manufacturing	38,239	22,354	33,480	15,120
Transportation, storage and postal services	24,724	1,148	23,953	1,129
Wholesale and retail	37,653	22,265	25,687	14,438
Production and supply of electricity, heating, gas and water	20,114	163	16,142	26
Leasing and commercial services	21,818	844	24,184	439
Real estate	2,619	377	878	454
Water, environment and public utility management	132	17	1,011	42
Mining	1,737	572	3,498	187
Construction	3,396	960	5,757	566
Lodging and catering	1,861	833	4,152	896
Science, education, culture and sanitation	2,924	187	2,834	85
Others	6,055	645	5,152	493
Subtotal for corporate loans	161,272	50,365	146,728	33,875
Personal mortgage and business loans	26,211	7,156	19,945	1,961
Others	28,358	2,775	18,309	2,528
Subtotal for personal loans	54,569	9,931	38,254	4,489
Discounted bills	10,299	–	8,945	–
Total for loans and advances to customers	226,140	60,296	193,927	38,364

(ii) Analysis by location of the counterparties

	2015	2014
Mainland China	11,207,140	10,455,948
Asia Pacific (excluding Mainland China)	510,034	431,093
— of which attributed to Hong Kong	363,267	315,328
Europe	81,203	44,142
Africa	37,533	30,967
North and South America	97,556	64,161
	11,933,466	11,026,311

(In RMB millions, unless otherwise stated)

(iii) Overdue loans and advances to customers

	2015	2014
Gross loans and advances to customers of the Group which have been overdue with respect to either principal or interest for periods of:		
Between 3 and 6 months	31,177	33,930
Between 6 and 12 months	53,631	31,204
Over 12 months	77,988	50,034
	162,796	115,168
As a percentage of the total gross loans and advances to customers:		
Between 3 and 6 months	0.26%	0.31%
Between 6 and 12 months	0.45%	0.28%
Over 12 months	0.65%	0.45%
	1.36%	1.04%

The definition of overdue loans and advances to customers is set out as follows:

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

For loans and advances repayable by regular instalments, if part of the instalments is overdue, the whole amounts of these loans and advances would be classified as overdue.

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

31 December 2015

	Overdue loans and advances to customers			Impaired loans and advances to customers		
	Gross amount	Individually assessed to be impaired	Individually assessed allowance for impairment losses	Individually assessed to be impaired	Individually assessed allowance for impairment losses	Collectively assessed allowance for impairment losses
Head Office	20,288	600	476	598	476	68,270
Yangtze River Delta	67,431	27,867	9,980	28,627	10,111	36,233
Western China	63,411	24,800	8,783	25,265	8,870	32,952
Bohai Rim	58,973	25,973	8,304	26,305	8,431	28,325
Pearl River Delta	51,568	24,372	9,113	24,610	9,187	22,883
Central China	39,890	18,294	7,335	18,673	7,352	24,669
Northeastern China	15,109	5,997	3,215	6,038	3,304	10,401
Overseas and others	16,028	5,829	3,090	5,664	3,768	5,422
Total	332,698	133,732	50,296	135,780	51,499	229,155

31 December 2014

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

(In RMB millions, unless otherwise stated)

(v) Renegotiated loans and advances to customers

	31 December 2015		31 December 2014	
		% of total loans and advances		% of total loans and advances
Renegotiated loans and advances	4,557	0.04%	4,579	0.04%
Less: Renegotiated loans and advances overdue for more than three months	(1,570)	(0.01%)	(1,926)	(0.02%)
Renegotiated loans and advances overdue for less than three months	2,987	0.03%	2,653	0.02%

(f) Overdue placements with banks and other financial institutions

	2015	2014
The Group's gross placements with banks and other financial institutions which have been overdue with respect to either principal or interest for a period of:		
Over 12 months	16	16
As a percentage of total gross placements with banks and other financial institutions:		
Over 12 months	0.01%	0.01%

(g) Exposures to Mainland China non-bank entities

	2015	2014
On-balance sheet exposure	14,033,030	13,133,159
Off-balance sheet exposure	2,270,023	2,319,179
	16,303,053	15,452,338
Individually assessed allowance for impairment losses	51,127	41,571

In addition to those disclosed above, exposures to other non-bank counterparties outside Mainland China to which credit is granted for use in Mainland China are considered insignificant to the Group.

(In RMB millions, unless otherwise stated)

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

The disclosure of correspondence between balance sheet in published financial statements and capital composition is based on CBRC Notice on issuing regulatory documents on capital regulation for Commercial Banks (Yin Jian Fa, No. 33, 2013) Appendix 2 Notice on Enhancing Disclosure Requirements for Composition of Capital.

(i) Capital composition

Item		31 December 2015	31 December 2014	Index
Core tier 1 capital:				
1	Paid-in capital	356,407	353,495	X18
2	Retained earnings	1,206,249	1,022,682	
2a	Surplus reserve	178,040	150,752	X21
2b	General reserve	246,356	221,622	X22
2c	Retained profits	781,853	650,308	X23
3	Accumulated other comprehensive income (and other public reserves)	146,164	120,035	
3a	Capital reserve	151,963	144,874	X19
3b	Others	(5,799)	(24,839)	X24
4	Valid portion to core tier 1 capital during the transition period (only applicable to non-joint stock companies. Fill in 0 for joint stock banks)	–	–	
5	Valid portion of minority interests	4,340	2,191	X25
6	**Core tier 1 capital before regulatory adjustments**	**1,713,160**	**1,498,403**	
Core tier 1 capital: Regulatory adjustments				
7	Prudential valuation adjustments	–	–	
8	Goodwill (net of deferred tax liabilities)	8,478	8,487	X16
9	Other intangible assets other than land use rights (net of deferred tax liabilities)	1,356	1,279	X14-X15
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences	–	–	
11	Cash flow hedge reserves that relate to the hedging of items that are not fair valued on the balance sheet	(3,869)	(3,796)	X20
12	Shortfall of provision for loan impairment	–	–	
13	Gain on sale related to asset securitization	–	–	
14	Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	–	–	
15	Defined-benefit pension fund net assets (net of related deferred tax liabilities)	–	–	
16	Directly or indirectly holding in own ordinary shares	–	–	
17	Reciprocal cross-holdings in core tier 1 capital between banks or between banks and other financial institutions	–	–	
18	Deductible amount of non-significant minority investment in core tier 1 capital instruments issued by financial institutions that are not subject to consolidation	–	–	
19	Deductible amount of significant minority investment in core tier 1 capital instruments issued by financial institutions that are not subject to consolidation	–	–	
20	Mortgage servicing rights	N/A	N/A	
21	Deductible amount in deferred tax assets arising from temporary differences	–	–	
22	Deductible amount exceeding the 15% threshold for significant minority capital investments in core tier 1 capital instruments issued by financial institutions that are not subject to consolidation and undeducted portion of deferred tax assets arising from temporary differences	–	–	

(In RMB millions, unless otherwise stated)

Item		31 December 2015	31 December 2014	Index
23	Including: Deductible amount of significant minority investments in core tier 1 capital instruments issued by financial institutions	–	–	
24	Including: Deductible amount of mortgage servicing rights	N/A	N/A	
25	Including: Deductible amount in deferred tax assets arising from temporary differences	–	–	
26a	Investment in core tier 1 capital instruments issued by financial institutions that are under control but not subject to consolidation	5,700	5,700	X11
26b	Shortfall in core tier 1 capital instruments issued by financial institutions that are under control but not subject to consolidation	–	–	
26c	Others that should be deducted from core tier 1 capital	–	–	
27	Undeducted shortfall that should be deducted from additional tier 1 capital and tier 2 capital	–	–	
28	**Total regulatory adjustments to core tier 1 capital**	**11,665**	**11,670**	
29	**Core tier 1 capital**	**1,701,495**	**1,486,733**	
Additional tier 1 capital:				
30	Additional tier 1 capital instruments and related premium	79,375	34,428	
31	Including: Portion classified as equity	79,375	34,428	X28
32	Including: Portion classified as liabilities	–	–	
33	Invalid instruments to additional tier 1 capital after the transition period	–	–	
34	Valid portion of minority interests	192	72	X26
35	Including: Invalid portion to additional tier 1 capital after the transition period	–	–	
36	**Additional tier 1 capital before regulatory adjustments**	**79,567**	**34,500**	
Additional tier 1 capital: Regulatory adjustments				
37	Directly or indirectly holding additional tier 1 capital of the Bank	–	–	
38	Reciprocal cross-holdings in additional tier 1 capital between banks or between banks and other financial institutions	–	–	
39	Deductible amount of non-significant minority investment in additional tier 1 capital instruments issued by financial institutions that are not subject to consolidation	–	–	
40	Significant minority investments in additional tier 1 capital instruments issued by financial institutions that are not subject to consolidation	–	–	
41a	Investment in additional tier 1 capital instruments issued by financial institutions that are under control but not subject to consolidation	–	–	
41b	Shortfall in additional tier 1 capital instruments issued by financial institutions that are under control but not subject to consolidation	–	–	
41c	Others that should be deducted from additional tier 1 capital	–	–	

(In RMB millions, unless otherwise stated)

Item		31 December 2015	31 December 2014	Index
42	Undeducted shortfall that should be deducted from tier 2 capital	–	–	
43	**Total regulatory adjustments to additional tier 1 capital**	**–**	**–**	
44	**Additional tier 1 capital**	**79,567**	**34,500**	
45	**Tier 1 capital (core tier 1 capital + additional tier 1 capital)**	**1,781,062**	**1,521,233**	
Tier 2 capital:				
46	Tier 2 capital instruments and related premium	180,242	187,829	X17
47	Invalid instruments to tier 2 capital after the transition period	144,158	164,752	
48	Valid portion of minority interests	1,001	242	X27
49	Including: Invalid portion to tier 2 capital after the transition period	–	–	
50	Valid portion of surplus provision for loan impairment	63,398	118,633	X02+X04
51	**Tier 2 capital before regulatory adjustments**	**244,641**	**306,704**	
Tier 2 capital: Regulatory adjustments				
52	Directly or indirectly holding tier 2 capital of the Bank	–	–	
53	Reciprocal cross-holdings in tier 2 capital between banks or between banks and other financial institutions	–	–	
54	Deductible portion of non-significant minority investment in tier 2 capital instruments issued by financial institutions that are not subject to consolidation	–	–	
55	Significant minority investments in tier 2 capital instruments issued by financial institutions that are not subject to consolidation	13,600	15,800	X10
56a	Investment in tier 2 capital instruments issued by financial institutions that are under control but not subject to consolidation	–	–	
56b	Shortfall in tier 2 capital instruments issued by financial institutions that are under control but not subject to consolidation	–	–	
56c	Others that should be deducted from tier 2 capital	–	–	
57	**Total regulatory adjustments to tier 2 capital**	**13,600**	**15,800**	
58	**Tier 2 capital**	**231,041**	**290,904**	
59	**Total capital (tier 1 capital + tier 2 capital)**	**2,012,103**	**1,812,137**	
60	**Total risk-weighted assets**	**13,216,687**	**12,475,939**	
Requirements for capital adequacy ratio and reserve capital				
61	Core tier 1 capital adequacy ratio	12.87%	11.92%	
62	Tier 1 capital adequacy ratio	13.48%	12.19%	
63	Capital adequacy ratio	15.22%	14.53%	
64	Institution specific buffer requirement	3.5%	3.5%	
65	Including: Capital conservation buffer requirement	2.5%	2.5%	
66	Including: Countercyclical buffer requirement	–	–	
67	Including: G-SIB buffer requirement	1%	1%	
68	Percentage of core tier 1 capital meeting buffers to risk-weighted assets	7.87%	6.92%	
Domestic minima for regulatory capital				
69	Core tier 1 capital adequacy ratio	5%	5%	
70	Tier 1 capital adequacy ratio	6%	6%	
71	Capital adequacy ratio	8%	8%	

(In RMB millions, unless otherwise stated)

Item		31 December 2015	31 December 2014	Index
Amounts below the thresholds for deduction				
72	Undeducted amount of non-significant minority investments in capital instruments issued by financial institutions that are not subject to consolidation	48,007	33,067	X05+X06+X08+X09+X12
73	Undeducted amount of significant minority investments in capital instruments issued by financial institutions that are not subject to consolidation	21,669	26,658	X07+X13
74	Mortgage servicing rights (net of deferred tax liabilities)	N/A	N/A	
75	Deferred tax assets arising from temporary differences (net of deferred tax liabilities)	20,313	24,569	
Valid caps of surplus provision for loan impairment to tier 2 capital				
76	Provision for loan impairment under the weighted approach	17,829	15,541	X01
77	Valid cap of provision for loan impairment to tier 2 capital under the weighted approach	5,381	9,684	X02
78	Provision for loan impairment under the internal ratings-based approach	262,825	242,040	X03
79	Valid cap of provision for loan impairment to tier 2 capital under the internal ratings-based approach	58,017	108,949	X04
Capital instruments subject to phase-out arrangements				
80	Valid cap to core tier 1 capital instruments for the current period due to phase-out arrangements	–	–	
81	Excluded from core tier 1 capital due to cap	–	–	
82	Valid cap to additional tier 1 capital instruments for the current period due to phase-out arrangements	–	–	
83	Excluded from additional tier 1 capital due to cap	–	–	
84	Valid cap to tier 2 capital instruments for the current period due to phase-out arrangements	144,158	164,752	
85	Excluded from tier 2 capital for the current period due to cap	15,311	17,932	

(ii) Consolidated financial statements

	31 December 2015 Balance sheet as in published financial statements (i)	31 December 2015 Under regulatory scope of consolidation (i)	31 December 2014 Balance sheet as in published financial statements (i)	31 December 2014 Under regulatory scope of consolidation (i)
Assets				
Cash and balances with central banks	3,059,633	3,059,633	3,523,622	3,523,622
Due from banks and other financial institutions	211,559	204,607	304,273	298,128
Precious metals	114,619	114,619	95,950	95,950
Placements with banks and other financial institutions	472,234	472,234	478,503	478,503
Financial assets at fair value through profit or loss	343,272	343,246	346,828	346,765
Derivative financial assets	78,870	78,870	24,048	24,048
Reverse repurchase agreements	996,333	996,333	468,462	468,452
Loans and advances to customers	11,652,812	11,652,264	10,768,750	10,767,798
Available-for-sale financial assets	1,444,195	1,421,231	1,188,288	1,176,369
Held-to-maturity investments	2,870,353	2,869,642	2,566,390	2,565,606
Receivables	352,143	326,339	331,731	319,108
Long term equity investments	24,185	29,885	28,919	34,619
Fixed assets	195,401	195,357	171,434	171,393
Construction in progress	26,101	26,101	24,804	24,784
Deferred income tax assets	21,066	21,066	24,758	24,758
Other assets	347,004	337,210	263,193	256,829
Total assets	22,209,780	22,148,637	20,609,953	20,576,732

(i) Prepared in accordance with PRC GAAP.

(In RMB millions, unless otherwise stated)

	31 December 2015 Balance sheet as in published financial statements (i)	31 December 2015 Under regulatory scope of consolidation (i)	31 December 2014 Balance sheet as in published financial statements (i)	31 December 2014 Under regulatory scope of consolidation (i)
Liabilities				
Due to central banks	210	210	631	631
Due to banks and other financial institutions	1,788,267	1,788,267	1,106,776	1,106,776
Placements from banks and other financial institutions	477,593	477,593	432,463	432,463
Financial liabilities at fair value through profit or loss	303,927	303,916	589,385	589,346
Derivative financial liabilities	76,826	76,826	24,191	24,191
Repurchase agreements	337,191	329,896	380,957	377,037
Certificates of deposit	183,352	183,352	176,248	176,248
Due to customers	16,281,939	16,283,105	15,556,601	15,559,727
Employee benefits payable	31,717	31,470	28,148	27,982
Taxes payable	75,234	75,201	72,278	72,207
Debt securities issued	306,622	306,622	279,590	279,590
Deferred income tax liabilities	995	754	451	189
Other liabilities	545,388	496,583	424,930	396,907
Total liabilities	20,409,261	20,353,795	19,072,649	19,043,294
Shareholders' equity				
Share capital	356,407	356,407	353,495	353,495
Other equity instruments	79,375	79,375	34,428	34,428
Including: Preference shares	79,375	79,375	34,428	34,428
Capital reserve	151,963	151,963	144,874	144,874
Other comprehensive income	(4,655)	(5,799)	(24,548)	(24,839)
Surplus reserve	178,040	178,040	150,752	150,752
General reserve	246,356	246,356	221,622	221,622
Retained profits	781,988	781,853	650,236	650,308
Equity attributable to equity holders of the parent company	1,789,474	1,788,195	1,530,859	1,530,640
Minority interests	11,045	6,647	6,445	2,798
Total equity	1,800,519	1,794,842	1,537,304	1,533,438

(i) Prepared in accordance with PRC GAAP.

(In RMB millions, unless otherwise stated)

(iii) Description of related items

Item	31 December 2015 Under regulatory scope of consolidation	Index
Loans and advances to customers	11,652,264	
Total loans and advances to customers	11,932,918	
Less: Provision for loan impairment under the weighted approach	17,829	X01
Including: Valid cap of provision for loan impairment to tier 2 capital under the weighted approach	5,381	X02
Less: Provision for loan impairment under the Internal Ratings-Based Approach	262,825	X03
Including: Valid cap of provision for loan impairment to tier 2 capital under the Internal Ratings-Based Approach	58,017	X04
Available-for-sale financial assets	1,421,231	
Bond investment measured at fair value	1,255,097	
Including: Non-significant minority investments in tier 2 capital instruments issued by financial institutions that are not subject to consolidation	6,102	X05
Other debt instrument investment measured at fair value	160,022	
Equity investment	6,112	
Including: Undeducted portion of non-significant minority investments in capital instruments issued by financial institutions that are not subject to consolidation	750	X06
Including: Undeducted portion of significant minority investments in capital instruments issued by financial institutions that are not subject to consolidation	50	X07
Held-to-maturity investments	2,869,642	
Including: Non-significant minority investments in tier 2 capital instruments issued by financial institutions that are not subject to consolidation	2,420	X08
Receivables	326,339	
Including: Non-significant minority investments in tier 2 capital instruments issued by financial institutions that are not subject to consolidation	38,640	X09
Including: Significant minority investments in tier 2 capital instruments issued by financial institutions that are not subject to consolidation	13,600	X10
Long term equity investments	29,885	
Including: Investment in core tier1 capital instruments issued by financial institutions that are under control but not subject to consolidation	5,700	X11
Including: Undeducted portion of non-significant minority investments in capital instruments issued by financial institutions that are not subject to consolidation	95	X12
Including: Undeducted portion of significant minority investments in capital instruments issued by financial institutions that are not subject to consolidation	21,619	X13

(In RMB millions, unless otherwise stated)

Item	31 December 2015 Under regulatory scope of consolidation	Index
Other assets	337,210	
Interest receivable	108,200	
Intangible assets	21,202	X14
Including: land use rights	19,846	X15
Other receivables	155,565	
Goodwill	8,478	X16
Long-term deferred and prepaid expenses	4,891	
Repossessed assets	6,772	
Others	32,102	
Debt securities issued	306,622	
Including: Valid portion of tier 2 capital instruments and their premium	180,242	X17
Share capital	356,407	X18
Other equity instruments	79,375	
Including: Preference shares	79,375	X28
Capital reserve	151,963	X19
Other comprehensive income	(5,799)	X24
Reserve for changes in fair value of available-for-sale financial assets	28,811	
Reserve for cash flow hedging	(3,926)	
Including: Cash flow hedge reserves that relate to the hedging of items that are not fair valued on the balance sheet	(3,869)	X20
Changes in share of other owners' equity of associates and joint ventures	421	
Foreign currency translation reserve	(31,105)	
Surplus reserve	178,040	X21
General reserve	246,356	X22
Retained profits	781,853	X23
Minority interests	6,647	
Including: Valid portion to core tier 1 capital	4,340	X25
Including: Valid portion to additional tier 1 capital	192	X26
Including: Valid portion to tier 2 capital	1,001	X27

(iv) Main features of eligible capital instruments

Main features of regulatory capital instrument	Ordinary shares (A share)	Ordinary shares (H share)	Preference shares (Offshore)	Preference shares (Offshore)	Preference shares (Offshore)	Preference shares (Domestic)
Issuer	ICBC	ICBC	ICBC	ICBC	ICBC	ICBC
Unique identifier	601398	1398	4603	4604	84602	360011
Governing law(s) of the instrument	Securities Law of the People's Republic of China/China	Securities and Futures Ordinance of Hong Kong /Hong Kong, China	The creation and issue of the Offshore Preference Shares and the rights and obligations (including non-contractual rights and obligations) attached to them are governed by, and shall be construed in accordance with, PRC law	The creation and issue of the Offshore Preference Shares and the rights and obligations (including non-contractual rights and obligations) attached to them are governed by, and shall be construed in accordance with, PRC law	The creation and issue of the Offshore Preference Shares and the rights and obligations (including non-contractual rights and obligations) attached to them are governed by, and shall be construed in accordance with, PRC law	Company Law of the People's Republic of China, Securities Law of the People's Republic of China, Guidance of the State Council on Launch of Preference Shares Pilot, Trial Administrative Measures on Preference Shares, Guidance on the Issuance of Preference Shares of Commercial Banks to Replenish Tier 1 Capital /China
Regulatory treatment						
Including: Transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Core tier 1 capital	Core tier 1 capital	Additional tier 1 capital	Additional tier 1 capital	Additional tier 1 capital	Additional tier 1 capital
Including: Post-transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Core tier 1 capital	Core tier 1 capital	Additional tier 1 capital	Additional tier 1 capital	Additional tier 1 capital	Additional tier 1 capital
Including: Eligible to the parent company/group level	Parent company/ Group	Parent company/ Group	Parent company/ Group	Parent company/ Group	Parent company/ Group	Parent company/ Group
Instrument type	Core tier 1 capital instrument	Core tier 1 capital instrument	Additional tier 1 capital instrument	Additional tier 1 capital instrument	Additional tier 1 capital instrument	Additional tier 1 capital instrument
Amount recognized in regulatory capital (in millions, as at the latest reporting date)	RMB339,120	RMB169,200	RMB equivalent 17,928	RMB equivalent 4,542	RMB11,958	RMB44,947
Par value of instrument (in millions)	RMB269,612	RMB86,795	USD2,940	EUR600	RMB12,000	RMB45,000
Accounting treatment	Share capital, Capital reserve	Share capital, Capital reserve	Other equity	Other equity	Other equity	Other equity
Original date of issuance	19 October 2006	19 October 2006	10 December 2014	10 December 2014	10 December 2014	18 November 2015
Perpetual or dated	Perpetual	Perpetual	Perpetual	Perpetual	Perpetual	Perpetual
Including: Original maturity date	No maturity date	No maturity date	No maturity date	No maturity date	No maturity date	No maturity date
Issuer call (subject to prior supervisory approval)	No	No	Yes	Yes	Yes	Yes
Including: Optional call date, contingent call dates and redemption amount	N/A	N/A	The First Redemption Date is 10 December 2019, in full or partial amount	The First Redemption Date is 10 December 2021, in full or partial amount	The First Redemption Date is 10 December 2019, in full or partial amount	The First Redemption Date is 18 November 2020, in full or partial amount
Including: Subsequent call dates, if applicable	N/A	N/A	10 December in each year after the First Redemption Date	10 December in each year after the First Redemption Date	10 December in each year after the First Redemption Date	Commences on the First Redemption Date (18 November 2020) and ends on the completion date of redemption or conversion of all the Domestic Preference Shares

(In RMB millions, unless otherwise stated)

Main features of regulatory capital instrument	Ordinary shares (A share)	Ordinary shares (H share)	Preference shares (Offshore)	Preference shares (Offshore)	Preference shares (Offshore)	Preference shares (Domestic)
Coupons/dividends						
Including: Fixed or floating dividend/coupon	Floating	Floating	Fixed to floating	Fixed to floating	Fixed to floating	Fixed to floating
Including: Coupon rate and any related index	N/A	N/A	6% (dividend rate) before 10 December 2019	6% (dividend rate) before 10 December 2021	6% (dividend rate) before 10 December 2019	4.50% (dividend rate) before 18 November 2020
Including: Existence of a dividend stopper	N/A	N/A	Yes	Yes	Yes	Yes
Including: Fully discretionary, partially discretionary or mandatory cancellation of coupons/dividends	Fully discretionary	Fully discretionary	Partially discretionary	Partially discretionary	Partially discretionary	Partially discretionary
Including: Redemption incentive mechanism	No	No	No	No	No	No
Including: Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible or non-convertible	No	No	Yes	Yes	Yes	Yes
Including: If convertible, conversion trigger(s)	N/A	N/A	Additional Tier 1 Capital Trigger Event or Tier 2 Capital Trigger Event	Additional Tier 1 Capital Trigger Event or Tier 2 Capital Trigger Event	Additional Tier 1 Capital Trigger Event or Tier 2 Capital Trigger Event	Additional Tier 1 Capital Trigger Event or Tier 2 Capital Trigger Event
Including: If convertible, fully or partially	N/A	N/A	Fully or partially convertible when an Additional Tier 1 Capital Trigger Event occurs; fully convertible when a Tier 2 Capital Trigger Event occurs	Fully or partially convertible when an Additional Tier 1 Capital Trigger Event occurs; fully convertible when a Tier 2 Capital Trigger Event occurs	Fully or partially convertiblewhen an Additional Tier 1 Capital Trigger Event occurs; fully convertible when a Tier 2 Capital Trigger Event occurs	Fully or partially convertible when an Additional Tier 1 Capital Trigger Event occurs; fully convertible when a Tier 2 Capital Trigger Event occurs
Including: If convertible, conversion rate	N/A	N/A	The initial conversion price is equal to the average trading price of the H shares of the Bank for the 20 trading days preceding 25 July 2014, the date of publication of the Board resolution in respect of the issuance plan	The initial conversion price is equal to the average trading price of the H shares of the Bank for the 20 trading days preceding 25 July 2014, the date of publication of the Board resolution in respect of the issuance plan	The initial conversion price is equal to the average trading price of the H shares of the Bank for the 20 trading days preceding 25 July 2014, the date of publication of the Board resolution in respect of the issuance plan	The initial conversion price is equal to the average trading price of the A Shares of the Bank for the 20 trading days preceding 25 July 2014, the date of publication of the Board resolution in respect of the issuance plan
Including: If convertible, mandatory or optional conversion	N/A	N/A	Mandatory	Mandatory	Mandatory	Mandatory
Including: If convertible, specify instrument type convertible into	N/A	N/A	Core tier 1 capital	Core tier 1 capital	Core tier 1 capital	Core tier 1 capital
Including: If convertible, specify issuer of instrument it converts into	N/A	N/A	ICBC	ICBC	ICBC	ICBC

Main features of regulatory capital instrument	Ordinary shares (A share)	Ordinary shares (H share)	Preference shares (Offshore)	Preference shares (Offshore)	Preference shares (Offshore)	Preference shares (Domestic)
Write-down feature	No	No	No	No	No	No
Including: If write-down, write-down trigger(s)	N/A	N/A	N/A	N/A	N/A	N/A
Including: If write-down, full or partial	N/A	N/A	N/A	N/A	N/A	N/A
Including: If write-down, permanent or temporary	N/A	N/A	N/A	N/A	N/A	N/A
Including: If temporary write-down, description of write-up mechanism	N/A	N/A	N/A	N/A	N/A	N/A
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	After depositor, general creditor, creditor of the subordinated debts, and preference shareholders	After depositor, general creditor, creditor of the subordinated debts, and preference shareholders	After all liabilities of the Bank and instruments issued or guaranteed by the Bank ranking senior to the Offshore Preference Shares, in the same liquidation order with the holders of Parity Obligations	After all liabilities of the Bank and instruments issued or guaranteed by the Bank ranking senior to the Offshore Preference Shares, in the same liquidation order with the holders of Parity Obligations	After all liabilities of the Bank and instruments issued or guaranteed by the Bank ranking senior to the Offshore Preference Shares, in the same liquidation order with the holders of Parity Obligations	After all liabilities of the Bank and instruments issued or guaranteed by the Bank ranking senior to the Domestic Preference Shares, in the same liquidation order with the holders of Parity Obligations
Non-compliant transitioned features	No	No	No	No	No	No
Including: If yes, specify non-compliant features	N/A	N/A	N/A	N/A	N/A	N/A

Main features of regulatory capital instrument	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds
Issuer	ICBC (Asia)	ICBC	ICBC
Unique identifier	ISIN: XS0976879279 BBGID:BBG005CMF4N6	1428009	Rule 144A ISIN: US455881AD47 Regulation S ISIN: USY39656AC06
Governing law(s) of the instrument	The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and shall be construed in accordance with English law, except that the provision of the Notes relating to Subordination shall be governed by, and construed in accordance with, the laws of Hong Kong	Securities Law of the People's Republic of China/China	The Notes and the Fiscal Agency Agreement shall be governed by, and shall be construed in accordance with, New York law, except that the provisions of the Notes relating to subordination shall be governed by, and construed in accordance with, PRC law
Regulatory treatment			
Including: Transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Tier 2 capital	Tier 2 capital	Tier 2 capital
Including: Post-transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Tier 2 capital	Tier 2 capital	Tier 2 capital
Including: Eligible to the parent company/group level	Group	Parent company /Group	Parent company /Group
Instrument type	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument
Amount recognized in regulatory capital (in millions, as at the latest reporting date)	RMB equivalent 3,247	RMB19,995	RMB equivalent 12,842
Par value of instrument (in millions)	USD500	RMB20,000	USD2,000
Accounting treatment	Debt securities issued	Debt securities issued	Debt securities issued
Original date of issuance	10 October 2013	4 August 2014	21 September 2015
Perpetual or dated	Dated	Dated	Dated
Including: Original maturity date	10 October 2023	5 August 2024	21 September 2025
Issuer call (subject to prior supervisory approval)	Yes	Yes	No
Including: Optional call date, contingent call dates and redemption amount	10 October 2018, in full amount	5 August 2019, in full amount	N/A
Including: Subsequent call dates, if applicable	N/A	N/A	N/A
Coupons/dividends			
Including: Fixed or floating dividend/coupon	Fixed	Fixed	Fixed
Including: Coupon rate and any related index	4.50%	5.80%	4.875%
Including: Existence of a dividend stopper	No	No	No
Including: Fully discretionary, partially discretionary or mandatory cancellation of coupons/dividends	Mandatory	Fully discretionary	Mandatory
Including: Redemption incentive mechanism	No	No	No
Including: Non-cumulative or cumulative	Cumulative	Cumulative	Cumulative

Main features of regulatory capital instrument	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds
Convertible or non-convertible	No	No	No
Including: If convertible, conversion trigger (s)	N/A	N/A	N/A
Including: If convertible, fully or partially	N/A	N/A	N/A
Including: If convertible, conversion rate	N/A	N/A	N/A
Including: If convertible, mandatory or optional conversion	N/A	N/A	N/A
Including: If convertible, specify instrument type convertible into	N/A	N/A	N/A
Including: If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A
Write-down feature	Yes	Yes	Yes
Including: If write-down, write-down trigger(s)	Non-viability of ICBC(Asia) or the Bank	Non-viability of the Bank	The occurrence of the earlier of either: (i) the CBRC having decided that a write-off is necessary, without which the Issuer would become non-viable; or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable
Including: If write-down, full or partial	Full write-down	Full write-down	Full write-down
Including: If write-down, permanent or temporary	Permanent write-down	Permanent write-down	Permanent write-down
Including: If temporary write-down, description of write-up mechanism	N/A	N/A	N/A
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	After depositor and general creditor, in the same liquidation order with other subordinated debts	After depositor and general creditor, in the same liquidation order with other subordinated debts	After depositor and general creditor, in the same liquidation order with other subordinated debts
Non-compliant transitioned features	No	No	No
Including: If yes,specify non-compliant features	N/A	N/A	N/A

(In RMB millions, unless otherwise stated)

(i) Disclosure of Leverage Ratio

The following information is disclosed in accordance with the CBRC Administrative Measures for Leverage Ratio of Commercial Banks (Revised) (CBRC No.1, 2015) Appendix 3 Disclosure Templates of Leverage Ratio.

Comparison of Regulatory Leverage Ratio Items and Accounting Items

S/N	Item	31 December 2015
1	Total consolidated assets as per published financial statements	22,209,780
2	Consolidated adjustments for accounting purposes but outside the scope of regulatory consolidation	(61,143)
3	Adjustments for fiduciary assets	–
4	Adjustments for derivative financial instruments	35,523
5	Adjustment for securities financing transactions	38,855
6	Adjustment for off-balance sheet items	1,602,642
7	Other adjustments	(11,665)
8	Balance of adjusted on-and off-balance sheet assets	23,813,992

Leverage Ratio, Net Tier 1 Capital, Balance of Adjusted On-and Off-balance Sheet Assets and Related Information

S/N	Item	31 December 2015
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	21,377,922
2	Less: Asset amounts deducted in determining Basel III Tier 1 capital	(11,665)
3	Balance of adjusted on-balance sheet assets (excluding derivatives and SFTs)	21,366,257
4	Replacement cost associated with all derivatives transactions (ie net of eligible cash variation margin)	39,582
5	Add-on amounts for PFE associated with all derivatives transactions	49,149
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	–
7	Less: Deductions of receivables assets for cash variation margin provided in derivatives transactions	–
8	Less: Exempted CCP leg of client-cleared trade exposures	(10,325)
9	Effective notional amount of written credit derivatives	56,396
10	Less: Adjusted effective notional deductions for written credit derivatives	(20,409)
11	Total derivative exposures	114,393
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	691,845
13	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	–
14	CCR exposure for SFT assets	38,855
15	Agent transaction exposures	–
16	Total securities financing transaction exposures	730,700
17	Off-balance sheet exposure at gross notional amount	3,027,744
18	Less: Adjustments for conversion to credit equivalent amounts	(1,425,102)
19	Balance of adjusted off-balance sheet assets	1,602,642
20	Net tier 1 capital	1,781,062
21	Balance of adjusted on-and off-balance sheet assets	23,813,992
22	Leverage ratio	7.48%

(In RMB millions, unless otherwise stated)

(j) Quantitative Information Disclosure of Liquidity Coverage Ratio Using Advanced Approaches

		Fourth-quarter 2015	
S/N	Item	Value Before Discounted	Value After Discounted
Qualified liquid assets			
1	Qualified liquid assets		4,621,436
Cash outflow			
2	Retail deposits, small enterprise customer deposits, wherein:	8,481,222	841,342
3	Stable deposit	125,144	5,734
4	Less stable deposits	8,356,078	835,608
5	Non-collateralized wholesale financing, wherein:	9,854,773	3,379,022
6	Business related deposit (agency business excluded)	5,772,357	1,416,657
7	Non-business related deposit (all counterparties)	3,933,161	1,813,110
8	Non-collateralized financing	149,255	149,255
9	Collateralized financing		40,147
10	Other items, wherein:	1,548,661	129,974
11	Derivatives and other collateral requirements related cash outflows	5,410	5,410
12	Mortgage debt instruments related cash outflow	–	–
13	Credit and liquidity facilities	1,543,251	124,564
14	Other contractual financing obligations	37,985	37,985
15	Contingent financing obligations	804,157	18,138
16	Total expected cash outflow		4,446,608
Cash inflow			
17	Collateralized borrowing and lending (Reverse repurchase and borrowed securities included)	992,305	451,111
18	Fully functional performance payment of cash inflow	1,299,797	873,360
19	Other cash inflow	41,914	30,924
20	Total expected cash inflow	2,334,016	1,355,395
			Adjusted value
21	Qualified liquid assets		4,621,436
22	Net cash outflow		3,091,213
23	Liquidity coverage ratio (%) (i)		149.51%

(i) The Liquidity Coverage Ratio is the monthly arithmetic mean of the latest quarter.

2015 Ranking and Awards

2015 Ranking

Forbes
The 1st place among the Global 2000
Ranking in terms of combination of sales, profit, assets, and market value

The Banker
The 1st place among the Top 1000 World Banks
Ranking in terms of tier 1 capital of the bank

Fortune
The 18th place among the Global 500
(The 1st place on the sub-list of commercial banks)
Ranking in terms of operating income

Millward Brown
The 22nd place among the Top 100 Most Valuable Global Brands
(The 2nd place among the brands of financial institutions)
Ranking in terms of brand value

China Enterprise Confederation
The 4th place among the Top 500 Enterprises of China
Ranking in terms of operating income

2015 Awards

OVERSEAS AWARDS

Euromoney
Best Emerging Markets Bank
Award for Outstanding Contribution to Global Financial Services-Chairman Jiang Jianqing
Best Bank in China
Best Precious Metal Trading Bank in China

The Banker
Bank of the Year in China

Global Finance
Best Corporate Bank in China
Best Consumer Bank in China
Best Treasury & Cash Management Bank
Best Private Bank in China
Best Foreign Exchange Provider
Best Bank for Commercial Paper/MTNs
Best Subcustodian Bank in China

Asiamoney
Best Domestic Bank

Financial Times
Best Private Bank in China

The Asset
The Asset Corporate Award — Platinum Award
Best Private Bank, China
Best Bond House-Domestic
Best Commodity Derivatives Trading Bank in China

FinanceAsia
Best Bank
Best FX Bank
Best Private Bank, China
Best M&A Deal

The Asian Banker
Best Internet Banking in China
Best Counterparty Bank in China
Most International Asian Cash Management Bank in Asia Pacific
Technology Implementation Awards-Best CRM Project

Corporate Governance Asia
Best IR Company (China)
Best CSR
Best CEO (Investor Relations) — Yi Huiman

Asia Risk
House of the Year, China

Yazhou Zhoukan (YZZK)
Top 1000 Global Chinese Merchants
— Award for the Largest Financial Enterprise
Top 1000 Global Chinese Merchants
— Award for the Highest Net Profit
Hong Kong Stock Market Ranking of Chinese Mainland Enterprises — Award for the Largest Market Value

Ta Kung Pao
Best Corporate Governance: Listed Companies

Treasury Management International
Best Bank in China for Payments & Collections

Marine Money
Leasing Deal of the Year

Trade Finance
Deal of the Year

Trade & Forfaiting Review
ECA Deals of the Year

The Institute of Management Accountants
IMA Award for Special Contribution to Management Accounting

The Hong Kong Management Association
Citation for Corporate Governance Disclosure

The Chamber of Hong Kong Listed Companies
Hong Kong Corporate Governance Excellence Award

Asia Pacific Contact Centre Association Leaders
Recognition of Performance Excellence 8th APCCAL Awards

International Data Group
Global Competitiveness TOP Brands From China

Visa Inc.
Visa Best Parter
Visa Best Payment Innovation Award

MasterCard Worldwide

Best Travelling Credit Card Issuer
Award for Risk Monitoring Optimization
Best Partner for Cross-border Transaction Business

American Express

Best Acquirer Service Partner
Best High-end Product Service Award
Best Business Card Product Partner

JCB

Award for Most Influential Company

Diners Club International

Franchise Bank of the Year in Asia-Pacific

DOMESTIC AWARDS

PBC

Second Award for Bank Technological Development

China Banking Association

Best Social Responsibility Financial Institution Award
Best Green Finance Award in Social Responsibility of the Year
Excellent Charity Project Award
Best Performance Award for Syndicated Loans
Best Transaction Award for Syndicated Loans
Best Performance Award for Pension Service
Best Growth Award for Pension Service
Pension Sector Leader Award
Outstanding Contribution Award in Civilized and Standard Services of the Chinese Banking Sector
Best Effect Award for "Popularizing Financial Knowledge" Series in Chinese Banking Industry
Award for Excellent Legal Risk Management in Chinese Banking Industry
Outstanding Contribution Award in "The Month of Bank Card Internet Payment Security"

China Foreign Exchange Trade System

Best Agent of Foreign Institutions
Best Market Maker
Best Market Making Award
Best Spot Market Making Award
Best Forward Market Maker Award
Best Trading Award
Best Spot Trading Award
Best Forward Trading Award
Best Non-USD Trading Award
Best Foreign Currency Pair Trading Award
Most Popular Spot Market Maker
Most Popular Forward Market Maker
Excellent Market Maker Award of RUB Direct Trading
Excellent Market Maker Award of MYR Direct Trading
Excellent Market Maker Award of GBP Direct Trading
Best Market Maker Award in Back-office Support
Best Member Award

Shanghai Clearing House

Excellent Clearing Member
Excellent Settlement Member
Excellent Foreign Exchange Clearing Award
Excellent Bonds Net Clearing Award
Best Custodian Bank of China

China UnionPay

Most Cooperative Institution Award

National Interbank Funding Center

The Most Influential Institution
The Best Market Maker in Interbank Bond Market

Shanghai Gold Exchange

Excellent Financial Institution Member
Award for Outstanding Contribution to Market
Award for Outstanding Contribution to Enquiry Business
Outstanding Commercial Bank in Leasing

Shanghai Money Exposition

Gold Award for Influential Brand of the Year

Bankrate.com.cn

Consumer Satisfaction Awards: Personal Loans Business

China Mergers & Acquisitions Association

Special Award for Merger and Acquisition

Payment & Clearing Association of China

Outstanding Organization Award in "The Month of Bank Card Internet Payment Security"

China Call-Centre & CRM Association

Best Call Center

China International Financial Exhibition

"Golden Tripod Award" Most Reputed Financial Brand of the Year: ICBC E-commerce Platform — ICBC Mall

China Council for Brand Development

Most Valuable Brand in China

Social Responsibility Committee of The Chinese Institute of Business Administration

Model of Transparency to the Public

China Enterprise Evaluation Association

Top 500 Chinese Enterprises in Performing Social Responsibilities

China Committee of Corporate Citizenship of China Association of Social Workers

Excellent Corporate Citizen of China

China Next Generation Education Foundation

Excellent Fund Project Award

China Counties and Towns Economic Exchange Organizing Committee of China Rural Bank Development Forum
Asia-Pacific Finance Academy

Internet-based Finance Product Innovation Award
Award for Risk Control and Safety of Internet-based Finance
Award for Excellent Internet-based Finance Platform

CRM Committee of China Federation of Information Technology Promotion

Best Customer Contact Center in China

Chinese Foundation for Lifeline Express

Bright Merit Award

Financial Work Committee of Central Youth League Committee
The National Financial Youth Union
China Banking Association
China Youth Development Foundation

Best Social Responsibility Financial Institution Award

China Financial Industry Call Center Development League

Operation and Management Icon Team Award
Calling-out Business Icon Team Award

CCM World Group

"Gold Headset" The Best Customer Center Selection and Award

Global Compact Network China

Best Practice Award for Caring for Climate Change and Environment Protection

21st Century Business Herald

Best Private Bank in China in Customer Experience
Best Wealth Management Banking Brand

China WTO Tribune

Golden Bee-Excellent Corporate Social Responsibility Report-Leader Enterprise

China Comment

Most Reliable Banking Institution

China Business Network

Most Innovative Enterprise
CBN Financial Value Ranking 2015
CBN Corporate Social Responsibility Ranking in China: Excellent Enterprise Award
Internet-based Finance Innovation of the Year (ICBC Mall)
Internationalized Bank of the Year

Directors & Boards

Golden Round Table Award: Best Board
Golden Round Table Most Innovative Board Secretary

China Times

Innovative Bank in Internet-based finance

Financial Money

Gold Private Bank of the Year
Gold Asset Management Bank of the Year
Gold Credit Card Bank of the Year
Gold Financial Product in terms of Market Growth Potential of the Year-Treasury Bond Futures Arbitrage Product
Gold Financial Product in terms of Liquidity of the Year-E Money Link
Best Mobile Bank of the Year — ICBC Mobile
Gold Financial Product in terms of Innovation-ICBC Cloud Quick Payment Credit Card
Gold Financial Product in terms of Market Influence — ICBC Global Travel Credit Card
Gold Financial Product in terms of Market Innovation of the Year — Paper Crude Oil
Gold Financial Product in terms of Market Influence of the Year — Foreign Exchange Trading of Currencies of the "One Belt and One Road" Countries and Emerging Markets

Financial News
Institute of Finance and Banking, Chinese Academy of Social Sciences

Best Commercial Bank
Top Ten Innovative Institution in Internet-based Finance

The Economic Observer

Most Respectable Enterprise in China
Best Bank of Social Contribution of the Year

Trade Finance

Best Innovative Cash Management Product Bank of the Year

National Business Daily

Best Private Bank in China
Inclusive Finance List of China "Excellent Contribution Award"

Southern Weekly

First Place in the List of Chinese State-owned Listed Companies on Corporate Social Responsibilities

Shanghai Securities News

Best Asset Management Brand Award
Best Wealth Management Banking Product
"Golden Interconnect" Award — Outstanding Application Platform Award

CFO WORLD

Best Global Cash Management Cases in the past decade

Corporate Finance

Innovative Corporate Wealth Management

The Chinese Banker

Best Financial Innovation Award
Best Financial Brand Innovation Award
Top Ten Innovative Financial Products (Retail)
Top Ten Innovative Internet-based Finance Products (Connections)
Top Ten Innovative Financial Products (RMB Settlement Commodity Transaction)
Top Ten Innovative Internet-based Finance Products (Corporate Agency Trading Internet Banking)
Top Ten Financial Product (Corporate Banking)

Securities Daily

China Securities Market "Excellent Contribution Dragon Tripod Award"

Securities Times

Best Universal Bank in Investment Banking
Best Cross-border Financing Bank

China Report

Best Overseas Image Award among Chinese Banks in the "One Belt and One Road" countries

China Electronics News

Innovative Product and Application Award

China Business Journal

Brand Building Bank with Excellent Competitiveness
State-owned Commercial Bank with Excellent Competitiveness Investment Banking with Excellent Competitiveness

China Entrepreneur

Most Influential Enterprise Leader

China Newsweek

Most Responsible Enterprise

China Securities Journal

Golden Bull Most Profitable Company
Golden Bull Best Board Secretary

Wisemoney

Bank Card Service Innovation Team

21th Century Education Research Institute Financial Studies Center

Best Commercial Bank in Asia

China Financial Certification Authority

Best E-banking in China
Award for Most Safe Mobile Banking in China

Eastmoney.com

Best Comprehensive Bank
Best Internet-based Finance Bank
Best Payment Product

News Center of State-owned Assets Supervision and Administration Commission The Central Enterprise Media Alliance

Top Ten Influential New Media Accounts of Chinese Enterprises

Hexun

Excellence Award for Internet Banking of the Year
Award for Internet Banking User Experience of the Year
Excellence Award for Mobile Banking of the Year

Internet Finance Work Committee

Excellent Internet-based Finance Brands in China

JRJ.com

Outstanding Chinese-funded Bank
Outstanding Credit Card Brand

JRJ.com
PBC School of Finance at Tsinghua University

Lead the Chinese Advance-Best Mobile Banking Brand Award

China Internet Banking Union

E-banking Innovation Award: Best Practices in Financial Internet (Connections)

Sina. com

Best Credit Card of the Year

Analysys

eStar•Best Mobile Banking Award
eStar•Best E-commerce Platform Award (ICBC Mall)

ChinaHR

Top 50 Best Employers for University Students
Top 10 Best Banking Employers for University Students

List of Domestic and Overseas Branches and Offices

Domestic Institutions

ANHUI PROVINCIAL BRANCH
Address: No. 189 Wuhu Road, Hefei City, Anhui Province, China
Postcode: 230001
Tel: 0551-62869178/62868101
Fax: 0551-62868077

BEIJING MUNICIPAL BRANCH
Address: Tower B, Tianyin Mansion, No. 2 Fuxingmen South Street, Xicheng District, Beijing, China
Postcode: 100031
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GUANGXI AUTONOMOUS REGION BRANCH
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Fax: 0371-65776889/65776988

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Fax: 0431-88923808

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Fax: 0791-6695230

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Fax: 024-23491609

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Fax: 0471-6940096

NINGBO BRANCH
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Fax: 0951-5042348

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Fax: 0531-87941749

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Fax: 029-87602999

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Fax: 021-58886888

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Postcode: 518015
Tel: 0755-82246400
Fax: 0755-82062761

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Fax: 028-82866025

TIANJIN MUNICIPAL BRANCH
Address: No. 123 Weidi Road, Hexi District, Tianjin, China
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Tel: 022-28400648
Fax: 022-28400123/022-28400647

XIAMEN BRANCH
Address: No. 17 Hubin North Road, Xiamen City, Fujian Province, China
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Tel: 0592-5292000
Fax: 0592-5054663

XINJIANG AUTONOMOUS REGION BRANCH
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Postcode: 830002
Tel: 0991-5981888
Fax: 0991-2337527

TIBET AUTONOMOUS REGION BRANCH
Address: No. 31 Jinzhu Mid-Rd., Lhasa, Tibet Autonomous Region
Postcode: 850000
Tel: 0891-6898019/6898002
Fax: 0891-6898001

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Fax: 0871-63134637

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Tel: 0571-87803888
Fax: 0571-87808207

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Address: Tower A, Xinsheng Plaza, No. 5 Financial Street, Xicheng District, Beijing, China
Postcode: 100033
Tel: 010-66583333
Fax: 010-66583158

ICBC Financial Leasing Co., Ltd.
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Postcode: 300457
Tel: 022-66283766/010-66105888
Fax: 022-66224510/010-66105999

ICBC-AXA Assurance Co., Ltd.
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Postcode: 200120
Tel: 021-5879-2288
Fax: 021-5879-2299

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

Zhejiang Pinghu ICBC Rural Bank Co., Ltd.
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Postcode: 314200
Tel: 0573-85139616
Fax: 0573-85139626

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Tel: +65-65381066
Fax: +65-65381370
SWIFT: ICBKSGSG

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Fax: +813-52198502
SWIFT: ICBKJPJT

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Fax: +822-7553748
SWIFT: ICBKKRSE

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SWIFT: ICBKKRSE

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Fax: +84-462699800
SWIFT: ICBKVNVN

ICBC, Vientiane Branch
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Tel: +856-21258888
Fax: +856-21258897
SWIFT: ICBKLALA

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SWIFT: ICBKKHPP

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Fax: +974-44072751
SWIFT: ICBKQAQAXXX

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SWIFT: ICBKAEAD

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