中国建设银行
China Construction Bank

Half-Year Report 2015

China Construction Bank Corporation

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

Stock Code: 939

Contents

Definitions

In this half-year report, unless the context otherwise requires, the following terms shall have the meanings set out below.

"Bank"	China Construction Bank Corporation
"Baosteel Group"	Baosteel Group Corporation
"Board"	Board of directors
"Basis Point"	Measurement unit of changes in interest rate or exchange rate, equivalent to 1% of one percentage point
"CBRC"	China Banking Regulatory Commission
"CCB Asia"	China Construction Bank (Asia) Corporation Limited
"CCB Dubai"	China Construction Bank (Dubai) Limited
"CCB Europe"	China Construction Bank (Europe) S.A.
"CCB Financial Leasing"	CCB Financial Leasing Corporation Limited
"CCB Futures"	CCB Futures Co., Ltd.
"CCB International"	CCB International (Holdings) Limited
"CCB Life"	CCB Life Insurance Company Limited
"CCB London"	China Construction Bank (London) Limited
"CCB New Zealand"	China Construction Bank (New Zealand) Limited
"CCB Principal Asset Management"	CCB Principal Asset Management Co., Ltd.
"CCB Russia"	China Construction Bank (Russia) Limited Liability Company
"CCB Trust"	CCB Trust Co., Limited
"Company Law"	The Company Law of the People's Republic of China
"Cost Advisory Service"	The professional advisory services, provided by the project cost advisory agency when entrusted, on the investment of construction projects and the determination and control of project cost
"CSRC"	China Securities Regulatory Commission
"Financial Services for Housing Reform"	A general term for credit activities of money collection, financing, etc., in connection with the reform of housing system
"Group", "CCB"	China Construction Bank Corporation and its subsidiaries
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Huijin"	Central Huijin Investment Ltd.
"IFRS"	International Financial Reporting Standards
"Listing Rules of Hong Kong Stock Exchange"	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"MOF"	Ministry of Finance of the People's Republic of China
"PBOC"	People's Bank of China
"PRC GAAP"	*Accounting Standards for Business Enterprises* promulgated by the MOF on 15 February 2006 and other relevant requirements
"RMB"	Renminbi
"SFO"	Securities and Futures Ordinance
"Sino-German Bausparkasse"	Sino-German Bausparkasse Co., Ltd.
"State Council"	State Council of the People's Republic of China
"State Grid"	State Grid Corporation of China
"Temasek"	Temasek Holdings (Private) Limited
"Yangtze Power"	China Yangtze Power Co., Limited

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

(Expressed in millions of RMB unless otherwise stated)	**Six months ended 30 June 2015**	Six months ended 30 June 2014	Six months ended 30 June 2013
For the period			
Net interest income	**224,619**	211,292	187,660
Net fee and commission income	**63,645**	60,180	55,524
Operating income	**297,817**	276,727	252,307
Profit before tax	**169,207**	169,516	155,189
Net profit	**132,244**	130,970	119,964
Net profit attributable to equity shareholders of the Bank	**131,895**	130,662	119,711
Per share (in RMB)			
Basic and diluted earnings per share	**0.53**	0.52	0.48
Profitability indicators (%)			
Annualised return on average assets[1]	**1.51**	1.65	1.66
Annualised return on average equity	**20.18**	22.97	23.90
Net interest spread	**2.48**	2.62	2.54
Net interest margin	**2.67**	2.80	2.71
Net fee and commission income to operating income	**21.37**	21.75	22.01
Cost-to-income ratio[2]	**23.23**	24.18	24.63
Loan-to-deposit ratio	**74.16**	70.93	66.63

1. Calculated by dividing net profit by the average of total assets at the beginning and end of the period and then listed in annualised figures.

2. Operating expenses (after deductions of business taxes and surcharges) divided by operating income.

(Expressed in millions of RMB unless otherwise stated)	**As at 30 June 2015**	As at 31 December 2014	As at 31 December 2013
As at the end of the period			
Gross loans and advances to customers	**10,157,079**	9,474,523	8,590,057
Allowances for impairment losses on loans	**(267,483)**	(251,613)	(228,696)
Total assets	**18,219,186**	16,744,130	15,363,210
Deposits from customers	**13,696,977**	12,898,675	12,223,037
Total liabilities	**16,906,736**	15,491,767	14,288,881
Total equity attributable to equity shareholders of the Bank	**1,301,430**	1,242,179	1,065,951
Share capital	**250,011**	250,011	250,011
Total capital after deductions[1]	**1,542,123**	1,516,928	1,316,724
Risk-weighted assets[1]	**10,490,649**	10,203,643	9,872,790
Per share (in RMB)			
Net assets per share	**5.25**	5.01	4.30
Capital adequacy indicators (%)			
Common Equity Tier 1 ratio[1]	**12.35**	12.12	10.75
Tier 1 ratio[1]	**12.35**	12.12	10.75
Total capital ratio[1]	**14.70**	14.87	13.34
Total equity to total assets	**7.20**	7.48	6.99
Asset quality indicators (%)			
Non-performing loan ratio	**1.42**	1.19	0.99
Allowances to non-performing loans	**185.29**	222.33	268.22
Allowances to total loans	**2.63**	2.66	2.66

1. Capital adequacy ratios were calculated in accordance with the relevant regulations of the *Capital Rules for Commercial Banks (Provisional).* The advanced capital measurement approaches have been adopted to calculate capital adequacy ratios, and the regulations during the transition period have been applicable to the calculation of ratios since the second quarter of 2014.

Corporate Information

Legal name and abbreviation in Chinese	中國建設銀行股份有限公司 (abbreviated as “中國建設銀行”)
Legal name and abbreviation in English	China Construction Bank Corporation (abbreviated as “CCB”)
Legal representative	Wang Hongzhang
Authorised representatives	Wang Zuji Ma Chan Chi
Secretary to the Board	Chen Caihong
Representative of securities affairs	Xu Manxia
Company secretary	Ma Chan Chi
Qualified accountant	Yuen Yiu Leung
Registered address, office address and postcode	No. 25, Financial Street, Xicheng District, Beijing 100033
Internet website	www.ccb.com
Email address	ir@ccb.com
Principal place of business in Hong Kong	28/F, CCB Tower, 3 Connaught Road Central, Central, Hong Kong
Newspapers for information disclosure	China Securities Journal and Shanghai Securities News
Website of the Shanghai Stock Exchange for publishing the half-year report prepared in accordance with PRC GAAP	www.sse.com.cn
“HKExnews” website of Hong Kong Stock Exchange for publishing the half-year report prepared in accordance with IFRS	www.hkexnews.hk
Place where copies of this half-year report are kept	Board of Directors Office of the Bank
Contact Information	Address: No. 25, Financial Street, Xicheng District, Beijing Telephone: 86-10-66215533 Facsimile: 86-10-66218888
Listing stock exchanges, stock abbreviations and stock codes	A-share: Shanghai Stock Exchange Stock abbreviation: 建設銀行 Stock code: 601939 H-share: The Stock Exchange of Hong Kong Limited Stock abbreviation: CCB Stock code: 939

Date and place of initial registration	17 September 2004 State Administration for Industry & Commerce of the People's Republic of China (Please refer to the H-share Global Offering Prospectus issued by the Bank on Hong Kong Stock Exchange on 14 October 2005 and the A-share Prospectus issued by the Bank on the Shanghai Stock Exchange on 11 September 2007 for more information.)
Date and place of registration change	8 May 2013 State Administration for Industry & Commerce of the People's Republic of China
Registration number of the corporate legal person business licence	100000000039122
Organisation code	10000444-7
Financial licence institution number	B0004H111000001
Taxation registration number	京税證字110102100004447
Certified public accountants	PricewaterhouseCoopers Zhong Tian LLP Address: 11/F, PricewaterhouseCoopers Centre, 202 Hu Bin Road, Shanghai Signing accountants: Zhu Yu and Wang Wei PricewaterhouseCoopers Address: 22/F, Prince's Building, Central, Hong Kong
Legal advisor as to PRC laws	Haiwen & Partners Address: 20/F, Fortune Financial Centre, 5 Dong San Huan Central Road, Chaoyang District, Beijing
Legal advisor as to Hong Kong laws	Clifford Chance Address: 27/F, Jardine House, One Connaught Place, Central, Hong Kong
A-share registrar	China Securities Depository and Clearing Corporation Limited, Shanghai Branch Address: 36/F, China Insurance Building, 166 East Lujiazui Road, Pudong New District, Shanghai
H-share registrar	Computershare Hong Kong Investor Services Limited Address: Rooms 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

Chairman's Statement

Dear shareholders,

The first half of 2015 witnessed an uneven and slow recovery of global economy, and further divergent performances in different regions. In the face of mounting downward pressure on China's economy, the economic growth in certain areas and sectors slowed down dramatically. By virtue of a series of government policies and measures, major economic indicators in the second quarter showed stabilised and positive signs, and driving forces for economic growth were further boosted. Faced with complex domestic and overseas economic situations and fierce competition, the Group persisted in serving the real economy, implementing the transformation and development plans, and strengthening risk prevention and control in full blast. Our key operating indicators performed as expected. In the first half of 2015, the Group's total assets exceeded RMB18 trillion. Net profit amounted to RMB132.2 billion, an increase of 0.97% over the same period last year. The annualised return on average assets and the annualised return on average equity were 1.51% and 20.18% respectively. Total capital ratio and common equity tier one ratio stood at 14.70% and 12.35% respectively. Our key financial indicators continued to be in the leading position among peers.

We actively supported the real economy and continued to adjust and optimise credit structure. In view of the national major strategies and projects including "One Belt and One Road", the construction of free trade zones, coordinated development for the Beijing-Tianjin-Hebei region and the construction of Yangtze River Economic Belt, the Group further promoted the adjustments and optimisation of credit structure by supporting major projects, key enterprises and important areas. In the first half of 2015, the loan increase in infrastructure sectors accounted for over 70% of the increase in corporate loans. The Group continued to maintain a leading edge in housing finance. The residential mortgages ranked first among peers in terms of both the balance and the increase, and the market share of financial services for housing reform continuously exceeded 50%. The Group actively supported the loan demand in areas with strong growth potential. Loans to areas such as small and micro businesses, agriculture-related sectors and urbanisation development maintained rapid growth. The Group provided customers with more convenient financing services with the help of internet technology, and strictly controlled the loans to local government financing vehicles and industries with excess capacity by continuously reducing existing loans.

We made a good start in transformation and development, with benefits gradually unfolding themselves. New progress of transformation and development was achieved in many important areas, as benefits gradually unfolded themselves. The Group further enhanced the comprehensive service abilities by constantly optimising product supply, functional facilities and service models at branches and sub-branches; further upgraded service functions and efficiency by building and improving the cross-region, cross-business line and cross-border collaborative response mechanism as well as cross-time-zone non-stop services among the head office and branches. As a result, major indicators of key businesses, products, and channels targeted for overall business transformation grew at a remarkably faster speed than traditional businesses, and separation between the bank counters and back offices was pressed ahead in an orderly manner. The Group made new breakthroughs in "e.ccb.com" e-commerce platform, mobile banking, as well as innovation of products and operating models based on internet and information technology. Important progress was made in the "New Generation Core Banking System", big data research and application as well as international expansion.

We basically formed an integrated operation system and accelerated the expansion of overseas network. The Group basically established an integrated banking group framework to provide services in areas including fund, leasing, trust, insurance and futures. Integrated financial services capability, based on banking businesses and supplemented by non-banking financial businesses, was gradually formed to provide customers with integrated cross-market, cross-sector and cross-border financial services. At the end of June 2015, total assets of the Group's integrated operation subsidiaries reached RMB242.4 billion, an increase of 27.91% over the end of last year. Net profit increased by 47.62% over the same period last year to RMB2,160 million. In the first half of 2015, the Group rapidly expanded its overseas network. Paris Branch, Amsterdam Branch, Barcelona Branch and Milan Branch under CCB Europe opened for business simultaneously in June. Chile Branch obtained the banking license and was designated as the RMB clearing bank in Chile. London Branch officially commenced business operation. Applications and preparations for the establishment of institutions including Zurich Branch and a subsidiary bank in Malaysia were pushed forward. By the end of June 2015, the Group has established 26 tier-one institutions in 24 countries and regions.

We intensified risk management and control, and kept asset quality controlled within expectations. In the first half of 2015, the Group further strengthened risk management and control, reinforced internal control and compliance and audit practices, carried out "Year of Compliance Management" campaign, intensified internal audit over key risk areas, and identified and mended loopholes in systems and processes. The Group promoted professional credit approval by setting up centralised loan review and disbursement centres at tier-one branches and establishing intensive and professional risk control mechanism in the process of credit approval. The Group optimised policies and approval processes for disposal of non-performing loans (NPLs), enhanced risk mitigation and disposal, and NPLs were controlled within expectations. In the first half of 2015, the Group firmly held the bottom line to prevent systematic and regional risks, and the overall risk profile of the Group was kept at a stable and controllable level. The NPL ratio was 1.42%, the ratio of allowances to NPLs was 185.29%, and the ratio of allowances to total loans was 2.63%.

We were unswervingly committed to corporate social responsibilities and proactively contributed to the society. The Group constantly participated in donation and social welfare activities in areas including education, medical and health care, poverty alleviation and environmental protection. Since listing, the Group has successively developed and implemented 106 important public welfare projects and has donated accumulatively RMB780 million. We vigorously promoted green credit, organically integrated low carbon solutions, energy saving and environmental protection targets into our credit policy and business philosophy, and supported the country's ecological civilisation construction. We actively participated in international organisation activities including APEC Business Advisory Council, B20 of G20 Summit, World Economic Forum (Davos) and Boao Forum for Asia, extensively communicated with representatives from various economies and business communities, presented a good corporate image for the Group and the business community of China, supported national strategic development, and made active efforts in promoting economic and financial collaborations in the Asia-Pacific region and among major economic regions around the world.

In the first half of 2015, the Group's good performance in various aspects gained wide recognition from the market and community. We received more than 40 accolades from renowned organisations both at home and abroad, including the second place again in the "Top 1000 World Banks" published by *The Banker* in terms of total tier-one capital; the second place again in "Global 2000" published by Forbes; the 29th place in "Fortune Global 500" published by Fortune, advancing by nine places over last year; the award of the "Best Bank in China 2015" by *Global Finance*, and two comprehensive awards, namely the "Best Social Responsible Financial Institution Award" and the "Best Livelihood Finance Award in Social Responsibility of the Year" by *China Banking Association.*

In the first half of 2015, the Group experienced some adjustments and changes to the composition of the Board members. Mr. Zhang Jianguo, Mr. Zhu Hongbo and Mr. Hu Zheyi successively ceased to serve in their positions; Mr. Wang Zuji, Mr. Pang Xiusheng and Mr. Zhang Gengsheng were elected executive directors, and Mr. Li Jun and Ms. Hao Aiqun were elected non-executive directors at the 2014 annual general meeting. On behalf of the Board, I would like to take this opportunity to express sincere gratitude to Mr. Zhang Jianguo, Mr. Zhu Hongbo and Mr. Hu Zheyi for their contributions to the Group, and extend cordial welcome to Mr. Wang Zuji and other new directors.

In the second half of 2015, we will continue to proactively adapt ourselves to the new normal, further deepen the reform, comprehensively promote transformation and development, and cultivate new driving forces for development, so as to gain new competitive edges, and strive to achieve our stated goals of transformation and development.

Wang Hongzhang
Chairman and executive director

28 August 2015

President's Report

Dear shareholders,

In the first half of 2015, against the backdrop of severe economic and financial situations, the Group persisted in stable operation, continuously reinforced development foundation, promoted comprehensive business transformation, and maintained a good development momentum as a result of constantly released endogenous power.

Expected Business Performance

At the end of June, the Group's total assets increased by 8.81% to RMB18,219.2 billion over the end of last year. Gross loans and advances to customers increased by 7.20% to RMB10,157.1 billion; deposits from customers rose by 6.19% to RMB13,697 billion. Net profit increased by 0.97% year-on-year to RMB132.2 billion. Operating income increased by 7.62% year-on-year to RMB297.8 billion. In this amount, net interest income increased by 6.31% year-on-year, and net fee and commission income increased by 5.76% year-on-year. Cost-to-income ratio stood at 23.23%, a year-on-year decrease of 0.95 percentage points. The total capital ratio was 14.70%, leading the market among peers.

Steadily improved service capability

The Group established a comprehensive financial service platform, to coordinate the development between direct and indirect financing, and continuously satisfy the diversified and personalised financial needs of customers. Drawing on its traditional competitive edges, the Group comprehensively supported the state's major strategies and key construction projects, and established convenient procedures and green channels to accelerate credit approval and granting. Loans to infrastructure sectors increased by RMB147.8 billion, accounting for 73.98% of the increase in corporate loans. The Group vigorously promoted domestic and overseas collaborative services, to meet the financial needs arising from upgraded "Going Global" and international production capacity cooperation. The Group strengthened financial services to small and micro businesses by adopting big data in the innovative service model of micro-credit loans and building credit support platforms for small and micro businesses through cooperation with governments at various levels. Loans granted through "Credit Cooperation Loan", a key product, exceeded RMB30 billion, and the availability rate of loan applications of small and micro enterprises was 84%. With the expansion of cooperation with platforms for internet banking, the accumulated amount of loans granted to internet banking business exceeded RMB150 billion, extending to over 17,000 customers. The Group strove to meet the housing demands of general residents, with residential mortgages increasing by 9.61% to RMB2,470.4 billion, ranking first in the market in terms of both the increase and the balance.

New progress in transformation and development

Contribution from retail business was on the rise. The proportion of profit before tax contributed by personal banking business increased by 3.48 percentage points to 32.56% year-on-year. More specifically, core business indicators of credit card business, including the number of new cards issued, the number of new customers, the number of consumer transactions as well as asset quality, continued to lead the market among peers. The number of private banking customers with financial assets above RMB10 million grew by 12.32%, and the total amount of customers' financial assets increased by 20.79%. In active response to customers' demands in financial services for housing reform, the Group was entrusted to grant personal provident housing fund loans with a balance of RMB1,298,199 million. Due to the rapid growth in businesses including personal wealth management, agency fund sales and precious metals business, net fee and commission income from personal banking business increased by 19.50% year-on-year.

The international business maintained a sound growth momentum. The Group promoted the building of multi-functional marketing service platforms, prepared to establish the overseas capital platform, overseas project information management platform and overseas approval centre, and propelled the centralisation of clearing business of overseas institutions and the global expansion of overseas network. In the first half of 2015, international settlement volume amounted to US$607.9 billion, a year-on-year increase of 8.70%; the accumulated cross-border RMB settlement volume on the cash basis reached RMB834.1 billion, a year-on-year increase of 17.38%. The coverage of RMB clearing network expanded to 43 countries and regions.

Key businesses in transformation developed rapidly. At the end of June, the accumulated underwriting volume of debt financing instruments for non-financial enterprises was RMB237,476 million, ranking first among peers. The Group also led the market in terms of both the total number of securities investment funds under custody and the number of new funds under custody, and became the only bank among the first entities qualified as mainland sales agent for Hong Kong funds. The market share of strategic products including multi-model cash pool, bank notes pool and UnionPay corporate settlement card was constantly expanded, and the market influence of its treasury management service branded as "Yudao" was further promoted. It ranked first among peers in terms of the number of customers of the central finance authorised payment and non-tax revenue collection agency service, and it was the first one among peers to pilot electronic online central non-tax revenue collection under the requirements of the MOF. The number of "Xincunguan" customers whose securities deposits were managed by the Bank as a third party totalled 30.76 million, and assets under management amounted to RMB741,741 million, both ranking first among peers.

Solid and effective risk management and control

In response to periodic adjustments and structural changes in economy, the Group maintained relatively stable asset quality by firmly mitigating risks in a stable way in the course of development, strengthening risk pre-warning and pre-control and routine management, constantly conducting risk screening and elimination in high-risk areas, and reinforcing the disposal of NPLs. At the end of June, the Group's NPL ratio was 1.42%, up by 0.23 percentage points over the end of last year; and the ratio of allowances to NPLs maintained at a high level of 185.29%. The Group earnestly mitigated risk exposures of the risky projects, intensified risk pre-warning and pre-control, carried out multi-dimensional risk stress tests on the macro economy, real estate industry, financial stability and so on, and relied on big data to conduct rapid screening and issue classified early warning towards customers with potential risks. Drawing on lessons from previous risk cases, the Group analysed the weaknesses of risk internal control to identify and mend loopholes in the system. It promoted professional credit approval by setting up centralised loan review and disbursement centres at tier-one branches to strengthen control over weaknesses in the loan disbursement and approval process. The Group actively explored new models of market-driven risk disposal, and worked out plans for collaborative disposal of non-performing assets with subsidiaries and restructuring of assets securitisation. Meanwhile, through the "Year of Compliance Management" campaign, the Group pressed ahead with the transformation of its internal control and compliance practices, and adopted the new mechanism of "vertically promoting system building and horizontally reinforcing compliance and internal control". As a result, all market risk indicators were controlled within the limits, and the Group maintained adequate liquidity reserve and kept reserve ratio at a reasonable level.

Reinforced fundamental structure

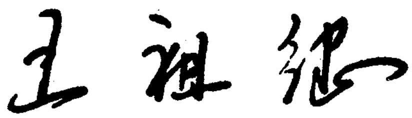
We promoted the coordinated development of physical and electronic channels. The Channel and Operation Management Department was set up at the head office to promote channel integration in an all-round way. As new progress was achieved in the implementation of "three integrations" at outlets, the number of integrated outlets totalled 14,400, the number of integrated marketing teams amounted to 19,934, and the proportion of integrated tellers reached 84%. Customers can enjoy convenient and comfortable "one-stop" services at the transformed outlets. With intensified efforts in building electronic banking as its main channel and strongly supporting the comprehensive transformation of physical channels, the ratio of the number of accounting transactions through electronic banking and self-service channels to the total number of accounting transactions through various channels rose to 94.32%, up by 6.29 percentage points over the end of last year. The number of personal online banking customers, corporate online banking customers and mobile banking customers increased by 8.19%, 10.78% and 11.47%, respectively. The "e.ccb.com" website introduced its exquisite mobile platform by formally launching the mobile APP of retail mall, i.e., "CCB e-commerce Mall".

Functions of the "New Generation Core Banking System" were gradually released. Following the successful launch of 13 application projects in Phase I, the first batch of 27 projects in Phase II were successfully rolled out. The Bank introduced new services such as smart mobile assistance, multi-channel business reservation, and pre-filling of forms, and took the lead in expanding mobile financial service channels including WeChat, Credulity and Alipay Wallet. The Bank became the first bank to support fund custodian services on the "National Equities Exchange and Quotations" and Shanghai-Hong Kong Stock Connect, and continued to increase financial market and corporate treasury management offerings. The Bank enriched risk measurement models and launched the risk measurement central engine, significantly improving capabilities in risk internal controls, employee services and managerial analysis.

Prospects

In the second half of 2015, the macro economic situation both at home and abroad will remain complex. By seizing new opportunities arising from the “new normal”, the Group will remain committed to providing financial services to support the implementation of national major strategies, optimising its financial service models, increasing support to areas including small and micro businesses, agriculture-related loans and personal consumption, and bolstering its competitive edges in residential mortgages and financial services for housing reform. Leveraging on its network service, the Group will accelerate the innovation of payment and settlement as well as treasury management products, strengthen initiative liability management and expand reliable and stable funding sources. The Group will actively push forward comprehensive pricing for customers to further improve its pricing capability. With equal emphases on providing financing solutions and consultancy and advisory services for customers, the Group will endeavour to enhance its service capability in fee-based business, and accelerate the development of asset management and custodial businesses. Adhering to the “customer-centric” business concept, the Group will speed up product innovation and system development. It will strive to maintain stable asset quality while firmly holding the risk bottom line, so as to accomplish the business plan for the year.

Lastly, I would like to sincerely thank the Board and the Board of Supervisors for their tremendous support, as well as our customers for their trust and our staff for their great dedication.



Wang Zuji
Vice chairman, executive director and president

28 August 2015

Financial Review

In the first half of 2015, the global economy maintained a good development momentum on the whole, whereas complexity and differentiation remained the main characteristics of the world economy. The US economy continued its moderate recovery. The Euro zone economy exhibited multiple positive signs, while Greek debt crisis negatively affected the economic and financial stability in the zone. Japanese economy gradually picked up with future prospect still subject to further observation. Some emerging economies witnessed economic slowdown and increasing fluctuations in the financial market.

Chinese economy operated within an appropriate range, as witnessed by further deepened structural adjustments and invigorated development vitality. The contribution of consumption toward economic growth was on the rise, investment in infrastructure grew rapidly and trade surplus continued to increase. The prudent monetary policy gradually produced the desired effect, demonstrated by the adequate liquidity in the banking system, rapid yet steady growth in the supply of money and credit, constantly improved loan structure, remarkably decreased interest rate and approximately steady RMB exchange rate. The reform of interest rate liberalisation progressed orderly. The floating range of RMB deposit interest rate was expanded to 1.5 times of the benchmark rate, and large-denomination certificates of deposit (CD) were launched for both corporate and personal customers.

The Group closely monitored the trend of domestic and foreign economic development and changes in macro policies, insisted on transformation and development and sound operation, strengthened risk prevention and control, and timely adjusted operation strategies, to ensure steady development of businesses and stable asset quality.

Statement of Comprehensive Income Analysis

In the first half of 2015, the Group recorded net profit of RMB132,244 million and net profit attributable to equity shareholders of the Bank of RMB131,895 million, up by 0.97% and 0.94% respectively over the same period last year. The steady growth of the Group's profitability was mainly due to the following factors: First, the interest-earning assets increased moderately, pushing up net interest income by RMB13,327 million, or 6.31% compared to the same period in 2014. Second, the Group actively explored customers and strengthened product innovation, constantly improving the comprehensive service abilities. Net fee and commission income increased by RMB3,465 million, or 5.76% over the same period last year. Third, the Group further improved its cost management and optimised its expenses structure. Cost-to-income ratio fell by 0.95 percentage points to 23.23% compared with the same period last year. In addition, the Group made prudent and sufficient provisions for impairment losses on loans and advances to customers. The expense on impairment losses was RMB41,249 million, up by 78.40% compared to the same period in 2014.

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

(In millions of RMB, except percentages)	**Six months ended 30 June 2015**	Six months ended 30 June 2014	Change (%)
Net interest income	**224,619**	211,292	6.31
Net non-interest income	**73,198**	65,435	11.86
– Net fee and commission income	**63,645**	60,180	5.76
Operating income	**297,817**	276,727	7.62
Operating expenses	**(87,429)**	(84,139)	3.91
Impairment losses	**(41,249)**	(23,122)	78.40
Share of profits less losses of associates and joint ventures	**68**	50	36.00
Profit before tax	**169,207**	169,516	(0.18)
Income tax expense	**(36,963)**	(38,546)	(4.11)
Net profit	**132,244**	130,970	0.97
Other comprehensive income for the period, net of tax	**2,870**	16,441	(82.54)
Total comprehensive income for the period	**135,114**	147,411	(8.34)

Net interest income

In the first half of 2015, the Group actively responded to challenges arising from interest rate liberalisation by constantly improving the pricing capability, optimising its assets and liabilities structure and adjusting credit structure, customer mix and debt securities investment portfolios, which positively counteracted the negative impacts of interest rate liberalisation. As a result, the Group's net interest income amounted to RMB224,619 million, an increase of RMB13,327 million, or 6.31%, over the same period last year. The net interest income accounted for 75.42% of the operating income. Net interest margin was 2.67%, a decrease of 13 basis points over the same period last year.

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

	Six months ended 30 June 2015			Six months ended 30 June 2014		
(In millions of RMB, except percentages)	**Average balance**	**Interest income/ expense**	**Annualised Average yield/cost (%)**	Average balance	Interest income/ expense	Annualised Average yield/cost (%)
Assets						
Gross loans and advances to customers	**9,824,337**	**274,378**	**5.63**	8,889,177	256,818	5.83
Investments in debt securities	**3,494,375**	**70,084**	**4.04**	3,098,388	61,821	4.03
Deposits with central banks	**2,606,364**	**19,862**	**1.54**	2,482,605	19,090	1.55
Deposits and placements with banks and non-bank financial institutions	**729,259**	**14,609**	**4.04**	540,148	12,497	4.66
Financial assets held under resale agreements	**321,288**	**5,261**	**3.30**	233,312	6,247	5.40
Total interest-earning assets	**16,975,623**	**384,194**	**4.56**	15,243,630	356,473	4.72
Total allowances for impairment losses	**(266,759)**			(242,119)		
Non-interest-earning assets	**805,242**			523,820		
Total assets	**17,514,106**	**384,194**		15,525,331	356,473	
Liabilities						
Deposits from customers	**13,227,666**	**128,555**	**1.96**	12,086,081	113,942	1.90
Deposits and placements from banks and non-bank financial institutions	**1,705,444**	**19,757**	**2.34**	1,422,684	24,976	3.55
Financial assets sold under repurchase agreements	**22,098**	**448**	**4.09**	9,445	82	1.75
Debt securities issued	**441,922**	**8,961**	**4.09**	385,045	5,801	3.05
Other interest-bearing liabilities	**108,848**	**1,854**	**3.43**	28,745	380	2.67
Total interest-bearing liabilities	**15,505,978**	**159,575**	**2.08**	13,932,000	145,181	2.10
Non-interest-bearing liabilities	**801,808**			932,879		
Total liabilities	**16,307,786**	**159,575**		14,864,879	145,181	
Net interest income		**224,619**			211,292	
Net interest spread			**2.48**			2.62
Net interest margin			**2.67**			2.80

The following table sets forth the effects of the movement of the average balances and average interest rates of the Group's assets and liabilities on the change in interest income or expense for the first half of 2015 versus that of 2014.

(In millions of RMB)	Volume factor[1]	Interest rate factor[1]	Change in interest income/expense
Assets			
Gross loans and advances to customers	26,538	(8,978)	17,560
Investments in debt securities	8,105	158	8,263
Deposits with central banks	902	(130)	772
Deposits and placements with banks and non-bank financial institutions	3,937	(1,825)	2,112
Financial assets held under resale agreements	1,907	(2,893)	(986)
Change in interest income	41,389	(13,668)	27,721
Liabilities			
Deposits from customers	10,952	3,661	14,613
Deposits and placements from banks and non-bank financial institutions	4,366	(9,585)	(5,219)
Financial assets sold under repurchase agreements	183	183	366
Debt securities issued	1,287	1,873	3,160
Other interest-bearing liabilities	1,337	137	1,474
Change in interest expense	18,125	(3,731)	14,394
Change in net interest income	23,264	(9,937)	13,327

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

Net interest income increased by RMB13,327 million over the same period last year. In this amount, an increase of RMB23,264 million was due to the movement of average balances of assets and liabilities, and a decrease of RMB9,937 million was due to the movement of average yields or costs.

Interest income

In the first half of 2015, the Group's interest income was RMB384,194 million, an increase of RMB27,721 million, or 7.78%, over the same period of 2014. In this amount, the proportions of interest income from loans and advances to customers, investments in debt securities, deposits with central banks, deposits and placements with banks and non-bank financial institutions and financial assets held under resale agreements were 71.42%, 18.24%, 5.17%, 3.80% and 1.37% respectively.

Interest income from loans and advances to customers

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

	Six months ended 30 June 2015			Six months ended 30 June 2014		
(In millions of RMB, except percentages)	**Average balance**	**Interest income**	**Average yield (%)**	Average balance	Interest income	Average yield (%)
Corporate loans and advances	**5,892,531**	**173,221**	**5.93**	5,575,330	169,807	6.14
Short-term loans	**2,012,683**	**55,696**	**5.58**	2,022,885	59,675	5.95
Medium to long-term loans	**3,879,848**	**117,525**	**6.11**	3,552,445	110,132	6.25
Personal loans and advances	**3,004,287**	**83,715**	**5.57**	2,561,433	74,237	5.80
Discounted bills	**187,797**	**3,934**	**4.22**	96,405	3,291	6.88
Overseas operations and subsidiaries	**739,722**	**13,508**	**3.68**	656,009	9,483	2.92
Gross loans and advances to customers	**9,824,337**	**274,378**	**5.63**	8,889,177	256,818	5.83

Interest income from loans and advances to customers rose by RMB17,560 million, or 6.84% year-on-year, to RMB274,378 million, mainly because the average balance of loans and advances to customers increased by 10.52% year-on-year. Affected by the interest rate cuts and repricing of existing loans, the average yield of loans and advances to customers decreased by 20 basis points to 5.63% year-on-year.

Interest income from investments in debt securities

Interest income from investments in debt securities grew by RMB8,263 million, or 13.37%, to RMB70,084 million over the same period last year. This was mainly because the average balance of investments in debt securities increased by 12.78% year-on-year, due to the continuing optimisation of investment portfolios in debt securities and increased investments in debt securities.

Interest income from deposits with central banks

Interest income from deposits with central banks amounted to RMB19,862 million, an increase of RMB772 million, or 4.04% over the same period last year. This was mainly because the average balance of deposits with central banks increased by 4.99% year-on-year.

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

Interest income from deposits and placements with banks and non-bank financial institutions grew by RMB2,112 million to RMB14,609 million, a year-on-year increase of 16.90%. This was primarily because the average balance of deposits and placements with banks and non-bank financial institutions increased by 35.01% over the same period in 2014.

Interest income from financial assets held under resale agreements

Interest income from financial assets held under resale agreements decreased by RMB986 million, or 15.78% year-on-year, to RMB5,261 million. This was mainly because the average yield of financial assets held under resale agreements decreased by 210 basis points over the same period of 2014.

Interest expense

In the first half of 2015, the Group's interest expense was RMB159,575 million, a year-on-year increase of RMB14,394 million, or 9.91%.

Interest expense on deposits from customers

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

(In millions of RMB, except percentages)	**Six months ended 30 June 2015**			Six months ended 30 June 2014		
	Average balance	**Interest expense**	**Average cost (%)**	Average balance	Interest expense	Average cost (%)
Corporate deposits	**6,695,242**	**59,326**	**1.79**	6,214,771	55,888	1.81
Demand deposits	**3,835,815**	**14,418**	**0.76**	3,676,242	13,601	0.75
Time deposits	**2,859,427**	**44,908**	**3.14**	2,538,529	42,287	3.34
Personal deposits	**6,126,074**	**64,867**	**2.14**	5,567,911	55,265	2.00
Demand deposits	**2,283,485**	**4,008**	**0.35**	2,422,319	4,456	0.36
Time deposits	**3,842,589**	**60,859**	**3.17**	3,145,592	50,809	3.24
Overseas operations and subsidiaries	**406,350**	**4,362**	**2.16**	303,399	2,789	1.86
Total deposits from customers	**13,227,666**	**128,555**	**1.96**	12,086,081	113,942	1.90

Interest expense on deposits from customers amounted to RMB128,555 million, representing an increase of RMB14,613 million, or 12.82%, over the same period of 2014, mainly because the average balance of deposits from customers rose by 9.45% year-on-year. The average cost increased by six basis points to 1.96% over the same period last year, mainly because the proportion of rising interest rates of deposits from customers increased with the deepening of interest rate liberalisation.

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

Interest expense on deposits and placements from banks and non-bank financial institutions reached RMB19,757 million, a decrease of RMB5,219 million, or 20.90%, over the same period in 2014, largely because the average cost of deposits and placements from banks and non-bank financial institutions decreased by 121 basis points over the same period last year.

Interest expense on financial assets sold under repurchase agreements

Interest expense on financial assets sold under repurchase agreements increased by RMB366 million or 446.34% year-on-year to RMB448 million. This was primarily because the average balance of financial assets sold under repurchase agreements increased by 133.97% and the average cost increased by 234 basis points to 4.09% over the same period last year.

Net non-interest income

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

(In millions of RMB, except percentages)	**Six months ended 30 June 2015**	Six months ended 30 June 2014	Change (%)
Fee and commission income	**66,520**	61,854	7.54
Less: fee and commission expense	**(2,875)**	(1,674)	71.74
Net fee and commission income	**63,645**	60,180	5.76
Other net non-interest income	**9,553**	5,255	81.79
Total net non-interest income	**73,198**	65,435	11.86

In the first half of 2015, the Group's net non-interest income reached RMB73,198 million, an increase of RMB7,763 million, or 11.86% over the same period in 2014.

Net fee and commission income

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

(In millions of RMB, except percentages)	**Six months ended 30 June 2015**	Six months ended 30 June 2014	Change (%)
Fee and commission income	**66,520**	61,854	7.54
Bank card fees	**16,735**	14,662	14.14
Consultancy and advisory fees	**9,809**	12,822	(23.50)
Settlement and clearing fees	**7,728**	8,219	(5.97)
Agency service fees	**11,266**	7,276	54.84
Commission on trust and fiduciary activities	**5,333**	5,161	3.33
Wealth management service fees	**6,877**	4,689	46.66
Electronic banking service fees	**3,382**	3,281	3.08
Credit commitment fees	**1,665**	1,736	(4.09)
Guarantee fees	**1,287**	1,117	15.22
Others	**2,438**	2,891	(15.67)
Fee and commission expense	**(2,875)**	(1,674)	71.74
Net fee and commission income	**63,645**	60,180	5.76

In the first half of 2015, the Group's net fee and commission income increased by RMB3,465 million, or 5.76%, over the same period of 2014 to RMB63,645 million. The ratio of net fee and commission income to operating income decreased by 0.38 percentage points to 21.37% year-on-year.

Bank card fees grew by 14.14% to RMB16,735 million, of which, income from credit cards grew by over 20% due to the moderately rapid increase in the number of cards issued as well as the spending amount through credit cards; however, income from debit cards experienced negative growth as a result of strict implementation of the new government pricing policies.

Consultancy and advisory fees decreased by 23.50% to RMB9,809 million, due to the significant drop of relevant incomes following the exemption and reduction of service fees for small and micro businesses to support the development of real economy.

Settlement and clearing fees decreased by 5.97% to RMB7,728 million, mainly due to the downshift of standard rates for certain settlement services, compared with the same period last year, as a result of strict implementation of the new government pricing policies.

Agency service fees increased by 54.84% to RMB11,266 million. It was mainly because businesses such as agency fund sales and bancassurance grew well.

Commission on trust and fiduciary activities increased by 3.33% to RMB5,333 million. In this amount, securities investment funds under custody increased at a moderately fast pace in terms of both size and income, and the traditionally advantageous businesses such as financial services for housing reform grew steadily.

Wealth management service fees increased by 46.66% to RMB6,877 million. It was mainly because the size and proportion of higher-yield assets increased compared with the same period last year, due to the Group's optimisation of the allocation and structure of its wealth management assets.

Electronic banking service fees grew by 3.08% to RMB3,382 million. Despite the relatively rapid growth of the transaction volume through electronic channels, relevant incomes increased in a limited manner due to the proactive downshift of standard rates for certain electronic banking services in view of the new government pricing policies.

Going forward, the Group will remain focused on product innovation and delivering better services, continue to expand its customer base and business volume and further improve customer experience by paying close attention to market changes and business opportunities, so as to maintain the steady growth of its fee and commission income.

Other net non-interest income

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

(In millions of RMB, except percentages)	**Six months ended 30 June 2015**	Six months ended 30 June 2014	Change(%)
Net trading gain	**1,750**	1,593	9.86
Dividend income	**471**	240	96.25
Net gain arising from investment securities	**3,432**	1,138	201.58
Other net operating income	**3,900**	2,284	70.75
Total other net non-interest income	**9,553**	5,255	81.79

Other net non-interest income of the Group was RMB9,553 million, an increase of RMB4,298 million, or 81.79%, compared to the same period last year. It was mainly because of the investment gain from the disposal of available-for-sale equity instruments and the increase in foreign exchange gain.

Operating expenses

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

(In millions of RMB, except percentages)	**Six months ended 30 June 2015**	Six months ended 30 June 2014
Staff costs	**40,861**	38,957
Premises and equipment expenses	**14,727**	13,760
Business taxes and surcharges	**18,234**	17,231
Others	**13,607**	14,191
Total operating expenses	**87,429**	84,139
Cost-to-income ratio	**23.23%**	24.18%

In the first half of 2015, the Group enhanced cost management, and optimised expenses structure. Cost-to-income ratio fell by 0.95 percentage points to 23.23% year-on-year. The Group's operating expenses were RMB87,429 million, a year-on-year increase of RMB3,290 million, or 3.91%. In this amount, staff costs were RMB40,861 million, a year-on-year increase of RMB1,904 million, or 4.89%. Premises and equipment expenses were RMB14,727 million, a year-on-year increase of RMB967 million, or 7.03%. Other operating expenses were RMB13,607 million, a year-on-year decrease of RMB584 million or 4.12%, which was mainly due to the decrease of administrative and operating expenses following strengthened control over key expenditure items.

Impairment losses

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

(In millions of RMB)	**Six months ended 30 June 2015**	Six months ended 30 June 2014
Loans and advances to customers	**40,441**	21,286
Investments	**(141)**	421
Available-for-sale financial assets	**(320)**	17
Held-to-maturity investments	**172**	320
Receivables	**7**	84
Others	**949**	1,415
Total impairment losses	**41,249**	23,122

In the first half of 2015, the Group's impairment losses were RMB41,249 million, an increase of RMB18,127 million year-on-year. In this amount, impairment losses on loans and advances to customers were RMB40,441 million, an increase of RMB19,155 million year-on-year. Impairment losses on investments were reversed at an amount of RMB141 million, a decrease of RMB562 million over the same period last year.

Income tax expense

In the first half of 2015, the Group's income tax expense was RMB36,963 million, down by RMB1,583 million over the same period last year. This was mainly due to the increase of tax-exempt interest income from the PRC government bonds as well as the decrease of income tax adjustments carried forward from previous years compared with the same period last year. The effective income tax rate was 21.84%, lower than the statutory rate of 25%.

Statement of Financial Position Analysis

Assets

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

	As at 30 June 2015		As at 31 December 2014	
(In millions of RMB, except percentage)	**Amount**	**% of total**	Amount	% of total
Gross loans and advances to customers	**10,157,079**		9,474,523	
Allowances for impairment losses on loans	**(267,483)**		(251,613)	
Net loans and advances to customers	**9,889,596**	**54.28**	9,222,910	55.08
Investments[1]	**3,802,132**	**20.87**	3,727,869	22.26
Cash and deposits with central banks	**2,617,781**	**14.37**	2,610,781	15.59
Deposits and placements with banks and non-bank financial institutions	**935,608**	**5.14**	514,986	3.08
Financial assets held under resale agreements	**495,858**	**2.72**	273,751	1.63
Interest receivable	**100,388**	**0.55**	91,495	0.55
Other assets[2]	**377,823**	**2.07**	302,338	1.81
Total assets	**18,219,186**	**100.00**	16,744,130	100.00

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

2. These comprise precious metals, positive fair value of derivatives, interests in associates and joint ventures, fixed assets, land use rights, intangible assets, goodwill, deferred tax assets and other assets.

As at 30 June 2015, the Group's total assets stood at RMB18,219,186 million, an increase of RMB1,475,056 million, or 8.81%, over the end of last year. This was mainly due to the increases in loans and advances to customers, deposits and placements with banks and non-bank financial institutions, and financial assets held under resale agreements. With the Group's active support for the development in the real economy and people's livelihood sectors, gross loans and advances to customers reached RMB10,157,079 million, an increase of 7.20% over the end of 2014. Following the Group's adjustments of the amount of fund use in response to the liquidity situation in the market, the proportions of financial assets held under resale agreements and deposits and placements with banks and non-bank financial institutions in total assets both increased by 1.09 and 2.06 percentage points respectively, while the proportion of cash and deposits with central banks in total assets dropped by 1.22 percentage points to 14.37% due to the reduction of statutory deposit reserve ratio.

Loans and advances to customers

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

(In millions of RMB, except percentages)	**As at 30 June 2015** Amount	% of total	As at 31 December 2014 Amount	% of total
Corporate loans and advances	**5,960,132**	**58.68**	5,760,406	60.80
Short-term loans	**1,950,854**	**19.21**	1,907,304	20.13
Medium to long-term loans	**4,009,278**	**39.47**	3,853,102	40.67
Personal loans and advances	**3,135,923**	**30.87**	2,884,146	30.44
Residential mortgages	**2,470,379**	**24.32**	2,253,815	23.79
Credit card loans	**358,028**	**3.52**	329,164	3.47
Personal consumer loans	**57,444**	**0.57**	58,040	0.61
Personal business loans	**70,886**	**0.70**	75,002	0.79
Other loans[1]	**179,186**	**1.76**	168,125	1.78
Discounted bills	**251,142**	**2.47**	168,923	1.78
Overseas operations and subsidiaries	**809,882**	**7.98**	661,048	6.98
Gross loans and advances to customers	**10,157,079**	**100.00**	9,474,523	100.00

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

As at 30 June 2015, the Group's gross loans and advances to customers rose by RMB682,556 million, or 7.20% over the end of last year, to RMB10,157,079 million.

Domestic corporate loans and advances of the Bank reached RMB5,960,132 million, an increase of RMB199,726 million, or 3.47% over the end of last year, mainly extended to infrastructure and other sectors. In this amount, short-term loans increased by RMB43,550 million, or 2.28%, and medium to long-term loans increased by RMB156,176 million, or 4.05%.

Domestic personal loans and advances of the Bank increased by RMB251,777 million, or 8.73% over the end of last year, to RMB3,135,923 million. In this amount, residential mortgages increased by RMB216,564 million, or 9.61%, mainly to support the financing needs for residential purpose. Personal consumer loans and personal business loans decreased as a result of the enhancement of loan risk control and adjustment of loan product structure.

Discounted bills increased by RMB82,219 million, or 48.67%, to RMB251,142 million over the end of last year, mainly used to meet the short-term financing needs of targeted prime customers.

Loans and advances to customers of overseas entities and subsidiaries increased by RMB148,834 million, or 22.51% over the end of last year, to RMB809,882 million, mainly attributable to the strengthened domestic and overseas business collaboration and the loan increase of domestic subsidiaries.

Distribution of loans by type of collaterals

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

(In millions of RMB, except percentages)	**As at 30 June 2015**		As at 31 December 2014	
	Amount	**% of total**	Amount	% of total
Unsecured loans	**2,795,410**	**27.52**	2,544,820	26.86
Guaranteed loans	**1,928,849**	**18.99**	1,826,894	19.28
Loans secured by tangible assets other than monetary assets	**4,443,704**	**43.75**	4,223,844	44.58
Loans secured by monetary assets	**989,116**	**9.74**	878,965	9.28
Gross loans and advances to customers	**10,157,079**	**100.00**	9,474,523	100.00

Allowances for impairment losses on loans and advances to customers

	Six months ended 30 June 2015			
	Allowances for loans and advances which are collectively assessed	**Allowances for impaired loans and advances**		
(In millions of RMB)		**Which are collectively assessed**	**Which are individually assessed**	**Total**
As at 1 January	**186,252**	**7,588**	**57,773**	**251,613**
Charge for the period	**4,248**	**3,922**	**37,754**	**45,924**
Release during the period	**–**	**(4)**	**(5,479)**	**(5,483)**
Unwinding of discount	**–**	**–**	**(1,355)**	**(1,355)**
Transfers out	**(586)**	**(16)**	**(14,322)**	**(14,924)**
Write-offs	**–**	**(1,247)**	**(7,809)**	**(9,056)**
Recoveries	**–**	**76**	**688**	**764**
As at 30 June	**189,914**	**10,319**	**67,250**	**267,483**

The Group adhered to the prudent principle by fully considering the impact of changes in external environment including macro economy and government regulatory policies on credit asset quality, and made full allowances for impairment losses on loans and advances to customers. As at 30 June 2015, the allowances for impairment losses on loans and advances to customers were RMB267,483 million, an increase of RMB15,870 million over the end of last year. The ratio of allowances to NPLs was 185.29%, a decrease of 37.04 percentage points over the end of last year. The ratio of allowances to total loans stood at 2.63%, 0.03 percentage points lower than that of the end of last year.

Investments

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

(In millions of RMB, except percentages)	**As at 30 June 2015**		As at 31 December 2014	
	Amount	**% of total**	Amount	% of total
Debt securities investments	**3,623,029**	**95.29**	3,475,683	93.24
Equity instruments	**18,971**	**0.50**	18,633	0.50
Funds	**9,978**	**0.26**	1,901	0.05
Other debt instruments	**150,154**	**3.95**	231,652	6.21
Total investments	**3,802,132**	**100.00**	3,727,869	100.00

In the first half of 2015, in accordance with its annual investment and trading strategy and risk policy requirements, the Group proactively dealt with market changes to achieve the balance between risks and returns and continuously improved the yield of investment portfolios. As at 30 June 2015, the Group's investments totalled RMB3,802,132 million, an increase of RMB74,263 million, or 1.99% over the end of last year. In this amount, debt securities investments accounted for 95.29% of total investments, an increase of 2.05 percentage points over the end of last year. Other debt instruments accounted for 3.95% of total investments, a decrease of 2.26 percentage points over the end of last year.

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

(In millions of RMB, except percentages)	**As at 30 June 2015**		As at 31 December 2014	
	Amount	**% of total**	Amount	% of total
Financial assets at fair value through profit or loss	**182,851**	**4.81**	332,235	8.91
Available-for-sale financial assets	**931,818**	**24.51**	926,170	24.85
Held-to-maturity investments	**2,507,181**	**65.94**	2,298,663	61.66
Debt securities classified as receivables	**180,282**	**4.74**	170,801	4.58
Total investments	**3,802,132**	**100.00**	3,727,869	100.00

Debt securities investments

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

	As at 30 June 2015		As at 31 December 2014	
(In millions of RMB, except percentages)	**Amount**	**% of total**	Amount	% of total
RMB	**3,549,865**	**97.98**	3,398,644	97.78
USD	**35,773**	**0.99**	28,896	0.83
HKD	**14,531**	**0.40**	25,775	0.74
Other foreign currencies	**22,860**	**0.63**	22,368	0.65
Total debt securities investments	**3,623,029**	**100.00**	3,475,683	100.00

As at 30 June 2015, total investments in debt securities increased by RMB147,346 million, or 4.24% over the end of last year, to RMB3,623,029 million. In this amount, RMB debt securities increased by RMB151,221 million, or 4.45%, while the foreign currency debt securities decreased by RMB3,875 million, or 5.03% over the end of last year.

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

	As at 30 June 2015		As at 31 December 2014	
(In millions of RMB, except percentages)	**Amount**	**% of total**	Amount	% of total
Government	**1,333,127**	**36.79**	1,234,172	35.51
Central banks	**160,943**	**4.44**	188,152	5.41
Policy banks	**539,428**	**14.89**	537,148	15.45
Banks and non-bank financial institutions	**1,116,592**	**30.82**	1,030,907	29.66
Public sector entities	**20**	**0.01**	20	0.01
Other enterprises	**472,919**	**13.05**	485,284	13.96
Total debt securities investments	**3,623,029**	**100.00**	3,475,683	100.00

Interest receivable

As at 30 June 2015, the Group's interest receivable was RMB100,388 million, an increase of RMB8,893 million, or 9.72%, over the end of last year. This was mainly due to the growth in loans and debt securities investments.

Liabilities

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

	As at 30 June 2015		As at 31 December 2014	
(In millions of RMB, except percentages)	**Amount**	**% of total**	Amount	% of total
Deposits from customers	**13,696,977**	**81.02**	12,898,675	83.26
Deposits and placements from banks and non-bank financial institutions	**2,047,629**	**12.11**	1,206,520	7.79
Financial assets sold under repurchase agreements	**8,495**	**0.05**	181,528	1.17
Debt securities issued	**426,306**	**2.52**	431,652	2.79
Other liabilities[1]	**727,329**	**4.30**	773,392	4.99
Total liabilities	**16,906,736**	**100.00**	15,491,767	100.00

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

As at 30 June 2015, the Group's total liabilities were RMB16,906,736 million, an increase of RMB1,414,969 million, or 9.13%, over the end of 2014. In this amount, deposits from securities companies and funds increased remarkably due to the brisk domestic capital market, and deposits and placements from banks and non-bank financial institutions represented 12.11% of the Group's total liabilities, an increase of 4.32 percentage points. Deposits from customer accounted for 81.02% of total liabilities, down by 2.24 percentage points from the end of 2014. As renewed securities sold under repurchase agreements decreased, financial assets sold under repurchase agreements accounted for 0.05% of total liabilities, a decrease of 1.12 percentage points.

Deposits from customers

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

(In millions of RMB, except percentages)	As at 30 June 2015		As at 31 December 2014	
	Amount	% of total	Amount	% of total
Corporate deposits	**7,059,805**	**51.54**	6,616,671	51.30
Demand deposits	**4,129,552**	**30.15**	3,966,684	30.75
Time deposits	**2,930,253**	**21.39**	2,649,987	20.55
Personal deposits	**6,259,552**	**45.70**	5,877,014	45.56
Demand deposits	**2,370,727**	**17.31**	2,302,089	17.85
Time deposits	**3,888,825**	**28.39**	3,574,925	27.71
Overseas operations and subsidiaries	**377,620**	**2.76**	404,990	3.14
Total deposits from customers	**13,696,977**	**100.00**	12,898,675	100.00

As at 30 June 2015, the Group's total deposits from customers reached RMB13,696,977 million, an increase of RMB798,302 million, or 6.19%, over the end of 2014. In this amount, domestic time deposits of the Bank increased by RMB594,166 million, or 9.54%, and accounted for 49.78% of total deposits from customers, an increase of 1.52 percentage points over the end of 2014.

Shareholders' equity

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

(In millions of RMB)	As at 30 June 2015	As at 31 December 2014
Share capital	**250,011**	250,011
Capital reserve	**135,835**	135,391
Investment revaluation reserve	**7,600**	4,562
Surplus reserve	**130,515**	130,515
General reserve	**185,926**	169,496
Retained earnings	**598,917**	558,705
Exchange reserve	**(7,374)**	(6,501)
Total equity attributable to equity shareholders of the Bank	**1,301,430**	1,242,179
Non-controlling interests	**11,020**	10,184
Total equity	**1,312,450**	1,252,363

As at 30 June 2015, the Group's total equity reached RMB1,312,450 million, an increase of RMB60,087 million over the end of 2014. The ratio of total equity to total assets for the Group was 7.20%.

Off-balance sheet items

The Group's off-balance sheet items include derivatives, commitments and contingent liabilities. Derivatives include interest rate contracts, exchange rate contracts, precious metals contracts, and equity instrument contracts. Please refer to Note "Derivatives" in the "Financial Statements" of this half-year report for details on the nominal amounts and fair value of derivatives. Commitments and contingent liabilities include credit commitments, operating lease commitments, capital commitments, underwriting obligations, redemption obligations, outstanding litigation and disputes. The Group refined management over off-balance sheet activities and continued to adjust off-balance sheet items structure. Among these, credit commitments were the most significant component, with a balance of RMB2,300,066 million as at 30 June 2015, an increase of RMB20,669 million over the end of 2014. Please refer to Note "Commitments and Contingent Liabilities" in the "Financial Statements" of this half-year report for details on commitments and contingent liabilities.

Loan Quality Analysis

Distribution of loans by the five-category classification

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

	As at 30 June 2015		As at 31 December 2014	
(In millions of RMB, except percentages)	**Amount**	**% of total**	Amount	% of total
Normal	**9,729,625**	**95.79**	9,079,893	95.84
Special mention	**283,095**	**2.79**	281,459	2.97
Substandard	**79,409**	**0.78**	55,059	0.58
Doubtful	**54,707**	**0.54**	48,239	0.51
Loss	**10,243**	**0.10**	9,873	0.10
Gross loans and advances to customers	**10,157,079**	**100.00**	9,474,523	100.00
Non-performing loans	**144,359**		113,171	
Non-performing loan ratio		**1.42**		1.19

In the first half of 2015, the Group conducted specified risk inspection for key industries, regions and products, and maintained basically stable credit asset quality through increased efforts in customer risk prevention and mitigation as well as intensified disposal of NPLs by leveraging on market-driven methods. As at 30 June 2015, the Group's NPLs were RMB144,359 million, an increase of RMB31,188 million over the end of 2014, while the NPL ratio stood at 1.42%, up by 0.23 percentage points over the end of 2014. The proportion of special mention loans was 2.79%, down by 0.18 percentage points over the end of 2014.

Distribution of loans and NPLs by product type

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

	As at 30 June 2015			As at 31 December 2014		
(In millions of RMB, except percentages)	**Loans**	**NPLs**	**NPL ratio (%)**	Loans	NPLs	NPL ratio (%)
Corporate loans and advances	**5,960,132**	**123,895**	**2.08**	5,760,406	95,886	1.66
Short-term loans	**1,950,854**	**84,184**	**4.32**	1,907,304	66,894	3.51
Medium to long-term loans	**4,009,278**	**39,711**	**0.99**	3,853,102	28,992	0.75
Personal loans and advances	**3,135,923**	**15,224**	**0.49**	2,884,146	11,067	0.38
Residential mortgages	**2,470,379**	**6,450**	**0.26**	2,253,815	4,806	0.21
Credit card loans	**358,028**	**3,867**	**1.08**	329,164	2,783	0.85
Personal consumer loans	**57,444**	**991**	**1.73**	58,040	848	1.46
Personal business loans	**70,886**	**2,311**	**3.26**	75,002	1,535	2.05
Other loans[1]	**179,186**	**1,605**	**0.90**	168,125	1,095	0.65
Discounted bills	**251,142**	**–**	**–**	168,923	–	–
Overseas operations and subsidiaries	**809,882**	**5,240**	**0.65**	661,048	6,218	0.94
Gross loans and advances to customers	**10,157,079**	**144,359**	**1.42**	9,474,523	113,171	1.19

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

As at 30 June 2015, the NPL ratio for domestic corporate loans and advances was 2.08%, an increase of 0.42 percentage points over the end of 2014, and that for personal loans and advances was 0.49%, an increase of 0.11 percentage points over the end of 2014. The NPL ratio for overseas entities and subsidiaries decreased by 0.29 percentage points to 0.65% over the end of last year.

Distribution of loans and NPLs by industry

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

(In millions of RMB, except percentages)	As at 30 June 2015 Loans	% of total	NPLs	NPL ratio (%)	As at 31 December 2014 Loans	% of total	NPLs	NPL ratio (%)
Corporate loans and advances	**5,960,132**	**58.68**	**123,895**	**2.08**	5,760,406	60.80	95,886	1.66
Manufacturing	**1,320,683**	**13.00**	**61,740**	**4.67**	1,305,595	13.78	48,490	3.71
Transportation, storage and postal services	**1,122,200**	**11.05**	**5,003**	**0.45**	1,046,282	11.04	4,839	0.46
Production and supply of electric power, heat, gas and water	**629,896**	**6.20**	**2,685**	**0.43**	606,342	6.40	1,850	0.31
Real estate	**519,498**	**5.11**	**7,287**	**1.40**	520,107	5.49	5,737	1.10
Leasing and commercial services	**630,233**	**6.21**	**2,282**	**0.36**	581,267	6.14	868	0.15
– Commercial services	**596,632**	**5.87**	**2,210**	**0.37**	559,033	5.90	864	0.15
Wholesale and retail trade	**388,474**	**3.82**	**27,551**	**7.09**	378,880	4.00	23,130	6.10
Water, environment and public utility management	**341,568**	**3.36**	**1,575**	**0.46**	327,176	3.45	197	0.06
Construction	**274,759**	**2.71**	**5,698**	**2.07**	263,854	2.78	4,111	1.56
Mining	**224,044**	**2.21**	**6,033**	**2.69**	227,711	2.40	3,789	1.66
– Exploitation of petroleum and natural gas	**2,935**	**0.03**	**91**	**3.10**	6,015	0.06	–	–
Education	**81,262**	**0.80**	**189**	**0.23**	79,375	0.84	57	0.07
Information transmission, software and information technology services	**22,619**	**0.22**	**1,197**	**5.29**	21,744	0.23	1,111	5.11
– Telecommunications, broadcast and television, and satellite transmission services	**13,739**	**0.14**	**507**	**3.69**	14,367	0.15	495	3.45
Others	**404,896**	**3.99**	**2,655**	**0.66**	402,073	4.24	1,707	0.42
Personal loans and advances	**3,135,923**	**30.87**	**15,224**	**0.49**	2,884,146	30.44	11,067	0.38
Discounted bills	**251,142**	**2.47**	**–**	**–**	168,923	1.78	–	–
Overseas operations and subsidiaries	**809,882**	**7.98**	**5,240**	**0.65**	661,048	6.98	6,218	0.94
Gross loans and advances to customers	**10,157,079**	**100.00**	**144,359**	**1.42**	9,474,523	100.00	113,171	1.19

In the first half of 2015, in line with the "12th Five-Year Plan" and changes in other external policies, the Group duly optimised credit policies, re-examined credit systems, and refined customer selection criteria. It adhered to the limit management for various industries, and steadily promoted credit structural adjustments. The loan quality in infrastructure sectors basically remained stable, while manufacturing, and wholesale and retail trade witnessed notable increases in NPLs.

Restructured loans and advances to customers

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

	As at 30 June 2015		As at 31 December 2014	
(In millions of RMB, except percentages)	**Amount**	**% of gross loans and advances**	Amount	% of gross loans and advances
Restructured loans and advances to customers	**3,856**	**0.04**	3,073	0.03

As at 30 June 2015, restructured loans and advances to customers increased by RMB783 million to RMB3,856 million over the end of 2014, accounting for 0.04% of gross loans and advances, an increase of 0.01 percentage points over the end of last year.

Overdue loans and advances to customers

The following table sets forth the Group's overdue loans and advances to customers by overdue period as at the dates indicated.

	As at 30 June 2015		As at 31 December 2014	
(In millions of RMB, except percentages)	**Amount**	**% of gross loans and advances**	Amount	% of gross loans and advances
Overdue for no more than 3 months	**77,655**	**0.76**	54,405	0.58
Overdue for 3 months to 1 year	**87,787**	**0.86**	49,012	0.52
Overdue for 1 to 3 years	**28,256**	**0.28**	22,991	0.24
Overdue for over 3 years	**8,355**	**0.08**	6,808	0.07
Total overdue loans and advances to customers	**202,053**	**1.98**	133,216	1.41

As at 30 June 2015, overdue loans and advances to customers increased by RMB68,837 million to RMB202,053 million over the end of 2014, mainly because delinquencies increased following cash strains of certain borrowers as a result of the economic slowdown in China and intensified structural adjustments.

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

There is no difference in the net profit for the six months ended 30 June 2015 or total equity as at 30 June 2015 between the Group's consolidated financial statements prepared under PRC GAAP and those prepared under IFRS.

Business Review

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

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

	Six months ended 30 June 2015		Six months ended 30 June 2014	
(In millions of RMB, except percentages)	**Amount**	**% of total**	Amount	% of total
Corporate banking	**72,477**	**42.84**	86,848	51.23
Personal banking	**55,098**	**32.56**	49,296	29.08
Treasury business	**36,892**	**21.80**	31,589	18.64
Others	**4,740**	**2.80**	1,783	1.05
Profit before tax	**169,207**	**100.00**	169,516	100.00

Corporate Banking

Corporate deposits

While strengthening the retention of existing customers, the Bank also improved the circulation and internal flow of funds within the Bank, and focused on combination and innovation of deposit products to promote the steady growth of corporate deposits. At the end of June, domestic corporate deposits of the Bank amounted to RMB7,059,805 million, an increase of RMB443,134 million, or 6.70% over the end of last year.

Corporate loans

The Bank's corporate loans were granted at a stable and balanced pace to mainly support the development of the real economy. At the end of June, domestic corporate loans and advances of the Bank amounted to RMB5,960,132 million, an increase of RMB199,726 million, or 3.47% over the end of last year. Loans to infrastructure sectors totalled RMB2,706,970 million, an increase of RMB147,755 million over the end of last year, and accounted for 73.98% of the increase in corporate loans. Agriculture-related loans amounted to RMB1,810,938 million, and in this amount, loans to new countryside construction amounted to RMB122,185 million. The accumulated amount of loans granted to internet banking business since 2007 exceeded RMB150 billion, extending to over 17,300 customers. The Bank further expanded cooperation with the high quality platforms for internet banking, and the number of platforms in cooperation reached 92.

The Bank strictly implemented list management. The outstanding balance of credit to the five industries with severe excess capacity, including iron and steel, cement, electrolytic aluminium, plate glass, as well as the shipbuilding sector, decreased by RMB1,432 million over the end of last year to RMB175,843 million. The Bank strictly controlled the total amount of loans to government financing vehicles, and continuously optimised cash flow structures. Those classified under the regulatory category decreased by RMB15,598 million over the end of last year, and the loans fully covered by cash flows accounted for 95.71%. Property development loans were mainly extended to the high quality real estate customers and the ordinary commercial housing projects with high credit rating, good business performance and proper closed management of project funds. The outstanding balance of property development loans was RMB476,214 million, an increase of RMB4,876 million over the end of 2014.

Small enterprise business

The Bank regards small and micro enterprise business as an important strategic business in support of the real economy, and constantly promotes its subdivided, standardised and intensified business transformation and development. In the first half of 2015, the Bank leveraged big data technologies to analyse and identify customer needs, offered small credit loans to small and micro enterprises, and expanded the coverage of customer services. The Bank selected high-quality customers in batches through business communities, industrial chains and enterprise clusters, and cooperated with government bodies, such as the Ministry of Industry and Information Technology (MIIT), and local governments at various levels to establish platforms for enhancing credit, and vigorously promoted new business models including "Credit Cooperation Loan" and ratio-based re-guarantee financing. Relying on the building of integrated outlets, the Bank propelled marketing and service to familiar small and micro enterprises and increased accessibility to customers through outlets. It continued to improve internet service channels and optimise the business function of "E-banking revolving loan" so as to provide better self-service in applications, withdrawals and repayment for customers. At the end of June, according to the categorisation policy of small and medium-sized enterprises (SMEs) jointly issued by four ministries and commissions including MIIT in 2011 as well as the CBRC's latest regulatory requirements, loans to small and micro enterprises were RMB1,215,551 million, an increase of RMB72,623 million from the end of 2014; the number of loan customers reached 247,053, an increase of 4,978; and the availability rate of loan applications of small and micro enterprises was 83.72%, higher than that of the same period last year.

Cost advisory service

Cost advisory service is the Bank's unique fee-based business product with a strong brand. It has had a history of more than 60 years since it emerged and developed along with the Bank's long-term practices of investment in fixed assets and being the agency of the state financial functions. The Bank's 36 tier-one branches had the grade-A qualification for engineering cost advisory service issued by the Ministry of Housing and Urban-Rural Development, and 223 tier-two branches set up specialised units for cost advisory service. In the first half of 2015, the Bank reinforced fundamental management, pushed forward business transformation, improved specialised institutions and innovated businesses and products, contributing to continuously improved industry position and brand image. Income from cost advisory service amounted to RMB5,355 million.

Institutional business

The Bank vigorously promoted its updated "Minben Tongda" comprehensive financial services brand. With a focus on key high quality customers in areas of education, health, social security, culture and environmental protection, the Bank further expanded the range of comprehensive services. The Bank signed strategic cooperation agreements with National Tourism Administration, Huazhong University of Science and Technology, and other parties. It studied and formulated the *Guidelines for Comprehensive Marketing in Support of Vocational Education Modernisation and Guidelines for Comprehensive Financial Services to County-level Public Hospitals.* The application of social security products continuously expanded and 30 branches in total issued financial social security card. It ranked first among peer banks in terms of the number of customers of the central finance authorised payment and non-tax revenue collection agency service. The accumulative issuance of civil service credit card in units with financial budget continued to lead the market and the Bank was the first one among peers to pilot electronic online central non-tax revenue collection under the requirements of the Ministry of Finance. The Bank was among the first batch to become a general member of the Shanghai Clearing House to engage in foreign exchange clearing services and launched client clearing services for RMB-FX Transaction central counterparty clearing business. The Bank also established correspondent bank relationship with nine domestic banks, and further consolidated and expanded inter-bank customer base. At the end of June, the number of "Xincunguan" customers whose securities deposits managed by the Bank as a third party totalled 30.76 million, and assets under management amounted to RMB741,741 million, both ranking first among peers. The number of futures companies with "through-train" banking services reached 153, achieving 100% coverage.

International business

International business maintained sound growth momentum. Another breakthrough was achieved in expanding its RMB clearing network, as the Bank became the RMB clearing bank in Chile, the first RMB clearing bank designated by the PBOC in South America. Through products collaboratively innovated by domestic and overseas entities, such as "risk participation in trade financing assets" and "export entrusted payment", the Bank made further progress in broadening its financing channels and reducing financing costs for enterprises. The Bank became an industry leader for business development in special economic zones including Shanghai Free Trade Zone. More specifically, it led the market in terms of deposit balance, loan balance and cross-border financing amount under Free Trade Accounting Unit (FTU) of Shanghai Free Trade Zone. The Bank also actively participated in business innovation of China (Hangzhou) Cross-Border E-commerce Comprehensive Pilot Zone and became one of the first bank partners of the Zone. The Bank steadily expanded correspondent bank network and established head office level correspondent bank relationship with 1,479 commercial banks, covering 139 countries and regions. In the first half of 2015, international settlement volume of the Bank amounted to US$607,873 million, a year-on-year increase of 8.70%; cross-border RMB settlement volume totalled RMB834,147 million, a year-on-year increase of 17.38%.

Asset custodial business

The Bank actively developed new businesses and products to drive the rapid development of its asset custodial business. At the end of June, the Bank's assets under custody increased by 19.19% over the end of 2014 to RMB5.10 trillion. Securities investment funds under custody increased by 49.65% over the end of 2014 to RMB1.42 trillion. The total number of securities investment funds under custody was 514 and the number of new funds under custody was 79, both ranking first in the market. Insurance assets under custody totalled RMB1.10 trillion, up by 15.92% over the end of 2014. The Bank was the only bank among the first entities qualified as mainland sales agent for Hong Kong funds.

Pension business

Pension business developed well with positive progress in product innovation. The Bank innovatively launched Employee Stock Ownership Plan named "Yangyipuhui" and received its first order. It strengthened strategic collaboration with subsidiaries, including cooperation with CCB Life in organising the promotion meetings of two products, namely "Yangyiwuyou" and "Yangyiankang". At the end of June, the pension assets under trusteeship in operation amounted to RMB63,586 million, up by 14.94% over the end of last year. The pension assets under custody in operation amounted to RMB153,549 million, up by 13.93% over the end of last year. The number of personal pension accounts in operation amounted to 4,235,300, an increase of 10.24% over the end of last year.

Treasury management and settlement business

Treasury management and settlement business maintained steady development. With sustained efforts made in product innovation and marketing to propel corporate treasury management and settlement products, the Bank innovatively launched more account services including online appointment for account opening, extensively developed global treasury management business, and vigorously promoted the application of mobilised, intelligentised and self-service treasury management and settlement products and services. The market share of the Bank's strategic products including multi-model cash pool, bank notes pool and UnionPay corporate settlement card was constantly expanded, and the market influence of its treasury management service branded as "Yudao" was further promoted. At the end of June, the Bank had 5,270,200 corporate RMB settlement accounts, an increase of 410,300 over the end of last year. Settlement business volume amounted to RMB170.25 trillion, a year-on-year increase of 17.15%. The Bank had 642,800 active treasury management customers.

Personal Banking

Personal deposits

The Bank enhanced the capacity to attract deposits through high quality and highly effective products and services, maintaining a steady growth of personal deposits. At the end of June, domestic personal deposits of the Bank increased by RMB382,538 million, or 6.51%, to RMB6,259,552 million over the end of last year. In this amount, demand deposits picked up by 2.98% and time deposits increased by 8.78%.

Personal loans

The Bank's personal loans proactively met credit demands in people's livelihood sectors. It accelerated the pace of product innovation, and steadily improved customer service ability. At the end of June, domestic personal loans of the Bank increased by RMB251,777 million to RMB3,135,923 million. In this amount, residential mortgages were primarily granted to support customers to buy ordinary apartments for residential purpose, with a loan balance of RMB2,470,379 million, an increase of RMB216,564 million or 9.61% over the end of last year, with the balance and the increment both ranking first among peers. Relying on "internet +" and the application of big data, the Bank was the first among its peers to introduce the one-stop personal online self-service loan product – CCB "Quick Loan", which was highly praised by customers. Personal consumer loans were RMB57,444 million, personal business loans were RMB70,886 million and personal agriculture-related loans totalled RMB9,171 million.

Bank cards business

Credit card business

Credit card business maintained rapid development with core business indicators leading the market among peers. Its brand influence, market competitiveness, risk control ability, profitability and customer satisfaction were further improved. By building its consumer financial service ecosystem, the Bank primarily developed merchants engaged in living and productive consumption in tourism, catering, education, culture, and health care, which were closely linked to the everyday life of customers. The Bank accelerated the promotion and application of credit cards in people's livelihood sectors including electronic toll collection (ETC), medical treatment, education, and social security. By leveraging on the platform products such as global payment credit card, hot purchase Long card and automobile Long card, the Bank conducted large promotion activities such as "Credit Card Talent" and "Saturday of Long Card" for brand card owners, to enhance customer card-using experience. The Bank actively promoted revolving and instalment payment business, optimised the business process of instalment purchase of vehicles, and steadily expanded instalment payment for housing renovation. It accelerated internet-based credit card innovation to explore internet service channels in card issuance and marketing, consumer loans, and merchant operations, promoted the application of card-free payment, mobile payment, QR code payment and cloud payment, and made full use of the intelligent marketing systems at outlets to improve identification of customers and promotion of products. The Bank continued to advance the building of its "Smart Customer Service" platform to improve the all-round customer service capability. At the end of June, the number of credit cards issued totalled 74.26 million, an increase of 8.33 million over the end of last year. The spending amount through credit cards reached RMB1,007,297 million, a year-on-year increase of 32.91%, and the loan balance was RMB358,028 million. The asset quality remained sound.

Debit card business

The Bank strengthened innovation in mobile payment and other products, by introducing "Suixinyong" mobile payment APP and "Tiexinchong" payment function, to meet customers' needs for secure and convenient payment. It vigorously expanded business cooperation in key industries including social security, medical and health care, public transportation, community finance, culture and education, to promote the application of financial IC debit cards and E-cash Quick Pass. The Bank continued to consolidate the development base of bank card business by organising a variety of marketing activities and optimising service processes and system functions. At the end of June, the number of debit cards issued totalled 682 million, and the spending amount through debit cards reached RMB2,911,823 million. The number of financial IC debit cards issued totalled 252 million. The number of express settlement cards issued totalled 23.42 million, an increase of 8.52 million, targeted at individual business proprietors for their payment and settlement demands.

Private banking

Driven by the needs of customers themselves, their families and enterprises, private banking business focuses on wealth management, integrated finance and exclusive value-added services (including non-financial business), and strives to provide full-range, one-stop services for its private banking customers by fully integrating resources of the Group. In line with customer demands in wealth management and assets allocation, the Bank vigorously developed exclusive and customised wealth management products (WMPs), family trusts and agency service of various investment products, and optimised the platform for third-party products. In response to the comprehensive financial needs of customers themselves, their families and enterprises, the Bank integrated all kinds of financial service tools, improved functions of private banking cards and wealth management cards, innovatively launched “Sixianghuanqiu” cross-border integrated financial business, and energetically developed “Jinguanjia” personal customer (family) cash management services. To meet customer needs in family wealth inheritance and share, the Bank offered innovative advisory services in investment immigration, marital family wealth planning and family wealth inheritance, and provided selective non-financial exclusive value-added services in medical care, overseas education and international rescue. The Bank aimed to provide professional services by enhancing service capability for private banking customers, strengthening customer marketing and full-range relationship management and optimising all-channel services for private banking customers. At the end of June, the number of private banking customers with financial assets above RMB10 million grew by 12.32% over the end of last year, and the total amount customers’ financial assets increased by 20.79%.

Entrusted housing finance business

Adhering to the philosophy of “supporting housing reform and serving common people”, the Bank proactively responded to the service needs of housing fund management departments by further strengthening the promotion of scientific systems, so as to provide comprehensive and high quality financial services for housing reform. At the end of June, housing fund deposits were RMB733,104 million, while personal provident housing fund loans amounted to RMB1,298,199 million. The Bank accelerated the expansion of provident fund co-branded card, by issuing 34.83 million cards in total. The Bank steadily promoted financial services for the indemnificatory housing market, accumulatively granted personal indemnificatory housing loans of RMB95,136 million to 605,600 low and middle-income residents, and accumulatively provided housing provident fund project loans of RMB49,265 million to 212 indemnificatory housing trial projects.

Treasury Business

Financial market business

In the first half of 2015, the Bank continued to promote the transformation and development of financial market business, focused on increasing transaction activity and the influence of financial market, and strengthened customer development and business innovation, contributing to the steadily improved profitability and risk management and control.

Money market business

By closely monitoring its liquidity position, the Bank reasonably arranged transaction maturities, anticipated cash inflow with advance planning, properly adjusted the size of its money market portfolio, and intensified fund use in the time of having adequate liquidity to increase gains from the money market. On the other side, the Bank strengthened liquidity reserve at critical time points to effectively mitigate position fluctuation and ensure liquidity safety.

Investments in debt securities

The Bank actively studied and judged the market trend, reasonably arranged investment progress, conducted trading by seizing opportunities in market moves, adjusted and optimised its investment portfolio structure to effectively generate stable returns. It closely monitored the changes in the qualifications of debt securities issuers to mitigate credit risk in the bond market. The Bank realised a sharp lead in the yield of trading accounts over the total inter-bank bond index (full price) by flexibly adjusting market making and trading strategies on its trading book.

Customer-driven foreign exchange and interest rate trading business

The Bank fully tapped its business potentials and customer needs, strengthened customer marketing and exploration, improved its market-making capabilities, and upgraded its market influence through active transactions. In the first half of 2015, the trading volume of customer-driven foreign exchange and interest rate trading business amounted to US$284,091 million, up by 25.90% over the same period last year. The Bank also maintained its leading position in the interbank foreign exchange market in terms of comprehensive ranking.

Precious metals

The Bank constantly strengthened product innovation and customer marketing, and adopted numerous measures to increase customer transaction activity. It diversified its product offerings, completed innovation in products including the bulk commodity hedging business denominated and settled in RMB, and expanded the varieties of tradable bulk commodities to 17, including precious metals, base metals, energy and agricultural products. The Bank officially launched its PC client for precious metals trading to improve customer experience. In the first half of 2015, the total trading volume of precious metals of the Bank reached 28,000 tonnes, up by 84.05% over the same period last year.

Assets management business

The Bank accelerated the transformation and innovation of assets management business, and constantly improved customer experience and its brand image. It innovatively introduced seven categories of WMPs, including WMPs linked to gold option, WMPs linked to CSI 300 Index and structured shares pledged repo investment WMPs, to meet the wealth management needs of middle-end and high-end customers. The Bank also issued its first Public-Private-Partnership ("PPP") products and "BT-to-VAT" planning products to meet the diversified financing needs of customers. In the first half of 2015, the Bank independently issued 3,355 batches of WMPs with a total amount of RMB2,731,467 million to effectively meet the investment needs of customers. The balance of WMPs was RMB1,098,384 million. In this amount, the balance of non-principal-guaranteed WMPs was RMB942,759 million and the balance of principal-guaranteed WMPs was RMB155,625 million.

Investment banking business

The Bank transformed its investment banking business from a pure fund supplier to a provider of comprehensive fund operation and management services. In various business fields, including PPP, mixed ownership reform, government debt restructuring, urbanisation and mergers and acquisitions, the Bank mobilised government and non-government funds and capitalised market opportunities by setting up fund of funds (FOFs) at the head office and sub-funds at branches. In the first half of 2015, the underwriting amount of debt financing instruments for non-financial enterprises was RMB237,476 million and the underwriting amount of local government bonds amounted to RMB124,937 million. Income from financial advisory services of the Bank reached RMB3,068 million. In this amount, income from new financial advisory services totalled RMB2,600 million.

Overseas Commercial Bank Business

In the first half of 2015, the Group accelerated the expansion of overseas presence. Paris Branch, Amsterdam Branch, Barcelona Branch and Milan Branch under CCB Europe opened for business simultaneously on 30 June, with Chinese Premier of State Council Li Keqiang and French Prime Minister Manuel Valls attending the opening ceremony for CCB Europe Paris Branch to jointly unveil its nameplate. Chile Branch obtained the banking license issued by The Superintendency of Banks and Financial Institutions of Chile. London Branch officially commenced its business operation. Applications and preparations for the establishment of institutions including Zurich Branch and a subsidiary bank in Malaysia were simultaneously pushed forward. At the end of June, the Group had 18 overseas tier-one branches in Hong Kong, Singapore, Frankfurt, Johannesburg, Tokyo, Seoul, New York, Ho Chi Minh City, Sydney, Taipei, Luxembourg, Macau, Toronto, London, Paris, Amsterdam, Barcelona and Milan, six wholly-owned operating subsidiaries in Hong Kong, London, Russia, Dubai, Luxembourg and New Zealand, and a holding subsidiary bank in Brazil. Its overseas entities covered 24 countries and regions. At the end of June, the total assets of the Group's overseas commercial banks were RMB1,046,508 million, up by 10.38% over the end of last year, and the profit before tax was RMB2,118 million, a year-on-year increase of 35.61%.

Integrated Operation Subsidiaries

The Group has established a preliminary comprehensive operating framework, and progressively improved comprehensive financial services. The Group has several domestic subsidiaries in non-banking financial sectors, including CCB Principal Asset Management, CCB Financial Leasing, CCB Trust, CCB Life, CCB Futures and CCB International. The Group has set up several subsidiary banks providing professional and differentiated services in specific industries and regions, including Sino-German Bausparkasse and 27 rural banks. The Group enhanced cross-selling and business collaboration between parent bank and subsidiaries, and actively promoted synergistic collaboration in terms of channels, customers and products, resulting in further optimised business synergy mechanism between parent bank and subsidiaries. The overall business development of integrated operation subsidiaries was in a good shape with steady business expansion. At the end of June, the total assets of integrated operation subsidiaries were RMB242,447 million, up by 27.91% over the end of last year, and the net profit reached RMB2,160 million, a year-on-year increase of 47.62%.

Analyses by Geographical Segment

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

(In millions of RMB, except percentages)	Six months ended 30 June 2015 Amount	Six months ended 30 June 2015 % of total	Six months ended 30 June 2014 Amount	Six months ended 30 June 2014 % of total
Yangtze River Delta	**20,057**	**11.86**	22,704	13.39
Pearl River Delta	**18,465**	**10.91**	22,407	13.22
Bohai Rim	**28,041**	**16.57**	27,827	16.42
Central	**26,415**	**15.61**	27,356	16.14
Western	**27,617**	**16.32**	27,773	16.38
Northeastern	**7,953**	**4.70**	9,004	5.31
Head office	**37,627**	**22.24**	28,308	16.70
Overseas	**3,032**	**1.79**	4,137	2.44
Profit before tax	**169,207**	**100.00**	169,516	100.00

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

(In millions of RMB, except percentages)	As at 30 June 2015 Amount	As at 30 June 2015 % of total	As at 31 December 2014 Amount	As at 31 December 2014 % of total
Yangtze River Delta	**3,121,737**	**13.29**	2,839,279	13.23
Pearl River Delta	**2,672,716**	**11.38**	2,230,031	10.40
Bohai Rim	**3,414,684**	**14.54**	3,030,726	14.13
Central	**2,822,546**	**12.02**	2,590,457	12.08
Western	**2,772,710**	**11.81**	2,579,135	12.02
Northeastern	**1,038,055**	**4.42**	995,140	4.64
Head office	**6,529,431**	**27.80**	6,252,529	29.14
Overseas	**1,113,237**	**4.74**	935,564	4.36
Total assets[1]	**23,485,116**	**100.00**	21,452,861	100.00

1. Total assets excluded elimination and deferred tax assets.

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

(In millions of RMB, except percentages)	**As at 30 June 2015**				As at 31 December 2014			
	Loans and advances	**% of total**	**NPLs**	**NPL ratio (%)**	Loans and advances	% of total	NPLs	NPL ratio (%)
Yangtze River Delta	**1,950,372**	**19.20**	**46,959**	**2.41**	1,877,906	19.82	39,321	2.09
Pearl River Delta	**1,396,008**	**13.74**	**26,226**	**1.88**	1,299,615	13.72	17,719	1.36
Bohai Rim	**1,728,682**	**17.02**	**14,848**	**0.86**	1,633,965	17.25	10,860	0.66
Central	**1,672,413**	**16.47**	**16,307**	**0.98**	1,552,809	16.39	14,671	0.94
Western	**1,752,831**	**17.26**	**18,727**	**1.07**	1,641,394	17.32	13,039	0.79
Northeastern	**595,695**	**5.86**	**12,214**	**2.05**	562,403	5.94	8,471	1.51
Head office	**370,740**	**3.65**	**4,333**	**1.17**	342,476	3.61	3,250	0.95
Overseas	**690,338**	**6.80**	**4,745**	**0.69**	563,955	5.95	5,840	1.04
Gross loans and advances to customers	**10,157,079**	**100.00**	**144,359**	**1.42**	9,474,523	100.00	113,171	1.19

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

(In millions of RMB, except percentages)	**As at 30 June 2015**		As at 31 December 2014	
	Amount	**% of total**	Amount	% of total
Yangtze River Delta	**2,494,050**	**18.21**	2,401,640	18.62
Pearl River Delta	**2,048,015**	**14.95**	1,873,077	14.52
Bohai Rim	**2,562,877**	**18.71**	2,344,928	18.18
Central	**2,632,860**	**19.22**	2,457,370	19.05
Western	**2,597,889**	**18.97**	2,457,312	19.05
Northeastern	**965,170**	**7.05**	932,976	7.23
Head office	**36,302**	**0.26**	43,358	0.34
Overseas	**359,814**	**2.63**	388,014	3.01
Total deposits from customers	**13,696,977**	**100.00**	12,898,675	100.00

Distribution Channels and Transformation of Outlets

Channels Construction

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

At the end of June, the Bank had a total of 14,877 domestic operating outlets, including the head office, 37 tier-one branches, 328 tier-two branches, 11,799 sub-branches, 2,711 entities under the sub-branches and one specialised credit card centre at the head office. The number of operating outlets increased by 21 over the end of last year. The operating outlets were mainly distributed in large cities, central cities, top counties and rich towns. In the first half of 2015, the Bank accumulatively started 363 renovation projects of outlets, further improving physical environment and customer experience at the outlets and optimising the laying-out of outlets.

At the end of June, the Bank's total number of private banking centres and wealth management centres in operation reached 338; the number of small business operating centres in the form of "Credit Factory" reached 288, covering 227 cities at the prefecture level; the number of personal loan centres exceeded 1,500, and the overall layout was improved with growing brand influence. Following the example of its first smart bank in Qianhai, Shenzhen, the Bank successfully opened more smart banks in 11 cities across China, including Beijing, Shanghai and Guangzhou, delivering unprecedented experience to customers at outlets.

The Bank strove to develop electronic banking under the principle of being "intelligent, ubiquitous and cross-industry", focused foremost on mobile banking in product deployment and customer development, and reinforced channel synergy and business collaboration at the enterprise level, aiming for complete coverage of all customers and all-round enhancement of customer service capability. The electronic banking business has maintained fast and sound development. At the end of June, the volume of accounting transactions through electronic banking and self-service channel accounted for 94.32% of that through all channels, up by 6.29 percentage points over the end of last year.

Mobile finance

With the additional functions of e-account and "e-lutong for bank-securities", the Bank supported purchase of wealth management products and opening of stock trading accounts through personal mobile banking. The Bank added new options for users to choose their favoured payment items in the "Joy Life" module. The Bank also launched Pad banking and corporate mobile banking services. At the end of June, the number of mobile banking customers was 163.63 million, up by 11.47% over the end of last year; the transaction volume was RMB5.78 trillion, a year-on-year increase of 82.18%; and the number of transactions was 2,827 million, a year-on-year increase of 167.08%. The number of SMS financial service customers reached 267.44 million, an increase of 9.97% over the end of last year. The number of WeChat banking customers was 20.66 million, of which 13.67 million customers followed the Bank's WeChat official account and attached their bank accounts.

Online banking

The Bank's personal online banking added new functions including large-denomination certificates of deposit, integrated personal assets and liabilities statement and donation to designated accounts, and optimised the transfer and modification contracting functions of "Xincunguan" module to support one-to-many transactions of accounts. For corporate online banking, the Bank launched an exclusive version for major customers to meet their special demands. Moreover, the Bank steadily advanced its overseas online banking presence with the offering of online customer service through the online banking portal of Macau Branch. At the end of June, the number of personal online banking customers increased by 8.19% to 193.32 million over the end of last year; the transaction volume was RMB23.70 trillion, a year-on-year increase of 21.16%; and the number of transactions was 6,907 million, a year-on-year increase of 179.32%. The number of corporate online banking customers reached 3.66 million, an increase of 10.78% over the end of last year; the transaction volume was RMB82.31 trillion, a year-on-year increase of 38.09%; and the number of transactions was 1.34 billion, a year-on-year increase of 29.09%.

E.ccb.com

The “e.ccb.com” website introduced its exquisite mobile platform by formally launching the mobile APP of retail mall, i.e., “CCB e-commerce Mall”. It introduced the function of direct shopping with credit card bonus points, which was widely promoted on the Bank’s internet website and in the online banking advertisements. At the end of June, “e.ccb.com” developed 57.20 thousand merchants and 11.93 million members accumulatively. The transaction volume totalled RMB29,404 million in the first half of 2015, a year-on-year increase of 53.56%.

Telephone banking

The Bank proactively built its telephone banking service system at the enterprise level, focused on promoting diversified service channels and intelligentised service modes, continuously optimised business structure and enriched service offerings. At the end of June, the number of telephone banking customers was 189.99 million, an increase of 15.97 million, or 9.18% over the end of last year.

Self-service banking

The Bank continuously expanded the self-service channels, accelerated the deployment of self-service equipment in the counties, optimised the layout of channels, and extended the scope of services. The Bank refined the management over self-service equipment and optimised equipment functions. At the end of June, there were 84,616 ATMs with cash service in operation, an increase of 3,549 over the end of last year. There were 22,541 self-service banks in operation, an increase of 1,267.

Transformation of Outlets

The Bank vigorously pushed forward the building of integrated outlets, alleviated the burden for thousands of frontline staff and promoted the transformation of comprehensive marketing services. By making innovations in integrated management of outlets, the Bank effectively enhanced resource utilisation efficiency of outlets and comprehensively improved their financial service capability and customer satisfaction.

Centring on the customers, the Bank strove to develop the platform of outlets with comprehensive services. The Bank pushed forward the transformation of its single-function business outlets and promoted the integrated teller system to provide more accessible and convenient services for its customers. At the end of June, the integrated outlets increased to 14,400, and the percentage of integrated teller rose to 84%. Customers can enjoy the convenient and comfortable “one-stop” services at the transformed outlets.

With its coordination mechanism as a guarantee, the Bank developed an outlet service system featuring “targeted marketing, collaborative services, and integrated solutions”. At the end of June, the Bank established 19,934 integrated marketing teams to carry out collaborative marketing and established the foundational collaborative marketing mechanism among posts within outlets, teams, outlets and their supervising authorities, and specialised centres. As a result, the comprehensive marketing service ability was significantly strengthened at the outlets; customers can enjoy the thoughtful, “all-round” and “high-quality” services at the outlets.

Information Technology and Product Innovation

Information Technology

The Bank intensified its efforts in information technology with a focus on ensuring safe operations and the building of the “New Generation Core Banking System”, to support the development of its businesses. 27 projects of the first batch of Phase II of the “New Generation Core Banking System” were successfully rolled out, offering numerous new functions and features to provide much better customer and employee experience. The Bank introduced new services such as smart mobile assistant, multi-channel business reservation, and pre-filling of forms, took the lead in expanding mobile financial service channels including WeChat, Credulity and Alipay Wallet, and established a unified employee response system. A new financial services framework that enabled coordinated channels and consistent user experience was taking shape. The Bank became the first bank to support fund custodian services on the “National Equities Exchange and Quotations” and Shanghai-Hong Kong Stock Connect, launched the new personal financing product “Quick Loan”, and continued to increase financial market and corporate treasury management offerings. The Bank improved related-party transaction functions, enriched risk measurement models and launched the risk measurement central engine, with significantly improved capabilities in risk internal controls, employee services and managerial analysis. While the number of transactions grew steadily, all information systems operated reliably, with over 99.99% uptime. At the same time, the Bank made determined efforts to accelerate research and development in innovative mobile payment products, and took the lead among peers in introducing the “Suixinyong” APP and the “Tiexinchong” topping-up function, offering greater convenience to customers. The Bank also successfully completed its pilot program for the online housing fund hall in Liaoning, as well as the building and promotion of 11 smart bank outlets.

Product Innovation

Adhering to the goal of establishing an “innovative bank”, the Bank continued to enhance its capability in product innovation, so as to better support its transformation and development. The Bank innovatively launched the “PPP end-to-end financial services”, to greatly support the real economy. Leveraging on its full-license and domestic and overseas business collaboration advantages, the Bank cooperated with its branches and subsidiaries in Hong Kong, Macau, New Zealand and other regions to offer loans to micro and small enterprise secured with guarantees from overseas institutions. As part of the business collaboration between the parent bank and its subsidiaries, the Bank enhanced cooperation and innovation with CCB Futures in various business areas, including loans pledged with standard warehouse receipts, financial futures and commodity futures derivatives and bulk commodity financing. The innovative agency insurance module based on the Bank’s “New Generation Core Banking System” made various agency insurance applications available for customers, and provided comprehensive services covering the whole process of sales to both customers and the front office. In the first half of 2015, the Bank completed 386 product innovation projects, a year-on-year increase of 29.

Human Resources and Institutional Management

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

	As at 30 June 2015			
	Number of staff	**% of total**	**Number of branches**	**% of total**
Yangtze River Delta	**56,319**	**15.38**	**2,463**	**16.52**
Pearl River Delta	**46,161**	**12.61**	**1,891**	**12.69**
Bohai Rim	**59,819**	**16.34**	**2,425**	**16.27**
Central	**81,951**	**22.39**	**3,599**	**24.15**
Western	**69,265**	**18.92**	**3,035**	**20.36**
Northeastern	**36,913**	**10.08**	**1,461**	**9.80**
Head office	**15,057**	**4.11**	**3**	**0.02**
Overseas	**632**	**0.17**	**29**	**0.19**
Total	**366,117**	**100.00**	**14,906**	**100.00**

At the end of June 2015, the Bank had 366,117 staff members (in addition, the Bank had 5,847 workers dispatched by labour leasing companies). The staff members with academic qualifications of bachelor’s degree or above were 223,610, or 61.08%, and the number of local employees in overseas entities was 480. In addition, the Bank assumed the expenses of 54,124 retired employees.

At the end of June 2015, the Bank had a total of 14,906 institutions, among which, there were 14,877 domestic institutions and 29 overseas institutions.

Profiles of institutions and staff in subsidiaries

The Bank had 42 subsidiaries with a total of 244 branches, among which, domestic branches reached 146 and overseas branches reached 98. The subsidiaries had 10,208 staff members (in addition, the subsidiaries had 308 workers dispatched by labour leasing companies). In this amount, there were 6,337 domestic staff members and 3,871 overseas staff members. In addition, the subsidiaries assumed the expenses of 32 retired employees.

Risk Management

In the first half of 2015, the Bank made solid efforts in enhancing its comprehensive risk management, firmly held the bottom lines for systematic and regional risks, further improved the level of professionalism in managing various risks, and maintained a stable and controllable risk status at the Group level.

Credit Risk Management

Credit risk represents the potential loss that may arise from the failure of a debtor or counterparty to meet its obligation or commitment to the Bank.

In the first half of 2015, the Bank reinforced its management and control over credit risk, continuously optimised credit policies, improved credit procedures and systems, and enhanced credit risk management capability.

Optimising credit policies and systems and adjusting credit structures. Pursuant to the three major strategies of "One Belt and One Road", "Coordinated Development for the Beijing-Tianjin-Hebei Region", and "Yangtze River Economic Belt", the Bank formulated and implemented credit policies supportive to the major national strategies. The Bank pushed ahead with the construction of loan review and disbursement centres, improved the system of end-to-end lending process, and strengthened the building of credit system. By applying differentiated management of 21 industries in different regions, the Bank improved the refined management of its credit policies. The Bank also further identified its key areas of credit lending and strengthened credit support to small enterprises

Improving credit approval mechanism and processes to enhance management and control over risks in credit granting. The Bank established a unified limit management mechanism at the Group level to prevent several-for-one and excessive credit granting. It further improved the system of authorisation over credit approval for overseas institutions, to strike the balance between overseas business expansion and risk management. The Bank continued to promote the specialisation of credit approval, and comprehensively implemented refined management of loan withdrawal approval. It also strengthened the monitoring and supervision over credit operations, made greater efforts for dynamic management of authorisation over credit approval and further enhanced risk management and control in key areas.

Reinforcing the disposal of NPLs to increase the stability of asset quality. The Bank employed a variety of methods in NPLs disposal, with an emphasis on increasing the proportion of cash recoverability, revitalising and upgrading NPLs. The Bank also improved the disposal efficiency by leveraging on the scale effect of batch disposal and market-driven disposal and setting feasible goals for overall write-offs. The Bank complied with laws and regulations, introduced early involvement of audit and adopted long-term management solutions based on experience and case studies, so as to facilitate the constant improvement of business process and management system.

Optimising risk measuring tools and techniques to promote transformation and development. The Bank optimised its customer-rating model to more accurately reflect changes in customers' risk profiles under the economic "new normal". The Bank strengthened its capacity of information technology control of risks, by enhancing the support of its IT system for risk measurement and business development and transformation. The Bank carried out multi-dimensional comprehensive and specialised stress tests to reinforce prevention and control of systemic risk. It optimised the economic capital measurement and limit management system, and effectively communicated its risk appetite to promote structural adjustments and risk returns.

Concentration of credit risks

In the first half of 2015, in line with regulatory requirements, the Group proactively adopted a series of measures to prevent large exposure concentration risk, including further tightening lending criteria, adjusting business structure, controlling the credit-granting pace, revitalising existing credit assets and innovating products, etc.

At the end of June 2015, the Group's gross loans to the largest single borrower accounted for 5.55% of the total capital after deductions, while those to the top ten customers accounted for 14.26% of the total capital after deductions.

Concentration of loans

	As at 30 June 2015	As at 31 December 2014	As at 31 December 2013
Proportion of loans to the largest single customer (%)	**5.55**	5.05	4.51
Proportion of loans to top ten customers (%)	**14.26**	13.42	14.80

The Group's top ten single borrowers as at the date indicated are as follows:

		As at 30 June 2015	
(In millions of RMB, except percentages)	**Industry**	**Amount**	**% of total loans**
Customer A	Transportation, storage and postal services	**85,513**	**0.84**
Customer B	Transportation, storage and postal services	**20,654**	**0.20**
Customer C	Transportation, storage and postal services	**17,308**	**0.17**
Customer D	Transportation, storage and postal services	**17,260**	**0.17**
Customer E	Transportation, storage and postal services	**15,896**	**0.16**
Customer F	Transportation, storage and postal services	**13,006**	**0.13**
Customer G	Transportation, storage and postal services	**12,804**	**0.13**
Customer H	Transportation, storage and postal services	**12,673**	**0.12**
Customer I	Water, environment and public utility management	**12,589**	**0.12**
Customer J	Transportation, storage and postal services	**12,197**	**0.12**
Total		**219,900**	**2.16**

Liquidity Risk Management

Liquidity risk is the type of risk that occurs when, despite its debt servicing ability, the Bank cannot obtain sufficient funding in time, or at a reasonable cost, to meet the needs of asset growth or repay liabilities as they fall due. The Bank's objective for liquidity risk management is to maintain a reasonable level of liquidity, and ensure the payment and clearing security in compliance with the regulatory requirements, while striving to enhance fund yields by deploying its funds in an effective and reasonable way.

In the first half of 2015, the funding in the marketplace was easing up as the PBOC made three reductions to the statutory deposit reserve ratio and employed a combination of tools including open market operations, short-term liquidity operations (SLO) and medium-term lending facilities (MLF) to reasonably adjust the liquidity in the banking system, while focusing on increasing funding support for "agriculture, farmers and rural areas" and small and micro businesses. The Bank responded to the liquidity situation with timely measures, conducted coordinated liquidity management at the Group level, enhanced deposit-taking capacity, adjusted the usage of products that largely affected liquidity such as debt securities investments, financial assets held under resale agreements, and deposits and placements with banks and non-bank financial institutions, and strengthened large fund flow alert. The Bank maintained liquidity at a reasonable level and ensured normal payments and clearings.

The Bank conducted regular stress testing on its liquidity risk, in order to gauge its ability to sustain under adverse circumstances, including extreme though improbable scenarios. The results indicated a higher but controllable level of liquidity risk under such stress scenarios.

The following table sets forth the liquidity ratios and liquidity coverage ratio of the Group as at the dates indicated:

(%)		Regulatory standard	**As at 30 June 2015**	As at 31 December 2014	As at 31 December 2013
Liquidity ratio [1]	RMB	≥25	**43.93**	48.88	46.57
	Foreign currency	≥25	**60.41**	57.03	55.20
Liquidity coverage ratio [2, 3]	RMB and foreign currency		**126.47**	N/A	N/A

1. Calculated by dividing current assets by current liabilities in accordance with the requirements of the CBRC.

2. Monthly liquidity coverage ratio was calculated by dividing qualified and high quality liquid assets by net cash outflow in the next 30 days. The average of monthly liquidity coverage ratio in this quarter was calculated in compliance with the current applicable regulatory requirements, definition and accounting standards; comparative figures were not adjusted retrospectively.

3. In accordance with the requirements of 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 70%, 80% and 90% by the end of 2015, 2016 and 2017 respectively.

The analysis of the remaining maturities of the Group's assets and liabilities as at the balance sheet date is set out below:

(In millions of RMB)	**Indefinite**	**Repayable on demand**	**Within one month**	**Between one and three months**	**Between three months and one year**	**Between one and five years**	**More than five years**	**Total**
Long/(short) position as at 30 June 2015	**2,677,682**	**(8,135,732)**	**(550,932)**	**(68,545)**	**345,763**	**2,628,418**	**4,415,796**	**1,312,450**
Long/(short) position as at 31 December 2014	2,753,260	(6,860,135)	(812,721)	(516,913)	(235,800)	2,738,043	4,186,629	1,252,363

The Group regularly monitors the gap between its assets and liabilities under various maturities classes in order to assess its liquidity risk during different periods. As at 30 June 2015, the accumulated gap of various maturities classes of the Group was RMB1,312,450 million, an increase of RMB60,087 million over the end of 2014. Despite the negative gap for repayment on demand totalling RMB8,135,732 million, the Group was expected to enjoy a stable funding source and maintain stable liquidity in the future given its strong and expansive deposit customer base, relatively stable core demand deposits, and steady growth in deposits.

Market Risk Management

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.

In the first half of 2015, the Bank strengthened efforts in the transformation of market risk management by optimising policies and systems, innovating management methods and improving management tools, and constantly enhanced its market risk management capability. Specifically, the Bank enacted market risk policies and limit management schemes for the year 2015, clarified the orientation of market risk policies and risk tolerance limits, and optimised policies and procedures for trader management, market risk limit management and market risk emergency management; continuously advanced analyses and control of risk events for financial market business, established whole-process proactive risk management models and improved risk assessment of new products in the financial market; strengthened early warning and monitoring of key market risk events, provided timely risk warnings and put forward countermeasures in line with business situations; established and improved the risk management system for trading business, completed verification of supporting system for internal models approach and structured product pricing models, and improved its overall capability for market risk measurement.

Value at Risk analysis

The Bank divides on and off-balance sheet assets and liabilities into two major categories, namely the trading book and the banking book. The Bank performs VaR analysis on its trading portfolio to measure and monitor the potential losses that could occur on risk positions taken, due to movements in market interest rates, foreign exchange rates and other market prices. The Bank calculates the VaR of RMB and foreign currency trading portfolios on a daily basis (at a confidence level of 99% and with a holding period of one-day).

The VaR analysis on the Bank's trading portfolio as at the balance sheet dates and for relevant periods is as follows:

	Six months ended 30 June 2015				Six months ended 30 June 2014			
(In millions of RMB)	**As at 30 June**	**Average**	**Maximum**	**Minimum**	As at 30 June	Average	Maximum	Minimum
VaR of trading portfolio	**68**	**76**	**197**	**49**	47	84	137	47
– Interest rate risk	**48**	**37**	**172**	**17**	24	31	115	9
– Foreign exchange risk	**64**	**62**	**104**	**13**	39	75	119	38
– Commodity risk	**3**	**2**	**9**	**–**	–	1	5	–

Interest rate risk management

Interest rate risk is the risk of loss in the overall income and economic value of the banking book as a result of adverse movements in interest rates, term structure and other interest-related factors. Repricing risk and basis risk arising from mismatch of term structure and pricing basis of assets and liabilities are the primary sources of interest rate risk for the Bank, while yield curve risk and option risk have relatively less impact. The overall objective of the Bank's interest rate risk management is to minimise the decrease of net interest income caused by interest rate changes, while keeping interest rate risk within a tolerable range in accordance with the risk appetite and risk management capability.

In the first half of 2015, the Bank kept close watch on the trends and changes in policies and market and proactively responded to the challenges of interest rate liberalisation. The Bank increased efforts in building its comprehensive pricing models and developing multi-layered comprehensive pricing applications to transform from single product-based pricing to comprehensive product pricing; continuously expanded the application of Loan Prime Rate (LPR) for more types of customers and products, narrowed the gap between LPR-based quotation and actual market interest rates, and improved the pass-through mechanism of loan interest rates; enriched channels to initiate liabilities by successfully launching products designed for interest rate liberalisation, such as large-denomination certificates of deposit. Meanwhile, the Bank measured interest rate risk by employing a host of methods such as interest rate sensitivity gap, net interest income sensitivity analysis and stress testing, conducted regular analysis and net interest income prediction, and reasonably designed the term structure and product structure of asset and liability portfolios, in order to maintain the overall interest rate risk within the set tolerable range.

Interest rate sensitivity gap analysis

The Group's interest rate sensitivity gap, as at the dates indicated, by the next expected repricing dates or maturity dates (whichever occur earlier) is set out below:

(In millions of RMB)	**Non-interest-bearing**	**Less than three months**	**Between three months and one year**	**Between one year and five years**	**More than five years**	**Total**
Interest rate sensitivity gap as at 30 June 2015	**77,721**	**(4,677,243)**	**4,832,702**	**(42,910)**	**1,122,180**	**1,312,450**
Interest rate sensitivity gap as at 31 December 2014	5,990	(1,691,636)	1,720,743	153,774	1,063,492	1,252,363

As at 30 June 2015, the repricing gap of the Group's assets and liabilities for a period less than one year was RMB155,459 million, an increase of RMB126,352 million over the end of last year, due to the decrease of re-pricing trading financial liabilities for a period less than one year and borrowings from the central banks. The Group's positive gap for a period more than one year was RMB1,079,270 million, a decrease of RMB137,996 million, mainly due to the growth of long-term deposits.

Net interest income sensitivity analysis

Net interest income sensitivity analysis is based on two scenarios. The first is to assume that the interest rate for deposits with the PBOC stays constant, and all yield curves rise or fall by 100 basis points in a parallel way; the second is to assume that the interest rates for deposits with the PBOC and demand deposits stay constant, while the other yield curves rise or fall by 100 basis points in a parallel way.

The interest rate sensitivity of the Group's net interest income as at the balance sheet date is set out below:

	Change in net interest income			
(In millions of RMB)	Rise by 100 basis points	Fall by 100 basis points	Rise by 100 basis points (demand deposit rates being constant)	Fall by 100 basis points (demand deposit rates being constant)
As at 30 June 2015	**(54,695)**	**54,695**	**25,628**	**(25,628)**
As at 31 December 2014	(38,702)	38,702	30,346	(30,346)

Foreign exchange rate risk management

Foreign exchange rate risk is the risk of impact of adverse movement in foreign exchange rates on a bank's financial position. The Bank is exposed to foreign exchange rate risk primarily because of the currency mismatch of assets and liabilities held by the Bank that are denominated in currencies other than RMB and the position held by the Bank as a market maker in the financial markets. The Bank avoided exchange rate risk by matching its assets and liabilities, controlled exchange rate risk by setting limits, hedged exchange rate risk by using derivative financial instruments and transferred exchange rate risk by reasonable product pricing.

In the first half of 2015, the Bank officially launched the optimised exchange rate risk module in asset and liability management (ALM) system, enabling it to increase the system coverage ratio of newly established institutions and the accuracy of risk measurement with additional multi-dimensional exposure monitoring functions.

Currency concentrations

The Group's currency concentrations as at the balance sheet dates are set out below:

	As at 30 June 2015				As at 31 December 2014			
(In millions of RMB)	**USD (RMB equivalent)**	**HKD (RMB equivalent)**	**Others (RMB equivalent)**	**Total**	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	Total
Spot assets	**957,963**	**187,807**	**160,688**	**1,306,458**	741,109	186,089	120,360	1,047,558
Spot liabilities	**(873,853)**	**(210,197)**	**(138,368)**	**(1,222,418)**	(713,853)	(207,223)	(141,626)	(1,062,702)
Forward purchases	**1,155,270**	**64,539**	**202,297**	**1,422,106**	778,919	46,628	91,559	917,106
Forward sales	**(1,231,666)**	**(10,704)**	**(212,676)**	**(1,455,046)**	(802,482)	(19,482)	(60,739)	(882,703)
Net options position	**749**	**–**	**(153)**	**596**	747	–	(152)	595
Net long position	**8,463**	**31,445**	**11,788**	**51,696**	4,440	6,012	9,402	19,854

As at 30 June 2015, the net exposure of the Group's foreign exchange rate risk was RMB51,696 million, an increase of RMB31,842 million compared with the end of last year. The overall foreign exchange rate risk was controllable.

Operational Risk Management

Operational risk is the risk of loss due to inadequate or flawed internal processes, staff and systems, or external events.

In the first half of 2015, the Bank continued to standardise and strengthen its operational risk management. The Bank constantly re-examined and dynamically adjusted incompatible positions (responsibilities) in response to risk changes, business innovations and process adjustments, and continuously strengthened the check and balance mechanism across departments and positions. The Bank further intensified the application of operational risk management tools, standardised and upgraded its ability in loss data management, continued to build and improve the system for monitoring and early warning of key risk indicators, and strengthened risk management and control of key risk areas and processes. The Bank conducted self-assessment of its overall business continuity management, and promoted business impact analysis of the new generation core banking system across the Bank, to ensure the safe and stable operation of its various business lines.

Anti-money Laundering

In the first half of 2015, the Bank strictly enforced various anti-money laundering (AML) laws and regulations and regulatory policies, strengthened efforts in customer due diligence and reporting of large and suspicious transactions, actively launched AML training and publicity, and established preliminary mechanism for Group-wide AML risk assessment.

Reputational Risk Management

Reputational risk refers to the risk of negative impacts on or damages to the Bank's overall image, reputation and brand value, arising when the Bank's operational, managerial and other behaviours or contingencies are noticed or covered by the media.

In the first half of 2015, the Bank further enhanced its reputational risk management. In line with its transformation and development strategies, the Bank planned and implemented a "Foundation Consolidation Project" for reputational risk management, which involved a range of programmes aiming to improve policies and procedures, strengthen screening of reputational risk origins, enhance the overall response capability to public opinion, and provide reputational risk education and training for all staff members. The Bank also strengthened reputational risk studies and the formulation of early warnings and plans, established innovative ways to convey positive messages to the public, expanded channels and platforms, and actively communicated "Stories about CCB" to society, to create an open forum for public opinion.

Consolidated Management

Consolidated management means the Bank performs comprehensive and sustained management and control over corporate governance, capital and finance of the Group and its subsidiaries, with effective identification, measurement, monitoring and control of the Group's overall risk profile.

In the first half of 2015, in accordance with the requirements of *Guidelines on Consolidated Management and Supervision of Commercial Banks* promulgated by the CBRC, the Bank continued to improve the overall consolidated management planning, constantly refined the management mechanism, tools, methods and systems, and enhanced the capability of consolidated management so as to effectively prevent risks arising from the Group's cross-border and cross-sector activities. The Bank refined the organisational structure of consolidated management at the Group level, implemented the requirements for each and every consolidated management element, and regularly updated and released the consolidation management scope. The Bank strengthened the comprehensive risk management at the Group level, formulated the Group's risk appetite, and established unified credit management system; optimised its annual plan for industry limit management, and strengthened concentration management over risks at the Group level; established internal transaction management system, and improved internal transaction management policies and procedures; reinforced guidance to subsidiaries with respect to capital management, and conducted continuous monitoring and analyses of the capital adequacy ratios of the Group; intensified monitoring of indicators of the Group's liquidity risk limit to make overall fund allocation; and developed risk isolation system and improved mechanism to prevent risk contagion within the Group.

Internal Audit

The Bank adheres to a relatively independent and vertically managed internal audit system. In order to promote the establishment of a sound and effective risk management mechanism, internal control system and corporate governance procedures, the Bank's internal audit department evaluates the effectiveness of the internal controls and risk management, the effect of corporate governance procedures, the efficiency of business operations, and the economic responsibilities of relevant personnel, and puts forward suggestions for improvement based on its internal audit results.

In the first half of 2015, in accordance with the strategic transformation and changes in the operating environment, the internal audit department organised and carried out systemic audit projects, including dynamic audit and investigation of credit business, audit of connected relations of credit customers and related risks, audit of bad loans write-offs and packaged disposals, audit and investigation of effective customers marketing based on understanding of new characteristics in the movements of non-government funds, audit of main business operations and management of overseas institutions and subsidiaries, and audit of implementation of internal capital adequacy assessment procedures. Audit offices conducted selected audit projects based on actual situations of local branches, further expanding the coverage of audit projects. The internal audit department also made active efforts to explore opportunities for its own transformation and development, with greater focus on integration with the Bank's operation and management, strengthened early warning and forecast of risks, and continued to enhance the quality of its audit recommendations to facilitate process optimisation, mechanism improvement and problem solving. It devoted greater efforts to promote the follow-up auditing on rectification and identification of accountability, so as to support the Bank's transformation and development in a more effective way.

Capital Management

The Group has implemented the comprehensive capital management, which covers regulatory capital, economic capital and accounting capital management, including but not limited to management of capital adequacy ratio, capital planning, capital raising and economic capital.

In the first half of 2015, the Group continuously strengthened the fundamental capability of capital management and proactively promoted its business transformation towards more intensive utilisation of capital. As a result, the guiding and restraint functions of capital on business development were further upgraded.

The Group constantly enhanced its management over the execution of policies for the advanced approaches, and continued to deepen and broaden the application of internal rating results, pushing forward the constant improvement of refined capital management. By taking the opportunity arising from enhancing the implementation and application ability of the advanced approaches, the Group further improved the guiding and restraint mechanism of capital, performed in-depth analysis on the items of capital occupation and risk-weighted assets, pushed forward business structural optimisation, reduced ineffective capital occupation and constantly improved capital utilisation efficiency.

Analysis of Capital Adequacy Ratio

In accordance with the regulatory requirements, the Group has to calculate and disclose capital adequacy ratios simultaneously in accordance with the *Capital Rules for Commercial Banks (Provisional)* and the *Measures for the Management of Capital Adequacy Ratios of Commercial Banks.* The scope for calculating capital adequacy ratios includes both the Bank's domestic and overseas branches and sub-branches, and financial subsidiaries (insurance companies excluded).

Capital adequacy ratio

On 2 April 2014, the CBRC officially approved the Group's application to implement the advanced measurement approach for capital management. Thus, the Group began to adopt the advanced approaches in calculating its capital adequacy ratios from the second quarter of 2014. The capital requirements of corporate credit risk exposure that meet regulatory requirements are calculated with the foundation internal ratings-based approach, the capital requirements of retail credit risk exposure are calculated with the internal ratings-based approach, the capital requirements of market risk are calculated with the internal models approach, and the capital requirements of operational risk are calculated with the standardised approach. Pursuant to the regulatory requirements, the Group calculates capital adequacy ratios simultaneously with advanced measurement approach for capital management and other methods, and complies with the relevant capital floors.

As at 30 June 2015, considering relevant rules in the transition period, the Group's total capital ratio, tier 1 ratio and common equity tier 1 ratio, which were calculated in accordance with the *Capital Rules for Commercial Banks (Provisional),* were 14.70%, 12.35% and 12.35%, respectively, and were in compliance with the regulatory requirements. The total capital ratio decreased by 0.17 percentage points while tier 1 ratio and common equity tier 1 ratio both increased by 0.23 percentage points compared with those as at 31 December 2014. The drop in its total capital ratio was mainly due to the slower growth rate of total capital after deductions than that of risk-weighted assets, as a result of the distribution of 2014 dividends in the first half of 2015 and the decrease of unqualified subordinated debt securities that may be included in capital.

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

	As at 30 June 2015		As at 31 December 2014	
(In millions of RMB, except percentages)	**The Group**	**The Bank**	The Group	The Bank
Capital adequacy ratios in accordance with the ***Capital Rules for Commercial Banks (Provisional)***				
Total capital after deductions:				
Common Equity Tier 1	**1,295,600**	**1,220,902**	1,236,730	1,166,760
Tier 1 capital	**1,295,762**	**1,220,902**	1,236,767	1,166,760
Total capital	**1,542,123**	**1,465,232**	1,516,928	1,445,219
Capital adequacy ratios:				
Common Equity Tier 1 ratio	**12.35%**	**12.12%**	12.12%	11.78%
Tier 1 ratio	**12.35%**	**12.12%**	12.12%	11.78%
Total capital ratio	**14.70%**	**14.54%**	14.87%	14.59%
Capital adequacy ratios in accordance with the ***Measures for the Management of Capital Adequacy Ratios of Commercial Banks***				
Core capital adequacy ratio	**12.13%**	**12.11%**	12.09%	12.02%
Capital adequacy ratio	**14.80%**	**14.54%**	14.71%	14.39%

Composition of capital

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

(In millions of RMB)	**As at 30 June 2015**	As at 31 December 2014
Common Equity Tier 1 capital		
Qualifying common share capital	**250,011**	250,011
Capital reserve[1]	**142,976**	139,761
Surplus reserve	**130,515**	130,515
General reserve	**185,908**	169,478
Retained earnings	**596,732**	556,756
Non-controlling interest given recognition in Common Equity Tier 1 capital	**4,293**	4,456
Others[2]	**(7,245)**	(6,262)
Deductions for Common Equity Tier 1 capital		
Goodwill[3]	**2,351**	2,501
Other intangible assets (excluding land use right)[3]	**1,349**	1,592
Cash-flow hedge reserve	**(12)**	(10)
Investments in common equity of financial institutions being controlled but outside the scope of regulatory consolidation	**3,902**	3,902
Additional Tier 1 capital		
Non-controlling interest given recognition in Additional Tier 1 capital	**162**	37
Tier 2 capital		
Directly issued qualifying Tier 2 instruments including related stock surplus	**146,170**	149,839
Provisions in Tier 2	**98,111**	127,878
Non-controlling interest given recognition in Tier 2 capital	**2,080**	2,444
Common Equity Tier 1 capital after deduction[4]	**1,295,600**	1,236,730
Tier 1 capital after deduction[4]	**1,295,762**	1,236,767
Total capital after deduction[4]	**1,542,123**	1,516,928

1. The investment revaluation reserve is included in capital reserve.

2. Others mainly contain foreign exchange reserve.

3. Both balances of goodwill and other intangible assets (excluding land use right) are the net amounts after deducting relevant deferred tax liabilities.

4. Common Equity Tier 1 capital after deduction is calculated by netting off the corresponding deduction items from the Common Equity Tier 1 capital. Tier 1 capital after deduction is calculated by netting off the corresponding deduction items from the Tier 1 capital. Total capital after deduction is calculated by netting off the corresponding deduction items from the total capital.

Risk-weighted assets

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

(In millions of RMB)	**As at 30 June 2015**	As at 31 December 2014
Credit risk-weighted assets	**9,347,290**	8,739,574
Covered by internal ratings-based approach	**7,250,643**	7,020,935
Uncovered by internal ratings-based approach	**2,096,647**	1,718,639
Market risk-weighted assets	**62,373**	54,302
Covered by internal models approach	**34,771**	35,137
Uncovered by internal models approach	**27,602**	19,165
Operational risk-weighted assets	**915,727**	915,727
Additional risk-weighted assets arising from the application of capital floors	**165,259**	494,040
Total risk-weighted assets	**10,490,649**	10,203,643

Credit risk exposure

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

(In millions of RMB)	**As at 30 June 2015**	As at 31 December 2014
	Exposure at default	Exposure at default
Covered by internal ratings-based approach	**10,233,798**	9,751,490
Corporate risk exposure	**7,089,169**	6,869,764
Retail risk exposure	**3,144,629**	2,881,726
	Risk exposure	Risk exposure
Uncovered by internal ratings-based approach	**9,727,038**	8,564,059
On-balance sheet credit risks exposure	**9,446,434**	8,347,294
Of which: Securitisation risk exposure	**4,155**	5,304
Off-balance sheet credit risk exposure	**235,885**	188,639
Counterparty credit risk exposure	**44,719**	28,126

Capital requirements of market risks

The Group's capital requirements of market risks are calculated with the internal models approach. Requirements uncovered by the internal models approach are calculated with the standardised approach. The following table sets forth, as at the dates indicated, the information related to capital requirements of various market risks.

(In millions of RMB)	**As at 30 June 2015 Capital requirements**	As at 31 December 2014 Capital requirements
Covered by internal models approach	**2,782**	2,811
Uncovered by internal models approach	**2,208**	1,533
Interest rate risk	**686**	1,052
Equity position risk	**137**	142
Foreign exchange risk	**1,385**	339
Commodity risk	**–**	–
Option risk	**–**	–
Total	**4,990**	4,344

The following table sets forth, for the six months ended 30 June 2015, the information related to the value at risk (VaR) and stressed value at risk (stressed VaR) of market risks calculated with the internal models approach. The VaR and stressed VaR are calculated with historical simulation approach, whose historical observation periods are both one year with a holding period of ten days and at a confidence level of 99%. VaR and stressed VaR respectively reflect the maximum losses with probability calculated with the latest historical scenario and one-year historical scenario that exerts significant pressure on the Bank's assets.

	Six months ended 30 June 2015			
(In millions of RMB)	**Average**	**Highest**	**Lowest**	**Period end**
Value at risk (VaR)	**286**	**1,432**	**115**	**232**
Stressed value at risk (Stressed VaR)	**578**	**1,432**	**256**	**616**

Equity risk exposure of banking book

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

(In millions of RMB)	**As at 30 June 2015**			As at 31 December 2014		
Invested institution categories	**Publicly traded equity risk exposures[1]**	**Non-publicly traded equity risk exposures[1]**	**Unrealised potential risk gains or losses[2]**	Publicly traded equity risk exposures[1]	Non-publicly traded equity risk exposures[1]	Unrealised potential risk gains or losses[2]
Financial institutions	**2,140**	**1,555**	**1,100**	2,036	1,566	1,030
Non-financial institutions	**2,974**	**5,432**	**1,586**	4,583	5,466	2,071
Total	**5,114**	**6,987**	**2,686**	6,619	7,032	3,101

1. Publicly traded equity risk exposures are the equity risk exposures of invested institutions that are listed companies. Non-publicly traded equity risk exposures are the equity risk exposures of invested institutions that are unlisted companies.

2. Unrealised potential risk gains or losses are the portion of gains or losses that have been recognised in the balance sheet but not in the income statement.

Leverage Ratio

From the first quarter of 2015, the Group calculated the leverage ratio in accordance with the *Measures for the Administration of the Leverage Ratio of Commercial Banks (revised)* promulgated by the CBRC in January 2015. As at 30 June 2015, the Group's leverage ratio was 6.69%, in compliance with the regulatory requirements. Compared to the first quarter, the Group's leverage ratio went down by 0.19 percentage points, mainly due to the slower growth rate of tier 1 capital after deductions than that of on and off-balance sheet assets, as a result of the Bank's distribution of 2014 dividends in the second quarter of 2015.

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

(In millions of RMB, except percentages)	**As at 30 June 2015**	As at 31 March 2015
Leverage ratio	**6.69%**	6.88%
Tier 1 capital after deductions	**1,295,762**	1,299,833
On and off-balance sheet assets after adjustments	**19,372,182**	18,902,608

1. Leverage ratio is calculated in accordance with relevant regulatory requirements. The tier 1 capital after deductions is consistent with that used in the calculation of capital adequacy ratio by the Group.

2. On and off-balance sheet assets after adjustments = On-balance sheet assets after adjustments + Off-balance sheet items after adjustments – Deductions from tier 1 capital.

The following table sets forth, as at the date indicated, the detailed items that constitute the on and off-balance sheet assets after adjustments used in the calculation of the Group's leverage ratio, and their differences with the accounting items.

(In millions of RMB)	**As at 30 June 2015**
Total on-balance sheet assets [1]	**18,219,186**
Consolidated adjustment [2]	**(48,914)**
Customer assets adjustment	**–**
Derivatives adjustment	**23,945**
Securities financing transactions adjustment	**743**
Off-balance sheet items adjustment [3]	**1,184,812**
Other adjustments [4]	**(7,590)**
On and off-balance sheet assets after adjustments	**19,372,182**

1. Total on-balance sheet assets refer to the one calculated in accordance with financial and accounting standards.

2. Consolidated adjustment refers to the difference between regulatory consolidated total asset and accounting consolidated total asset.

3. Off-balance sheet items adjustment refers to the balance of off-balance sheet items after being multiplied by credit conversion factor in accordance with the *Measures for the Administration of the Leverage Ratio of Commercial Banks (revised).*

4. Other adjustments mainly comprise deductions from tier 1 capital.

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

(In millions of RMB, except percentages)	As at 30 June 2015
On-balance sheet assets (excluding derivatives and securities financing transactions)[1]	17,653,014
Less: Deductions from tier 1 capital	(7,590)
On-balance sheet assets after adjustments (excluding derivatives and securities financing transactions)	**17,645,424**
Replacement costs of various derivatives (excluding eligible margin)	17,247
Potential risk exposures of various derivatives	28,465
Total collaterals deducted from the balance sheet	–
Less: Assets receivable arising from the provision of eligible margin	–
Less: Derivative assets arising from central counterpart transactions while providing clearing services to customers	–
Nominal principals arising from sales of credit derivatives	–
Less: Deductible assets arising from sales of credit derivatives	–
Derivative assets	**45,712**
Accounting assets arising from securities financing transactions	495,491
Less: Deductible assets arising from securities financing transactions	–
Counterparty credit risk exposure arising from securities financing transactions	743
Assets arising from the agency services in connection with securities financing transactions	–
Securities financing transactions assets	**496,234**
Off-balance sheet assets	2,300,066
Less: Decrease in off-balance sheet assets due to credit conversion	(1,115,254)
Off-balance sheet assets after adjustments	**1,184,812**
On and off-balance sheet assets after adjustments	**19,372,182**

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

Prospects

In the second half of 2015, the global economy as a whole will continue its recovery, with complexity and differentiation being the main characteristics of world economic development in a relatively long period. Against the background of global adjustment, Chinese economy enters a "new normal" featuring the transformation of economic development model and economic structural adjustments. With the gradual unfolding of the influence of a series of national policies aiming at promoting steady growth and development, Chinese economy is expected to grow by 7% this year.

The banking industry faces both challenges and opportunities. With respect to challenges, as the economic growth slows down and certain businesses and industries suffer operational difficulties, the banking industry comes under pressure for maintaining the asset quality. Interest spread shows evident narrowing trend with greater pressure in profitability due to the promotion of interest rate liberalisation. Both foreign exchange risk and market risk increase as a result of volatile exchange rates and bulk commodity prices. On the other hand, the implementation of major strategies, such as "One Belt and One Road", "Going Global", "Coordinated Development for the Beijing-Tianjin-Hebei Region", "Yangtze River Economic Belt", free trade zones and regional revitalisation schemes, brings enormous business potentials and opportunities. The internationalisation of RMB facilitates the development of international and overseas businesses. The rapid development of domestic financial market creates new opportunities in asset management, transaction-related businesses, agency and intermediary services as well as subsidiary business for the banking industry.

In the second half of 2015, the Group will adhere to the strategy that focuses on customers and transformation to be better positioned to take advantages of opportunities arising from economic transformation and upgrading as well as introduction of various new policies, and further improve its ability in value creation and service delivery. Efforts will be made in the following areas. First, the Group will further deepen reforms and push forward the implementation of its transformation and development strategy. It will endeavor to provide comprehensive financial services for customers and accelerate the development of key businesses in financial market, asset management, treasury management, investment custody, credit card, pension and underwriting of debt securities. Second, the Group will continue to optimise its business operations and reasonably arrange the size and structure of its asset and liability portfolio. It will provide stronger support to the real economy by leveraging on its traditional competitive advantages to support the construction of national major projects and in key areas. Third, the Group will strengthen management to improve its pricing and innovation capabilities and enhance its service quality. Fourth, the Group will firmly hold the risk bottom line and strengthen risk management, to realise the transformation from passively responding to risk situations to proactively managing risks. With intensified efforts in risk screening and early warning, the Group will strive to mitigate risks while maintaining steady growth.

Changes in Shares

Unit: share

	1 January 2015		Increase/(Decrease) during the reporting period					30 June 2015	
	Number of shares	Percentage (%)	Issuance of additional shares	Bonus issue	Shares converted from capital reserve	Others	Sub-total	Number of shares	Percentage (%)
(I) Shares subject to selling restrictions	–	–	–	–	–	–	–	–	–
(II) Shares not subject to selling restrictions									
1. RMB ordinary shares	9,593,657,606	3.84	–	–	–	–	–	9,593,657,606	3.84
2. Overseas listed foreign investment shares	92,106,038,499	36.84	–	–	–	1,093,760,000	1,093,760,000	93,199,798,499	37.28
3. Others[1]	148,311,281,381	59.32	–	–	–	(1,093,760,000)	(1,093,760,000)	147,217,521,381	58.88
(III) Total number of shares	250,010,977,486	100.00	–	–	–	–	–	250,010,977,486	100.00

1. H-shares not subject to selling restrictions held by the promoters of the Bank, i.e. Huijin, Baosteel Group, State Grid, and Yangtze Power.

Number of Shareholders and Particulars of Shareholdings

At the end of the reporting period, based on the register of members as at 30 June 2015, the Bank had a total of 639,106 shareholders, of whom 48,446 were holders of H-shares and 590,660 were holders of A-shares.

Unit: share

Total number of shareholders **639,106 (Total number of registered holders of A-shares and H-shares as at 30 June 2015)**

Particulars of shareholdings of the top ten shareholders

Name of shareholder	Nature of shareholder	Shareholding percentage (%)	Total number of shares held	Number of shares subject to selling restrictions	Number of shares pledged or frozen
Huijin	State-owned	57.03	142,590,494,651 (H-shares)	None	None
		0.08	195,941,976 (A-shares)	None	None
HKSCC Nominees Limited [1]	Foreign legal person	30.93	77,335,754,139 (H-shares)	None	Unknown
Temasek [1]	Foreign legal person	5.77	14,419,443,216 (H-shares)	None	None
Baosteel Group	State-owned legal person	0.80	2,000,000,000 (H-shares)	None	None
		0.08	192,000,000 (A-shares)	None	None
Ping An Life Insurance Company of China, Ltd. -Traditional – Ordinary insurance products	Domestic non-state-owned legal person	0.76	1,911,126,594 (A-shares)	None	None
State Grid [1,2]	State-owned legal person	0.64	1,611,413,730 (H-shares)	None	None
Yangtze Power [1]	State-owned legal person	0.41	1,015,613,000 (H-shares)	None	None
Reca Investment Limited	Foreign legal person	0.34	856,000,000 (H-shares)	None	None
Penghua CSI Bank Index Classification Securities Investment Fund	Domestic non-state-owned legal person	0.05	123,802,613 (A-shares)	None	None
Hong Kong Securities Clearing Company Limited [3]	Foreign legal person	0.05	120,605,514 (A-shares)	None	None

1. On 16 January 2015, Temasek declared its interests to Hong Kong Stock Exchange. It disclosed that it held 14,419,443,216 H-shares of the Bank. As at 30 June 2015, State Grid and Yangtze Power held 1,611,413,730 H-shares and 1,015,613,000 H-shares of the Bank respectively, all of which were held under the name of HKSCC Nominees Limited. Save the aforesaid H-shares of the Bank held by Temasek, State Grid and Yangtze Power, 77,335,754,139 H-shares of the Bank were held under the name of HKSCC Nominees Limited.

2. As at 30 June 2015, the holding of H-shares of the Bank by State Grid through its wholly-owned subsidiaries was as follows: State Grid Yingda International Holdings Group Co., Ltd. held 54,131,000 shares, State Grid International Development Limited held 1,315,282,730 shares, Luneng Group Co., Ltd. held 230,000,000 shares and Shenzhen Guoneng International Trading Co., Ltd. held 12,000,000 shares.

3. As at 30 June 2015, foreign shareholders held 120,605,514 A-shares of the Bank through the Northbound trading under the name of Hong Kong Securities Clearing Company Limited.

4. Some of the shareholders mentioned above are managed by the same entity. Apart from this, the Bank is not aware of any connected relations or concerted action among the shareholders.

Changes in Controlling Shareholders and Actual Controlling Parties

During the reporting period, there had been no change in controlling shareholders and actual controlling parties.

Material Interests and Short Positions

As at 30 June 2015, the interests and short positions of substantial shareholders and other persons in the shares and underlying shares of the Bank as recorded in the register required to be kept under section 336 of the *SFO* of Hong Kong were as follows:

Name	Type of shares	Interests in shares and short positions	Nature	% of A-shares or H-shares issued	% of total shares issued
Huijin[1]	A-share	492,631,014	Long position	5.13	0.20
Huijin[2]	H-share	133,262,144,534	Long position	59.31	57.03
Temasek[3]	H-share	14,419,443,216	Long position	5.99	5.77

1. On 17 June 2013, Huijin declared its interests to Hong Kong Stock Exchange. It disclosed that it held the interests of 492,631,014 A-shares of the Bank, accounting for 5.13% and 0.20% of the A-shares issued (9,593,657,606 shares) and total shares issued (250,010,977,486 shares) at that time respectively. As at 30 June 2015, according to the A-share register of members of the Bank, Huijin directly held 195,941,976 A-shares of the Bank, accounting for 2.04% and 0.08% of the A-shares issued (9,593,657,606 shares) and total shares issued (250,010,977,486 shares) at the end of the period respectively.

2. On 26 May 2009, Huijin declared its interests to Hong Kong Stock Exchange. It disclosed that it held the interests of 133,262,144,534 H-shares of the Bank, accounting for 59.31% and 57.03% of the H-shares issued (224,689,084,000 shares) and total shares issued (233,689,084,000 shares) at that time respectively. As at 30 June 2015, according to the H-share register of members of the Bank, Huijin directly held 142,590,494,651 H-shares of the Bank, accounting for 59.31% and 57.03% of the H-shares issued (240,417,319,880 shares) and total shares issued (250,010,977,486 shares) at the end of the period respectively.

3. On 13 January 2015, Temasek adjusted its shareholding in the Bank and declared interests to Hong Kong Stock Exchange on 16 January 2015. According to this declaration, Temasek held 14,419,443,216 H-shares (long position) of the Bank, accounting for 5.99% and 5.77% of the H-shares issued and total shares issued by the Bank respectively.

Particulars of Directors, Supervisors and Senior Management

Directors of the Bank

Members of the Bank's Board included executive directors: Mr. Wang Hongzhang, Mr. Wang Zuji, Mr. Pang Xiusheng and Mr. Zhang Gengsheng; non-executive directors: Ms. Chen Yuanling, Ms. Hao Aiqun, Mr. Xu Tie, Mr. Guo Yanpeng and Mr. Dong Shi; and independent non-executive directors: Mr. Zhang Long, Ms. Elaine La Roche, Mr. Chung Shui Ming Timpson, Mr. Wim Kok, Mr. Murray Horn and Ms. Margaret Leung Ko May Yee.

Supervisors of the Bank

Members of the Bank's board of supervisors included shareholder representative supervisors: Mr. Guo You, Ms. Liu Jin and Ms. Li Xiaoling; employee representative supervisors: Mr. Jin Panshi, Mr. Zhang Huajian and Mr. Wang Lin; and external supervisors: Mr. Wang Xinmin and Mr. Bai Jianjun.

Senior Management of the Bank

Senior management of the Bank included Mr. Wang Zuji, Mr. Pang Xiusheng, Mr. Zhang Gengsheng, Mr. Yang Wensheng, Mr. Huang Yi, Mr. Yu Jingbo, Mr. Zeng Jianhua, Mr. Xu Yiming and Mr. Chen Caihong.

Changes in Directors, Supervisors and Senior Management

Upon election at the 2014 annual general meeting of the Bank, from 15 June 2015, Mr. Wang Hongzhang was re-elected executive director of the Bank and Ms. Elaine La Roche continued to serve as independent non-executive director of the Bank.

Upon review at the 2014 annual general meeting of the Bank and approval of the CBRC, from 9 July 2015, Mr. Wang Zuji commenced his position as executive director of the Bank. Upon review at the Board meeting of the Bank on 12 June 2015 and approval of the CBRC, from 9 July 2015, Mr. Wang Zuji commenced his positions as vice chairman and president of the Bank.

Upon election at the 2014 annual general meeting of the Bank and approval of the CBRC, from 7 August 2015, Mr. Pang Xiusheng commenced his position as executive director of the Bank; from 7 August 2015, Mr. Zhang Gengsheng commenced his position as executive director of the Bank; from 30 July 2015, Ms. Hao Aiqun commenced her position as non-executive director of the Bank.

The Bank published an announcement on 5 January 2015, pursuant to which, Mr. Hu Zheyi tendered his resignation to the Board as executive director and vice president of the Bank due to his age.

The Bank published an announcement on 10 March 2015, pursuant to which, Mr. Zhu Hongbo tendered his resignation to the Board as executive director and vice president of the Bank due to change of job.

The Bank published an announcement on 12 June 2015, pursuant to which, Mr. Zhang Jianguo tendered his resignation to the Board as vice chairman, executive director and president of the Bank due to work arrangement.

Directors' and Supervisors' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Bank

Mr. Zhang Gengsheng, director of the Bank, indirectly held 19,304 H-shares through participating in the employee stock incentive plan before he was appointed as director, Mr. Zhang Long, director of the Bank, held 235,400 A-shares and Ms. Margaret Leung Ko May Yee, director of the Bank, held 100,000 H-shares of the Bank. Mr. Zhang Huajian and Mr. Wang Lin, supervisors of the Bank, indirectly held 18,999 H-shares and 19,304 H-shares of the Bank respectively, through participating in the employee stock incentive plan before they were appointed as supervisors. Save as disclosed above, as at 30 June 2015, none of the directors and supervisors of the Bank had any interests or short positions in the shares, underlying shares and debentures of the Bank or its associated corporations (within the meaning of Part XV of the *SFO* of Hong Kong) as recorded in the register required to be kept under Section 352 of the *SFO* of Hong Kong or as otherwise notified to the Bank and Hong Kong Stock Exchange pursuant to *Model Code for Securities Transactions by Directors of Listed Issuers* in Appendix 10 to the Listing Rules of Hong Kong Stock Exchange.

As of 30 June 2015, except for the employee stock incentive plan, the Bank had not granted its directors or supervisors, or their respective spouses or children below the age of 18, any other rights to subscribe for the shares or debentures of the Bank or any of its associated corporations.

Directors and Supervisors' Securities Transactions

The Bank has adopted a code of practice in relation to securities transactions by directors and supervisors as set out in the *Model Code for Securities Transactions by Directors of Listed Issuers* in Appendix 10 to the Listing Rules of Hong Kong Stock Exchange. All directors and supervisors had complied with the provisions of this code during the six months ended 30 June 2015.

Shares of the Bank held by Directors, Supervisors and Senior Management

During the reporting period, Mr. Zhang Gengsheng, director of the Bank, indirectly held 19,304 H-shares of the Bank via employee stock incentive plan before he assumed the current position. Mr. Zhang Long, director of the Bank, held 235,400 A-shares of the Bank, and Ms. Margaret Leung Ko May Yee, director of the Bank, held 100,000 H-shares of the Bank. Some of the Bank's supervisors and senior executives indirectly held H-shares of the Bank via employee stock incentive plan before they assumed their current positions. Mr. Zhang Huajian held 18,999 H-shares, Mr. Wang Lin held 19,304 H-shares, Mr. Yang Wensheng held 10,845 H-shares, Mr. Yu Jingbo held 22,567 H-shares, Mr. Zeng Jianhua held 25,838 H-shares, Mr. Xu Yiming held 17,925 H-shares and Mr. Chen Caihong held 19,417 H-shares. Apart from the above, none of the directors, supervisors or senior executives of the Bank held any shares of the Bank.

Corporate Governance

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

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

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

Formulation and Implementation of Cash Dividend Policy

As approved by the 2014 annual general meeting of the Bank, the Bank distributed the 2014 cash dividend of RMB0.301 per share (including tax), totalling RMB2,888 million, on 1 July 2015 to all of its holders of A-shares whose names appeared on the register of members on 30 June 2015. It distributed the 2014 cash dividend of RMB0.301 per share (including tax), totalling RMB72,365 million, on 24 July 2015 to all of its holders of H-shares whose names appeared on the register of members on 30 June 2015. The Bank would not distribute 2015 interim dividend nor did it propose any capitalisation of capital reserve into share capital during the reporting period.

Pursuant to the *Articles of Association* of the Bank, the after-tax profits of the Bank shall be distributed in accordance with the following order: making up for the losses of the previous year, allocating the statutory reserve fund, allocating general reserve fund, allocating discretionary reserve fund and paying the dividend to the shareholders. The dividend may be distributed in the form of cash, shares or a combination of cash and shares.

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

Performance of Undertakings Given by the Bank or Shareholders Holding 5% or More of the Shares

In September 2004, Huijin made a commitment of "non-competition within the industry", i.e., as long as Huijin continued to hold any shares of the Bank, or was defined as a controlling shareholder or a related party of a controlling shareholder of the Bank in accordance with related laws of the People's Republic of China or listing rules of the Bank's listing venues, Huijin would not engage or participate in any competing commercial banking businesses, including but not limited to extending loans, taking deposits and providing settlement, and providing fund custody, bank card and currency exchange services. However, Huijin may still engage or participate in competing businesses through investing in other commercial banks. Accordingly, Huijin agreed to: (1) fairly weigh its investments in commercial banks, and not abuse its shareholder position in the Bank or the information it obtained through its shareholder position in the Bank to make decisions detrimental to the Bank but beneficial to others; (2) exercise its shareholder's rights in the best interests of the Bank. As at 30 June 2015, Huijin had not breached any of the above undertakings.

On 8 July 2015, the Bank received a notice from Huijin, pursuant to which, Huijin has undertaken not to cut any shareholdings in listed companies during the period of unusual price fluctuations in the stock market.

Apart from the above, the Bank and shareholders holding 5% or more of the shares did not give new undertakings.

Progress of Implementation of Employee Stock Incentive Plan

During the reporting period, pursuant to the requirements of relevant PRC policies, the Bank did not implement a new round of employee stock incentive plan.

Issuance of Preference Shares

On 12 December 2014, the Board of the Bank reviewed and approved the proposals on *Plan of Issuance of Domestic Preference Shares by China Construction Bank Corporation ("Domestic Issuance Plan")* and *Plan of Issuance of Offshore Preference Shares by China Construction Bank Corporation ("Offshore Issuance Plan")*. On 15 June 2015, the 2014 annual general meeting, the first A-shareholders class meeting of 2015 and the first H-shareholders class meeting of 2015 of the Bank reviewed and approved the *Domestic Issuance Plan* and the *Offshore Issuance Plan*, pursuant to which, the Bank proposed to issue preference shares with an aggregate of no more than RMB80 billion (inclusive) or its equivalent in domestic and offshore markets, including no more than RMB60 billion (inclusive) domestic preference shares and no more than RMB20 billion (inclusive) offshore preference shares or its equivalent. All proceeds from the issuance of domestic and offshore preference shares, after deduction of expenses relating to the issuance, will be used to replenish additional Tier 1 capital of the Bank. The proposal for the issuance of preference shares is subject to approvals by relevant regulatory authorities.

Acquisition and Sale of Major Assets and Merger of Enterprises

During the reporting period, there was no acquisition or sale of major assets, or merger of enterprises.

Use of Proceeds

During the reporting period, the Bank issued US$2 billion off-shore Tier-2 capital bonds. All proceeds, after deduction of expenses relating to issuance, were used to replenish the capital base of the Bank in accordance with the undertaking of the Bank.

Material Investment with Funds other than Raised Proceeds

During the reporting period, there was no material investment with funds other than raised proceeds.

Material Litigations, Arbitrations and Matters Questioned by the Major Media

During the reporting period, there was no material litigation or arbitration of the Bank, or matter in relation to the Bank that was questioned by the major media.

Material Related Party Transactions

During the reporting period, there was no material related party transaction of the Bank.

Material Contracts and Their Performance

During the reporting period, the Bank did not enter into any material arrangement for custody, contracting or lease of other companies' assets, or allow its assets to be subject to such arrangements by other companies. The guarantee business is an off-balance sheet service in the ordinary course of the Bank's business, and the Bank did not have any material guarantee that should be disclosed except for the financial guarantee services within its business scope as approved by the regulators. The Bank did not entrust management of any material cash assets to others during the reporting period.

Purchase, Sale and Redemption of Shares

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

Penalties

During the reporting period, neither the Bank, the directors, the supervisors, the senior management nor the actual controller was subject to investigations by relevant authorities, coercive measures by judicial or disciplinary inspection departments, transfer to judicial organs or criminal investigation and punishment, investigation or administrative penalty by the CSRC, restricted access to market, identification as unqualified, penalty by other administrative authorities or public reprimand by the stock exchanges.

Review of Half-Year Report

The Group's 2015 half-year financial statements prepared under PRC GAAP have been reviewed by PricewaterhouseCoopers Zhong Tian LLP and the Group's 2015 half-year financial statements prepared under IFRS have been reviewed by PricewaterhouseCoopers.

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

Other Shareholding or Share Participations

Top ten investments in securities

No.	Stock Code	Stock Abbreviation	Initial investment amount (RMB)	% of shareholding at the beginning of the period	% of shareholding at the end of the period	Carrying amount at the end of the period (RMB)	Accounting item
1	000792	QINGHAI SALT LAKE	135,653,599	3.14	3.14	1,419,126,900	Available-for-sale financial assets
2	998.HK	CITIC BANK	415,305,300	0.36	0.36	821,687,045	Available-for-sale financial assets
3	VTBR.RM	JSC VTB Bank	623,222,391	0.59	0.59	672,606,409	Available-for-sale financial assets
4	3698.HK	HUISHANG BANK	228,835,900	2.04	2.04	559,108,000	Available-for-sale financial assets
5	267.HK	CITIC	443,488,976	0.18	0.17	456,648,886	Available-for-sale financial assets
6	000001	PINGAN BANK	46,572,479	0.19	0.19	374,445,526	Available-for-sale financial assets
7	570.HK	TRAD CHI MED	271,139,900	–	1.69	364,415,078	Available-for-sale financial assets
8	6166.HK	CHINA VAST	193,945,442	7.63	5.97	280,751,668	Available-for-sale financial assets
9	600395	PJRC	337,038,032	0.98	0.98	254,525,769	Available-for-sale financial assets
10	NYSE: V	Visa Inc	44,874,400	0.02	0.02	244,287,506	Available-for-sale financial assets
Total			2,740,076,419			5,447,602,787	

1. Investment in securities in this table refers to stocks, warrants, convertible bonds and open-ended or close-ended funds that are classified as available-for-sale financial assets and financial assets at fair value through profit or loss.

Interests in non-listed financial institutions

Name	Initial investment amount (RMB)	% of shareholdings at the beginning of the period	% of shareholdings at the end of the period	Carrying amount at the end of the period (RMB)
Xiamen International Bank Co., Ltd.	300,000,000	2.18	1.57	309,804,367
China UnionPay Co., Ltd.	215,000,000	4.78	4.78	215,000,000
QBE Hongkong & Shanghai Insurance Limited	98,758,409	25.50	25.50	203,556,095
Evergrowing Bank Co., Ltd.	41,125,000	1.58	1.65	118,488,658
Shaanxi Yanchang Petroleum Finance Co., Ltd.	80,000,000	8.00	8.00	80,000,000
China Guangfa Bank Co., Ltd.	48,558,031	0.09	0.09	48,558,031
Huarong Xiangjiang Bank Corporation Limited	4,693,535	0.07	0.07	2,173,535

1. These do not include subsidiaries contained in the consolidated statements.

2. Allowances for impairment losses have been deducted from the carrying amount at the end of the period.

Report on Review of Interim Financial Statements

羅兵咸永道

To the Board of Directors of China Construction Bank Corporation
(a joint stock company incorporated in the People's Republic of China with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 61 to 166, which comprises the consolidated and Bank's statements of financial position of China Construction Bank Corporation (the "Bank") and its subsidiaries (together, the "Group") as at 30 June 2015 and the related consolidated statement of comprehensive income, the consolidated and the Bank's statements of changes in equity and the consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34" Interim Financial Reporting". The directors of the Bank are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 28 August 2015

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Consolidated Statement of Comprehensive Income

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

	Note	Six months ended 30 June 2015 (Unaudited)	2014 (Unaudited)
Interest income		**384,194**	356,473
Interest expense		**(159,575)**	(145,181)
Net interest income	3	**224,619**	211,292
Fee and commission income		**66,520**	61,854
Fee and commission expense		**(2,875)**	(1,674)
Net fee and commission income	4	**63,645**	60,180
Net trading gain	5	**1,750**	1,593
Dividend income	6	**471**	240
Net gain arising from investment securities	7	**3,432**	1,138
Other operating income net:			
– Other operating income		**18,767**	13,938
– Other operating expense		**(14,867)**	(11,654)
Other operating income, net	8	**3,900**	2,284
Operating income		**297,817**	276,727
Operating expenses	9	**(87,429)**	(84,139)
		210,388	192,588
Impairment losses on:			
– Loans and advances to customers		**(40,441)**	(21,286)
– Others		**(808)**	(1,836)
Impairment losses	10	**(41,249)**	(23,122)
Share of profits less losses of associates and joint ventures		**68**	50
Profit before tax		**169,207**	169,516
Income tax expense	11	**(36,963)**	(38,546)
Net profit		**132,244**	130,970
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Re-measurements of post-employment benefit obligations		**444**	(154)
Other		**2**	–
Subtotal		**446**	(154)
Items that may be reclassified subsequently to profit or loss			
Gains of available-for-sale financial assets arising during the period		**5,863**	20,643
Less: Income tax relating to available-for-sale financial assets		**(1,407)**	(5,147)
Reclassification adjustments for losses included in profit or loss		**(1,128)**	(537)
Net (losses)/gains on cash flow hedges		**(2)**	168
Exchange difference on translating foreign operations		**(902)**	1,468
Subtotal		**2,424**	16,595
Other comprehensive income for the period, net of tax		**2,870**	16,441
Total comprehensive income for the period		**135,114**	147,411
Net profit attributable to:			
Equity shareholders of the Bank		**131,895**	130,662
Non-controlling interests		**349**	308
		132,244	130,970
Total comprehensive income attributable to:			
Equity shareholders of the Bank		**134,504**	146,966
Non-controlling interests		**610**	445
		135,114	147,411
Basic and diluted earnings per share (in RMB Yuan)	12	**0.53**	0.52

The notes on pages 68 to 166 form part of these financial statements.

Consolidated Statement of Financial Position

As at 30 June 2015
(Expressed in millions of RMB, unless otherwise stated)

	Note	**30 June 2015 (Unaudited)**	31 December 2014 (Audited)
Assets:			
Cash and deposits with central banks	13	**2,617,781**	2,610,781
Deposits with banks and non-bank financial institutions	14	**632,183**	266,461
Precious metals		**90,786**	47,931
Placements with banks and non-bank financial institutions	15	**303,425**	248,525
Financial assets at fair value through profit or loss	16	**182,851**	332,235
Positive fair value of derivatives	17	**21,889**	13,769
Financial assets held under resale agreements	18	**495,858**	273,751
Interest receivable	19	**100,388**	91,495
Loans and advances to customers	20	**9,889,596**	9,222,910
Available-for-sale financial assets	21	**931,818**	926,170
Held-to-maturity investments	22	**2,507,181**	2,298,663
Receivables	23	**180,282**	170,801
Interests in associates and joint ventures	25	**3,758**	3,084
Fixed assets	27	**148,979**	151,607
Land use rights	28	**15,490**	15,758
Intangible assets	29	**1,784**	2,043
Goodwill	30	**2,546**	2,696
Deferred tax assets	31	**39,555**	39,436
Other assets	32	**53,036**	26,014
Total assets		**18,219,186**	16,744,130
Liabilities:			
Borrowings from central banks	35	**40,099**	91,216
Deposits from banks and non-bank financial institutions	36	**1,733,895**	1,004,118
Placements from banks and non-bank financial institutions	37	**313,734**	202,402
Financial liabilities at fair value through profit or loss	38	**205,209**	296,009
Negative fair value of derivatives	17	**16,939**	12,373
Financial assets sold under repurchase agreements	39	**8,495**	181,528
Deposits from customers	40	**13,696,977**	12,898,675
Accrued staff costs	41	**32,160**	34,535
Taxes payable	42	**40,809**	62,644
Interest payable	43	**198,692**	185,874
Provisions	44	**7,634**	7,068
Debt securities issued	45	**426,306**	431,652
Deferred tax liabilities	31	**519**	401
Other liabilities	46	**185,268**	83,272
Total liabilities		**16,906,736**	15,491,767
Equity:			
Share capital	47	**250,011**	250,011
Capital reserve	48	**135,835**	135,391
Investment revaluation reserve	49	**7,600**	4,562
Surplus reserve	50	**130,515**	130,515
General reserve	51	**185,926**	169,496
Retained earnings	52	**598,917**	558,705
Exchange reserve		**(7,374)**	(6,501)
Total equity attributable to equity shareholders of the Bank		**1,301,430**	1,242,179
Non-controlling interests		**11,020**	10,184
Total equity		**1,312,450**	1,252,363
Total liabilities and equity		**18,219,186**	16,744,130

Approved and authorised for issue by the Board of Directors on 28 August 2015.

Wang Zuji	**Chung Shui Ming Timpson**	**Zhang Long**
Vice chairman, executive director and president	*Independent non-executive director*	*Independent non-executive director*

The notes on pages 68 to 166 form part of these financial statements.

Statement of Financial Position

As at 30 June 2015
(Expressed in millions of RMB, unless otherwise stated)

	Note	30 June 2015 (Unaudited)	31 December 2014 (Audited)
Assets:			
Cash and deposits with central banks	13	**2,607,981**	2,600,028
Deposits with banks and non-bank financial institutions	14	**636,613**	280,848
Precious metals		**90,786**	47,931
Placements with banks and non-bank financial institutions	15	**323,059**	247,606
Financial assets at fair value through profit or loss	16	**171,944**	320,452
Positive fair value of derivatives	17	**16,867**	9,880
Financial assets held under resale agreements	18	**495,321**	273,444
Interest receivable	19	**97,559**	88,930
Loans and advances to customers	20	**9,524,791**	8,876,246
Available-for-sale financial assets	21	**836,789**	844,914
Held-to-maturity investments	22	**2,502,655**	2,294,723
Receivables	23	**160,036**	154,576
Investments in subsidiaries	24	**29,911**	26,794
Fixed assets	27	**137,301**	141,880
Land use rights	28	**15,073**	15,341
Intangible assets	29	**1,270**	1,506
Deferred tax assets	31	**38,560**	38,115
Other assets	32	**80,699**	56,569
Total assets		**17,767,215**	16,319,783
Liabilities:			
Borrowings from central banks	35	**39,360**	90,409
Deposits from banks and non-bank financial institutions	36	**1,739,033**	1,008,746
Placements from banks and non-bank financial institutions	37	**254,364**	152,152
Financial liabilities at fair value through profit or loss	38	**203,564**	292,642
Negative fair value of derivatives	17	**14,556**	10,612
Financial assets sold under repurchase agreements	39	**634**	177,256
Deposits from customers	40	**13,469,744**	12,654,493
Accrued staff costs	41	**30,655**	33,234
Taxes payable	42	**39,912**	61,881
Interest payable	43	**197,494**	184,627
Provisions	44	**6,142**	5,399
Debt securities issued	45	**355,491**	367,504
Deferred tax liabilities	31	**19**	43
Other liabilities	46	**126,966**	48,549
Total liabilities		**16,477,934**	15,087,547
Equity:			
Share capital	47	**250,011**	250,011
Capital reserve	48	**135,832**	135,387
Investment revaluation reserve	49	**6,613**	4,288
Surplus reserve	50	**130,515**	130,515
General reserve	51	**182,308**	165,916
Retained earnings	52	**585,681**	547,542
Exchange reserve		**(1,679)**	(1,423)
Total equity		**1,289,281**	1,232,236
Total liabilities and equity		**17,767,215**	16,319,783

Approved and authorised for issue by the Board of Directors on 28 August 2015.

Wang Zuji	**Chung Shui Ming Timpson**	**Zhang Long**
Vice chairman, executive director and president	*Independent non-executive director*	*Independent non-executive director*

The notes on pages 68 to 166 form part of these financial statements.

Consolidated Statement of Changes in Equity

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

	(Unaudited)								
	Attributable to equity shareholders of the Bank								
	Share capital	Capital reserve	Investment revaluation reserve	Surplus reserve	General reserve	Retained earnings	Exchange reserve	Non-controlling interests	Total equity
As at 31 December 2014	**250,011**	**135,391**	**4,562**	**130,515**	**169,496**	**558,705**	**(6,501)**	**10,184**	**1,252,363**
Movements during the period	**–**	**444**	**3,038**	**–**	**16,430**	**40,212**	**(873)**	**836**	**60,087**
(1) Total comprehensive income for the period	**–**	**444**	**3,038**	**–**	**–**	**131,895**	**(873)**	**610**	**135,114**
(2) Changes in share capital									
i Non-controlling interests of new subsidiaries	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**4**	**4**
ii Change in shareholdings in subsidiaries	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**234**	**234**
(3) Profit distribution									
i Appropriation to general reserve	**–**	**–**	**–**	**–**	**16,430**	**(16,430)**	**–**	**–**	**–**
ii Appropriation to equity shareholders	**–**	**–**	**–**	**–**	**–**	**(75,253)**	**–**	**(12)**	**(75,265)**
As at 30 June 2015	**250,011**	**135,835**	**7,600**	**130,515**	**185,926**	**598,917**	**(7,374)**	**11,020**	**1,312,450**
As at 31 December 2013	250,011	135,523	(19,290)	107,970	153,835	444,084	(6,182)	8,378	1,074,329
Movements during the period	–	14	14,822	–	15,204	40,455	1,468	720	72,683
(1) Total comprehensive income for the period	–	14	14,822	–	–	130,662	1,468	445	147,411
(2) Changes in share capital									
i. Acquisition of subsidiaries	–	–	–	–	–	–	–	117	117
ii. Change in shareholdings in subsidiaries	–	–	–	–	–	–	–	176	176
(3) Profit distribution									
i. Appropriation to general reserve	–	–	–	–	15,204	(15,204)	–	–	–
ii. Appropriation to equity shareholders	–	–	–	–	–	(75,003)	–	(18)	(75,021)
As at 30 June 2014	250,011	135,537	(4,468)	107,970	169,039	484,539	(4,714)	9,098	1,147,012

	(Audited)								
	Attributable to equity shareholders of the Bank								
	Share capital	Capital reserve	Investment revaluation reserve	Surplus reserve	General reserve	Retained earnings	Exchange reserve	Non-controlling interests	Total equity
As at 31 December 2013	250,011	135,523	(19,290)	107,970	153,835	444,084	(6,182)	8,378	1,074,329
Movements during the year	–	(132)	23,852	22,545	15,661	114,621	(319)	1,806	178,034
(1) Total comprehensive income for the year	–	(132)	23,852	–	–	227,830	(319)	717	251,948
(2) Changes in share capital									
i Acquisition of subsidiaries	–	–	–	–	–	–	–	981	981
ii Change in shareholdings in subsidiaries	–	–	–	–	–	–	–	130	130
(3) Profit distribution									
i Appropriation to surplus reserve	–	–	–	22,545	–	(22,545)	–	–	–
ii Appropriation to general reserve	–	–	–	–	15,661	(15,661)	–	–	–
iii Appropriation to equity shareholders	–	–	–	–	–	(75,003)	–	(22)	(75,025)
As at 31 December 2014	250,011	135,391	4,562	130,515	169,496	558,705	(6,501)	10,184	1,252,363

The notes on pages 68 to 166 form part of these financial statements.

Statement of Changes in Equity

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

	(Unaudited)							
	Share capital	Capital reserve	Investment revaluation reserve	Surplus reserve	General reserve	Retained earnings	Exchange reserve	Total equity
As at 31 December 2014	**250,011**	**135,387**	**4,288**	**130,515**	**165,916**	**547,542**	**(1,423)**	**1,232,236**
Movements during the period	**–**	**445**	**2,325**	**–**	**16,392**	**38,139**	**(256)**	**57,045**
(1) Total comprehensive income for the period	**–**	**445**	**2,325**	**–**	**–**	**129,784**	**(256)**	**132,298**
(2) Profit distribution								
i Appropriation to general reserve	**–**	**–**	**–**	**–**	**16,392**	**(16,392)**	**–**	**–**
ii Appropriation to equity shareholders	**–**	**–**	**–**	**–**	**–**	**(75,253)**	**–**	**(75,253)**
As at 30 June 2015	**250,011**	**135,832**	**6,613**	**130,515**	**182,308**	**585,681**	**(1,679)**	**1,289,281**
As at 31 December 2013	250,011	135,508	(19,275)	107,970	150,675	434,877	(1,165)	1,058,601
Movements during the period	–	14	14,782	–	15,259	39,293	293	69,641
(1) Total comprehensive income for the period	–	14	14,782	–	–	129,555	293	144,644
(2) Profit distribution								
i Appropriation to general reserve	–	–	–	–	15,259	(15,259)	–	–
ii Appropriation to equity shareholders	–	–	–	–	–	(75,003)	–	(75,003)
As at 30 June 2014	250,011	135,522	(4,493)	107,970	165,934	474,170	(872)	1,128,242

	(Audited)							
	Share capital	Capital reserve	Investment revaluation reserve	Surplus reserve	General reserve	Retained earnings	Exchange reserve	Total equity
As at 31 December 2013	250,011	135,508	(19,275)	107,970	150,675	434,877	(1,165)	1,058,601
Movements during the year	–	(121)	23,563	22,545	15,241	112,665	(258)	173,635
(1) Total comprehensive income for the year	–	(121)	23,563	–	–	225,454	(258)	248,638
(2) Profit distribution								
i Appropriation to surplus reserve	–	–	–	22,545	–	(22,545)	–	–
ii Appropriation to general reserve	–	–	–	–	15,241	(15,241)	–	–
iii Appropriation to equity shareholders	–	–	–	–	–	(75,003)	–	(75,003)
As at 31 December 2014	250,011	135,387	4,288	130,515	165,916	547,542	(1,423)	1,232,236

The notes on pages 68 to 166 form part of these financial statements.

Consolidated Statement of Cash Flows

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

	Note	Six months ended 30 June 2015 (Unaudited)	2014 (Unaudited)
Cash flows from operating activities			
Profit before tax		**169,207**	169,516
Adjustments for:			
– Impairment losses	10	**41,249**	23,122
– Depreciation and amortisation	9	**9,649**	8,550
– Unwinding of discount		**(1,355)**	(894)
– Revaluation gain on financial instruments at fair value through profit or loss		**(2,055)**	(420)
– Share of profit less losses of associates and joint ventures		**(68)**	(50)
– Dividend income	6	**(471)**	(240)
– Unrealised foreign exchange gain		**(2,781)**	(1,745)
– Interest expense on bonds issued		**4,664**	3,744
– Net gain on disposal of investment securities	7	**(3,432)**	(1,138)
– Net loss/(gain) on disposal of fixed assets and other long-term assets		**2**	(11)
		214,609	200,434
Changes in operating assets:			
Net increase in deposits with central banks and with banks and non-bank financial institutions		**(285,879)**	(242,245)
Net increase in placements with banks and non-bank financial institutions		**(25,230)**	(22,882)
Net increase in loans and advances to customers		**(707,240)**	(589,637)
Net increase in financial assets held under resale agreements		**(222,107)**	(70,213)
Decrease/(Increase) in other operating assets		**79,468**	(13,052)
		(1,160,988)	(938,029)
Changes in operating liabilities:			
Net decrease in borrowings from central banks		**(51,102)**	(53,351)
Net increase in placements from banks and non-bank financial institutions		**111,470**	98,516
Net increase in deposits from customers and from banks and non-bank financial institutions		**1,528,787**	818,580
Net decrease in financial assets sold under repurchase agreements		**(173,030)**	(58,900)
Net (decrease)/increase in certificates of deposit issued		**(25,478)**	63,718
Income tax paid		**(58,090)**	(58,911)
(Decrease)/increase in other operating liabilities		**(66,551)**	17,463
		1,266,006	827,115
Net cash from operating activities		**319,627**	89,520
Cash flows from investing activities			
Proceeds from sale and redemption of investments		**489,960**	257,862
Dividends received		**482**	216
Proceeds from disposal of fixed assets and other long-term assets		**728**	455
Purchase of investment securities		**(701,289)**	(371,807)
Purchase of fixed assets and other long-term assets		**(6,942)**	(10,712)
Acquisition of subsidiaries, associates and joint ventures		**(681)**	(106)
Net cash used in investing activities		**(217,742)**	(124,092)
Cash flows from financing activities			
Issue of bonds		**21,086**	13,830
Capital contribution by non-controlling interests		**238**	293
Dividends paid		**(2,838)**	(8)
Repayment of borrowings		**(882)**	(12,500)
Interest paid on bonds issued		**(2,751)**	(1,568)
Net cash from financing activities		**14,853**	47

(Expressed in millions of RMB, unless otherwise stated)

	Note	Six months ended 30 June 2015 (Unaudited)	2014 (Unaudited)
Effect of exchange rate changes on cash and cash equivalents		**(89)**	2,989
Net increase/(decrease) in cash and cash equivalents		**116,649**	(31,536)
Cash and cash equivalents as at 1 January	53	**353,718**	440,773
Cash and cash equivalents as at 30 June	53	**470,367**	409,237
Cash flows from operating activities include:			
Interest received		**374,000**	334,616
Interest paid, excluding interest expense on bonds issued		**(143,912)**	(119,888)

The notes on pages 68 to 166 form part of these financial statements.

1 Company information

The history of China Construction Bank Corporation (the "Bank") dates back to 1954, which was previously known as the People's Construction Bank of China when it was established. It administered and disbursed government funds for construction and infrastructure related projects under the state economic plan. The People's Construction Bank of China gradually became a full service commercial bank following the establishment of China Development Bank in 1994 to assume its policy lending functions. In 1996, the People's Construction Bank of China changed its name to China Construction Bank ("CCB"). On 17 September 2004, China Construction Bank Corporation was formed as a joint-stock commercial bank in the People's Republic of China (the "PRC") as a result of a separation procedure undertaken by our predecessor, China Construction Bank. In October 2005 and September 2007, the Bank's H-shares and A-shares were listed on Hong Kong Stock Exchange (Stock Code: 939) and Shanghai Stock Exchange (Stock Code: 601939) respectively.

The Bank obtained its finance permit No.B0004H111000001 from the China Banking Regulatory Commission (the "CBRC") of the PRC. The Bank obtained its business license No.100000000039122 from the State Administration for Industry and Commerce of the PRC. The registered office of the Bank is located at No.25, Finance Street, Xicheng District, Beijing, the PRC.

The principal activities of the Bank and its subsidiaries (collectively the "Group") are the provision of corporate and personal banking services, conducting treasury business, the provision of asset management, trustee, finance leasing, investment banking, insurance and other financial services. The Group operates in Mainland China and also has several overseas branches and subsidiaries. For the purpose of these financial statements, Mainland China refers to the PRC excluding Hong Kong Special Administrative Region of the PRC ("Hong Kong"), Macau Special Administrative Region of the PRC ("Macau") and Taiwan. Overseas refers to countries and regions other than Mainland China.

The Bank is under the supervision of the banking regulatory bodies empowered by the State Council of the PRC (the "State Council"). The overseas financial operations of the Bank are under the supervision of their respective local jurisdictions. Central Huijin Investments Ltd. ("Huijin"), a wholly owned subsidiary of China Investment Corporation ("CIC"), exercises the rights and obligations as an investor on behalf of the PRC government.

2 Basis of preparation and significant accounting policies

(1) Basis of preparation

The interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" and with all applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

The unaudited interim financial statements contain selected explanatory notes, which provide explanations of events and transactions that are significant to the understanding of the changes in financial position and performance of the Group since the financial statements for the year ended 31 December 2014. The selected notes do not include all of the information and disclosures required for a full set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs"), and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2014.

(2) Use of estimates and assumptions

The preparation of the interim financial statements 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 in the future may differ from those reported as a result of the use of estimates and assumptions about future conditions.

(3) Consolidation

The interim financial statements comprise the Bank and its subsidiaries and the Group's interests in associates and joint ventures.

The financial results and performance of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Necessary adjustments on the accounting period and accounting policies of subsidiaries are made to comply with those of the Bank. Intragroup balances and transactions, and any profits or losses arising from intragroup transactions are eliminated in full in preparing the consolidated financial statements.

The Group's interest in associates or joint ventures is included from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. Profits and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's interest in the associates or joint ventures.

(4) Significant accounting policies

In the current interim period, the Group has adopted amendment to IAS 19 (Employee Benefits), annual improvements 2012 and annual improvements 2013, amended by International Accounting Standards Board ("IASB"). The adoption of the accounting standards has no significant impact to the interim financial statements.

Except for the facts as described above, the accounting policies adopted by the Group for the interim financial statements are consistent with those applied in the preparation of the Group's annual financial statements for the year ended 31 December 2014.

(Expressed in millions of RMB, unless otherwise stated)

2 Basis of preparation and significant accounting policies (continued)

(5) Interim financial statements and statutory accounts

The interim financial statements have been reviewed by the Audit Committee of the Bank, and were approved by the Board of Directors of the Bank on 28 August 2015. The interim financial statements have also been reviewed by the Bank's auditors, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

The financial information relating to the financial year ended 31 December 2014 that is included in the interim financial statements as previously reported information does not constitute the Group's statutory financial statements for that financial year but is derived from those financial statements. The auditor has expressed an unqualified opinion on those financial statements in the report dated 27 March 2015.

3 Net interest income

	Six months ended 30 June	
	2015	2014
Interest income arising from:		
Deposits with central banks	**19,862**	19,090
Deposits with banks and non-bank financial institutions	**6,374**	8,051
Placements with banks and non-bank financial institutions	**8,235**	4,446
Financial assets at fair value through profit or loss	**584**	668
Financial assets held under resale agreements	**5,261**	6,247
Investment securities	**69,500**	61,153
Loans and advances to customers		
– Corporate loans and advances	**185,556**	178,276
– Personal loans and advances	**84,879**	75,243
– Discounted bills	**3,943**	3,299
Total	**384,194**	356,473
Interest expense arising from:		
Borrowings from central banks	**(1,854)**	(380)
Deposits from banks and non-bank financial institutions	**(17,263)**	(22,671)
Placements from banks and non-bank financial institutions	**(2,494)**	(2,305)
Financial assets sold under repurchase agreements	**(448)**	(82)
Debt securities issued	**(8,961)**	(5,801)
Deposits from customers		
– Corporate deposits	**(62,600)**	(57,962)
– Personal deposits	**(65,955)**	(55,980)
Total	**(159,575)**	(145,181)
Net interest income	**224,619**	211,292

(1) Interest income from impaired financial assets is listed as follows:

	Six months ended 30 June	
	2015	2014
Impaired loans and advances	**1,355**	894
Other impaired financial assets	**55**	58
Total	**1,410**	952

(2) Interest expense on financial liabilities with maturity over five years mainly represented the interest expense on debt securities issued.

(Expressed in millions of RMB, unless otherwise stated)

4 Net fee and commission income

	Six months ended 30 June	
	2015	2014
Fee and commission income		
Bank card fees	**16,735**	14,662
Agency service fees	**11,266**	7,276
Consultancy and advisory fees	**9,809**	12,822
Settlement and clearing fees	**7,728**	8,219
Wealth management service fees	**6,877**	4,689
Commission on trust and fiduciary activities	**5,333**	5,161
Electronic banking service fees	**3,382**	3,281
Credit commitment fees	**1,665**	1,736
Guarantee fees	**1,287**	1,117
Others	**2,438**	2,891
Total	**66,520**	61,854
Fee and commission expense		
Bank card transaction fees	**(1,295)**	(1,094)
Inter-bank transaction fees	**(310)**	(266)
Others	**(1,270)**	(314)
Total	**(2,875)**	(1,674)
Net fee and commission income	**63,645**	60,180

5 Net trading gain

	Six months ended 30 June	
	2015	2014
Debt securities	**376**	415
Derivatives	**1,339**	563
Equity investments	**559**	131
Others	**(524)**	484
Total	**1,750**	1,593

For the six months ended 30 June 2015, the trading gain related to financial assets designated at fair value through profit or loss of the Group amounted to RMB5,423 million (for the six months ended 30 June 2014: RMB14,593 million gain). Trading loss related to financial liabilities designated at fair value through profit or loss of the Group amounted to RMB4,930 million (for the six months ended 30 June 2014: RMB16,513 million loss).

(Expressed in millions of RMB, unless otherwise stated)

6 Dividend income

	Six months ended 30 June	
	2015	2014
Dividend income from listed trading equity investments	**21**	26
Dividend income from available-for-sale equity investments		
– Listed	**43**	23
– Unlisted	**407**	191
Total	**471**	240

7 Net gain arising from investment securities

	Six months ended 30 June	
	2015	2014
Net gain on sale of available-for-sale financial assets	**2,174**	190
Net revaluation gain reclassified from other comprehensive income on disposal	**1,185**	733
Net gain on sale of held-to-maturity investments	**189**	215
Others	**(116)**	–
Total	**3,432**	1,138

8 Other operating income, net

Other operating income

	Six months ended 30 June	
	2015	2014
Insurance related income	**14,259**	11,199
Foreign exchange gain	**2,278**	868
Gain on disposal of fixed assets	**33**	40
Gain on disposal of repossessed assets	**24**	43
Others	**2,173**	1,788
Total	**18,767**	13,938

Foreign exchange gain or loss includes gains and losses in connection with the translation of foreign currency denominated monetary assets and liabilities, and net realised and unrealised gains and losses on foreign exchange derivatives (including those foreign exchange swaps, foreign exchange options and currency swaps entered into in order to economically hedge long positions in foreign currency assets).

Other operating expense

For the six months ended 30 June 2015, other operating expenses of the Group mainly contain insurance related claims from CCB Life.

(Expressed in millions of RMB, unless otherwise stated)

9 Operating expenses

	Six months ended 30 June	
	2015	2014
Staff costs		
– Salaries, bonuses, allowances and subsidies	**27,213**	25,718
– Other social insurance and welfare	**3,516**	3,670
– Housing funds	**3,040**	2,794
– Union running costs and employee education costs	**977**	1,062
– Defined contribution plans accrued	**6,060**	5,684
– Early retirement expenses	**51**	26
– Compensation to employees for termination of employment relationship	**4**	3
	40,861	38,957
Premises and equipment expenses		
– Depreciation charges	**8,409**	7,358
– Rent and property management expenses	**4,164**	3,691
– Maintenance	**923**	1,086
– Utilities	**988**	913
– Others	**243**	712
	14,727	13,760
Business taxes and surcharges	**18,234**	17,231
Amortisation expenses	**1,240**	1,192
Audit fees	**71**	72
Other general and administrative expenses	**12,296**	12,927
Total	**87,429**	84,139

10 Impairment losses

	Six months ended 30 June	
	2015	2014
Loans and advances to customers	**40,441**	21,286
– Additions	**45,924**	26,365
– Releases	**(5,483)**	(5,079)
Available-for-sale debt securities	**(320)**	22
Held-to-maturity investments	**172**	320
Receivables	**7**	84
Others	**949**	1,410
Total	**41,249**	23,122

(Expressed in millions of RMB, unless otherwise stated)

11 Income tax expense

(1) Income tax expense

	Six months ended 30 June	
	2015	2014
Current tax	**39,211**	36,191
– Mainland China	**38,370**	35,970
– Hong Kong	**582**	93
– Other countries and regions	**259**	128
Adjustments for prior years	**(1,216)**	113
Deferred tax	**(1,032)**	2,242
Total	**36,963**	38,546

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

(2) Reconciliation between income tax expense and accounting profit

		Six months ended 30 June	
	Note	**2015**	2014
Profit before tax		**169,207**	169,516
Income tax calculated at statutory tax rates at 25%		**42,302**	42,379
Non-deductible expenses	(i)	**1,968**	1,048
Non-taxable income	(ii)	**(6,091)**	(4,994)
Adjustments on income tax for prior years which affect profit or loss		**(1,216)**	113
Income tax expense		**36,963**	38,546

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

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

(Expressed in millions of RMB, unless otherwise stated)

12 Earnings per share

Basic earnings per share for the six months ended 30 June 2015 and 2014 have been computed by dividing the net profit attributable to equity shareholders of the Bank by the weighted average number of ordinary shares outstanding during the period. There was no difference between basic and diluted earnings per share as there were no potentially dilutive shares outstanding during the six months ended 30 June 2015 and 2014.

	Six months ended 30 June	
	2015	2014
Net profit attributable to shareholders of the Bank	**131,895**	130,662
Weighted average number of shares (in million shares)	**250,011**	250,011
Basic and diluted earnings per share attributable to shareholders of the Bank (in RMB Yuan)	**0.53**	0.52

13 Cash and deposits with central banks

		Group		Bank	
	Note	**30 June 2015**	31 December 2014	**30 June 2015**	31 December 2014
Cash		**64,137**	72,653	**63,451**	72,008
Deposits with central banks					
– Statutory deposit reserves	(1)	**2,314,085**	2,424,959	**2,311,938**	2,422,089
– Surplus deposit reserves	(2)	**214,234**	81,392	**207,267**	74,154
– Fiscal deposits		**25,325**	31,777	**25,325**	31,777
Subtotal		**2,553,644**	2,538,128	**2,544,530**	2,528,020
Total		**2,617,781**	2,610,781	**2,607,981**	2,600,028

(1) The Group places statutory deposit reserves with the People's Bank of China ("PBOC") and overseas central banks where it has operations. The statutory deposit reserves are not available for use in the Group's daily business.

As at the end of the reporting period, the statutory deposit reserve rates in Mainland China were as follows:

	30 June 2015	31 December 2014
Reserve rate for RMB deposits	**18.5%**	20.0%
Reserve rate for foreign currency deposits	**5.0%**	5.0%

The statutory RMB deposit reserve rates applicable to domestic subsidiaries of the Group are determined by the PBOC.

The amounts of statutory deposit reserves placed with the central banks of overseas countries are determined by local jurisdictions.

(2) The surplus deposit reserve maintained with the PBOC is mainly for the purpose of clearing.

(Expressed in millions of RMB, unless otherwise stated)

14 Deposits with banks and non-bank financial institutions

(1) Analysed by type of counterparties

	Group		Bank	
	30 June 2015	31 December 2014	**30 June 2015**	31 December 2014
Banks	**615,445**	260,940	**619,991**	275,361
Non-bank financial institutions	**16,745**	5,528	**16,626**	5,491
Gross balances	**632,190**	266,468	**636,617**	280,852
Allowances for impairment losses (Note 33)	**(7)**	(7)	**(4)**	(4)
Net balances	**632,183**	266,461	**636,613**	280,848

(2) Analysed by geographical sectors

	Group		Bank	
	30 June 2015	31 December 2014	**30 June 2015**	31 December 2014
Mainland China	**611,968**	240,795	**608,468**	240,364
Overseas	**20,222**	25,673	**28,149**	40,488
Gross balances	**632,190**	266,468	**636,617**	280,852
Allowances for impairment losses (Note 33)	**(7)**	(7)	**(4)**	(4)
Net balances	**632,183**	266,461	**636,613**	280,848

15 Placements with banks and non-bank financial institutions

(1) Analysed by type of counterparties

	Group		Bank	
	30 June 2015	31 December 2014	**30 June 2015**	31 December 2014
Banks	**210,443**	160,333	**216,045**	146,933
Non-bank financial institutions	**93,011**	88,219	**107,043**	100,700
Gross balances	**303,454**	248,552	**323,088**	247,633
Allowances for impairment losses (Note 33)	**(29)**	(27)	**(29)**	(27)
Net balances	**303,425**	248,525	**323,059**	247,606

(2) Analysed by geographical sectors

	Group		Bank	
	30 June 2015	31 December 2014	**30 June 2015**	31 December 2014
Mainland China	**184,367**	174,250	**141,341**	116,150
Overseas	**119,087**	74,302	**181,747**	131,483
Gross balances	**303,454**	248,552	**323,088**	247,633
Allowances for impairment losses (Note 33)	**(29)**	(27)	**(29)**	(27)
Net balances	**303,425**	248,525	**323,059**	247,606

(Expressed in millions of RMB, unless otherwise stated)

16 Financial assets at fair value through profit or loss

Analysed by nature

		Group		Bank	
	Note	**30 June 2015**	31 December 2014	**30 June 2015**	31 December 2014
Held for trading purposes	(1)				
– Debt securities		**27,593**	95,118	**21,790**	88,800
– Equity instruments		**639**	401	**–**	–
– Funds		**16**	210	**–**	–
		28,248	95,729	**21,790**	88,800
Designated at fair value through profit or loss	(2)				
– Debt securities		**466**	998	**–**	–
– Equity instruments		**3,983**	3,856	**–**	–
– Other debt instruments		**150,154**	231,652	**150,154**	231,652
		154,603	236,506	**150,154**	231,652
Total		**182,851**	332,235	**171,944**	320,452

Analysed by types of issuer

(1) Held for trading purposes

(a) Debt securities

		Group		Bank	
	Note	**30 June 2015**	31 December 2014	**30 June 2015**	31 December 2014
Government		**6,305**	7,179	**915**	1,348
Policy banks		**1,230**	5,016	**1,230**	5,016
Banks and non-bank financial institutions		**8,693**	10,130	**8,477**	9,896
Enterprises		**11,365**	72,793	**11,168**	72,540
Total		**27,593**	95,118	**21,790**	88,800
Listed	(i)	**27,593**	95,118	**21,790**	88,800
– of which in Hong Kong		**108**	132	**–**	–
Total		**27,593**	95,118	**21,790**	88,800

(i) Debt securities traded on the China Domestic Interbank Bond Market are classified in the Listed category.

(b) Equity instruments and funds

	Group	
	30 June 2015	31 December 2014
Banks and non-bank financial institutions	**37**	203
Enterprises	**618**	408
Total	**655**	611
Listed	**626**	404
– of which in Hong Kong	**591**	383
Unlisted	**29**	207
Total	**655**	611

(Expressed in millions of RMB, unless otherwise stated)

16 Financial assets at fair value through profit or loss (continued)

Analysed by types of issuer (continued)

(2) Designated at fair value through profit or loss

(a) Debt securities

	Group	
	30 June 2015	31 December 2014
Enterprises	**466**	998
Total	**466**	998
Listed	**–**	31
– of which in Hong Kong	**–**	31
Unlisted	**466**	967
Total	**466**	998

(b) Equity instruments

	Group	
	30 June 2015	31 December 2014
Banks and non-bank financial institutions	**937**	1,035
Enterprises	**3,046**	2,821
Total	**3,983**	3,856
Listed	**1,873**	1,904
– of which in Hong Kong	**1,869**	1,338
Unlisted	**2,110**	1,952
Total	**3,983**	3,856

(c) Other debt instruments

	Group		Bank	
	30 June 2015	31 December 2014	**30 June 2015**	31 December 2014
Banks and non-bank financial institutions	**148,866**	231,592	**148,866**	231,592
Enterprises	**1,288**	60	**1,288**	60
Total	**150,154**	231,652	**150,154**	231,652

Other debt instruments were mainly the deposits with banks invested by principal guaranteed wealth management products.

There was no significant limitation on the ability of the Group and the Bank to dispose of financial assets at fair value through profit or loss.

(Expressed in millions of RMB, unless otherwise stated)

17 Derivatives and hedge accounting

(1) Analysed by type of contract

Group

	30 June 2015			31 December 2014		
	Notional amounts	**Assets**	**Liabilities**	Notional amounts	Assets	Liabilities
Interest rate contracts	**433,184**	**1,812**	**1,453**	211,495	1,558	1,376
Exchange rate contracts	**2,263,820**	**17,171**	**15,187**	1,560,367	10,825	10,323
Other contracts	**60,229**	**2,906**	**299**	28,377	1,386	674
Total	**2,757,233**	**21,889**	**16,939**	1,800,239	13,769	12,373

Bank

	30 June 2015			31 December 2014		
	Notional amounts	**Assets**	**Liabilities**	Notional amounts	Assets	Liabilities
Interest rate contracts	**421,559**	**1,759**	**1,393**	207,392	1,541	1,357
Exchange rate contracts	**1,808,395**	**12,959**	**12,864**	1,252,813	7,516	8,581
Other contracts	**57,962**	**2,149**	**299**	26,347	823	674
Total	**2,287,916**	**16,867**	**14,556**	1,486,552	9,880	10,612

(2) Analysed by credit risk-weighted assets

	Group		**Bank**	
	30 June 2015	31 December 2014	**30 June 2015**	31 December 2014
Counterparty credit default risk-weighted assets				
– Interest rate contracts	**1,808**	1,615	**1,761**	1,603
– Exchange rate contracts	**24,909**	16,211	**20,919**	11,618
– Other contracts	**2,484**	1,564	**1,555**	915
Subtotal	**29,201**	19,390	**24,235**	14,136
Credit value adjustment	**13,070**	7,921	**11,208**	6,415
Total	**42,271**	27,311	**35,443**	20,551

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

(Expressed in millions of RMB, unless otherwise stated)

17 Derivatives and hedge accounting (continued)

(3) Hedge accounting

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

Group

	30 June 2015			31 December 2014		
	Notional amounts	**Assets**	**Liabilities**	Notional amounts	Assets	Liabilities
Fair value hedges						
Interest rate swaps	**12,663**	**67**	**(47)**	8,628	71	(59)
Foreign exchange swaps	**14,566**	**78**	**(115)**	–	–	–
Subtotal	**27,229**	**145**	**(162)**	8,628	71	(59)
Cash flow hedges						
Foreign exchange forwards	**1,037**	**–**	**(11)**	1,974	10	–
Total	**28,266**	**145**	**(173)**	10,602	81	(59)

Bank

	30 June 2015			31 December 2014		
	Notional amounts	**Assets**	**Liabilities**	Notional amounts	Assets	Liabilities
Fair value hedges						
Interest rate swaps	**10,678**	**64**	**(41)**	8,174	71	(56)
Foreign exchange swaps	**13,976**	**74**	**(112)**	–	–	–
Subtotal	**24,654**	**138**	**(153)**	8,174	71	(56)
Cash flow hedges						
Foreign exchange forwards	**–**	**–**	**–**	317	1	–
Total	**24,654**	**138**	**(153)**	8,491	72	(56)

(Expressed in millions of RMB, unless otherwise stated)

17 Derivatives and hedge accounting (continued)

(3) Hedge accounting (continued)

(a) *Fair value hedge*

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

Gains or losses on fair value hedges are as follows:

The Group and the Bank

	Six months ended 30 June	
	2015	2014
Net (losses)/gains on		
– hedging instruments	**(25)**	27
– hedged items	**25**	(27)

The gain and loss arising from ineffective portion of fair value hedge was immaterial for the six month ended 30 June 2014 and 2015.

(b) *Cash flow hedge*

The Group uses foreign exchange forwards to hedge against exposures to cash flow variability primarily from foreign exchange risks of loans and advances to customers. The maturities of hedging instruments and hedged items are both within one year.

For the six month ended 30 June 2015, the Group's and the Bank's net loss from the cash flow hedge of RMB2 million and RMB1 million respectively were recognised in other comprehensive income (for six month ended 30 June 2014: net gain 168 million) and the gain and loss arising from ineffective portion of cash flow hedge was immaterial for six months ended 30 June 2015.

There were no transactions for which cash flow hedge accounting had to be ceased for the six months ended 30 June 2015, as a result of the highly probable cash flows no longer being expected to occur.

18 Financial assets held under resale agreements

Financial assets held under resale agreements by underlying assets are shown as follows:

	Group		Bank	
	30 June 2015	31 December 2014	**30 June 2015**	31 December 2014
Debt securities				
– Government bonds	**34,282**	22,251	**34,115**	22,198
– Debt securities issued by banks and non-bank financial institutions	**103,350**	67,930	**102,980**	67,676
Subtotal	**137,632**	90,181	**137,095**	89,874
Discounted bills	**358,226**	183,570	**358,226**	183,570
Total and net balances	**495,858**	273,751	**495,321**	273,444

(Expressed in millions of RMB, unless otherwise stated)

19 Interest receivable

	Group		Bank	
	30 June 2015	31 December 2014	**30 June 2015**	31 December 2014
Deposits with central banks	**948**	1,101	**947**	1,100
Deposits with banks and non-bank financial institutions	**3,864**	3,397	**3,436**	3,003
Financial assets held under resale agreements	**1,522**	1,928	**1,521**	1,928
Loans and advances to customers	**28,731**	24,609	**27,841**	23,642
Debt securities	**62,447**	59,467	**61,445**	58,550
Others	**2,877**	994	**2,370**	708
Gross balances	**100,389**	91,496	**97,560**	88,931
Allowances for impairment losses (Note 33)	**(1)**	(1)	**(1)**	(1)
Net balances	**100,388**	91,495	**97,559**	88,930

20 Loans and advances to customers

(1) Analysed by nature

	Group		Bank	
	30 June 2015	31 December 2014	**30 June 2015**	31 December 2014
Corporate loans and advances				
– Loans	**6,595,612**	6,266,668	**6,372,795**	6,034,829
– Finance leases	**93,975**	70,891	**–**	–
	6,689,587	6,337,559	**6,372,795**	6,034,829
Personal loans and advances				
– Residential mortgages	**2,491,250**	2,273,093	**2,472,887**	2,255,985
– Personal consumer loans	**65,399**	66,279	**57,466**	58,058
– Personal business loans	**75,213**	79,203	**70,886**	75,002
– Credit cards	**362,434**	333,871	**358,028**	329,164
– Others	**198,099**	183,316	**180,216**	169,224
	3,192,395	2,935,762	**3,139,483**	2,887,433
Discounted bills	**275,097**	201,202	**274,795**	200,800
Gross loans and advances to customers	**10,157,079**	9,474,523	**9,787,073**	9,123,062
Allowances for impairment losses (Note 33)	**(267,483)**	(251,613)	**(262,282)**	(246,816)
– Individual assessment	**(67,250)**	(57,773)	**(65,839)**	(56,413)
– Collective assessment	**(200,233)**	(193,840)	**(196,443)**	(190,403)
Net loans and advances to customers	**9,889,596**	9,222,910	**9,524,791**	8,876,246

(Expressed in millions of RMB, unless otherwise stated)

20 Loans and advances to customers (continued)

(2) Analysed by assessment method of allowances for impairment losses

	Note	Loans and advances for which allowance are collectively assessed	Impaired loans and advances		Total
			for which allowance are collectively assessed	for which allowance are individually assessed	
		(a)	(b)	(b)	
Group					
As at 30 June 2015					
Gross loans and advances to customers		**10,012,720**	**15,581**	**128,778**	**10,157,079**
Allowances for impairment losses		**(189,914)**	**(10,319)**	**(67,250)**	**(267,483)**
Net loans and advances to customers		**9,822,806**	**5,262**	**61,528**	**9,889,596**
As at 31 December 2014					
Gross loans and advances to customers		9,361,352	11,442	101,729	9,474,523
Allowances for impairment losses		(186,252)	(7,588)	(57,773)	(251,613)
Net loans and advances to customers		9,175,100	3,854	43,956	9,222,910
Bank					
As at 30 June 2015					
Gross loans and advances to customers		**9,647,694**	**15,224**	**124,155**	**9,787,073**
Allowances for impairment losses		**(186,253)**	**(10,190)**	**(65,839)**	**(262,282)**
Net loans and advances to customers		**9,461,441**	**5,034**	**58,316**	**9,524,791**
As at 31 December 2014					
Gross loans and advances to customers		9,015,838	11,067	96,157	9,123,062
Allowances for impairment losses		(182,944)	(7,459)	(56,413)	(246,816)
Net loans and advances to customers		8,832,894	3,608	39,744	8,876,246

(a) Loans and advances assessed on a collective basis for impairment are those graded normal or special mention.

(b) Impaired loans and advances include loans for which objective evidence of impairment exists and assessed:

- individually (including corporate loans and advances which are graded substandard, doubtful or loss); or
- collectively; these are portfolios of homogeneous loans (including personal loans and advances which are graded substandard, doubtful or loss).

The proportion of impaired loans and advances of the Group to gross loans and advances as at 30 June 2015 is 1.42% (31 December 2014: 1.19%).

The proportion of impaired loans and advances of the Bank to gross loans and advances as at 30 June 2015 is 1.42% (31 December 2014: 1.18%).

(c) The definitions of the loan classifications stated in notes (a) and (b) above are set out in Note 60(1).

(Expressed in millions of RMB, unless otherwise stated)

20 Loans and advances to customers (continued)

(3) Movements of allowances for impairment losses

Group

	Note	Six months ended 30 June 2015			
		Allowances for loans and advances	Allowances for impaired loans and advances		
		which are collectively assessed	which are collectively assessed	which are individually assessed	Total
As at 1 January		**186,252**	**7,588**	**57,773**	**251,613**
Charge for the period		**4,248**	**3,922**	**37,754**	**45,924**
Release during the period		**–**	**(4)**	**(5,479)**	**(5,483)**
Unwinding of discount		**–**	**–**	**(1,355)**	**(1,355)**
Addition through acquisition		**–**	**–**	**–**	**–**
Transfers out	(a)	**(586)**	**(16)**	**(14,322)**	**(14,924)**
Write-offs		**–**	**(1,247)**	**(7,809)**	**(9,056)**
Recoveries		**–**	**76**	**688**	**764**
As at 30 June		**189,914**	**10,319**	**67,250**	**267,483**

	Note	2014			
		Allowances for loans and advances	Allowances for impaired loans and advances		
		which are collectively assessed	which are collectively assessed	which are individually assessed	Total
As at 1 January		171,027	5,532	52,137	228,696
Charge for the year		13,995	4,975	50,039	69,009
Release during the year		–	39	(9,784)	(9,745)
Unwinding of discount		–	–	(1,943)	(1,943)
Addition through acquisition		1,393	90	644	2,127
Transfers out	(a)	(163)	(21)	(16,119)	(16,303)
Write-offs		–	(3,168)	(18,317)	(21,485)
Recoveries		–	141	1,116	1,257
As at 31 December		186,252	7,588	57,773	251,613

(Expressed in millions of RMB, unless otherwise stated)

20 Loans and advances to customers (continued)

(3) Movements of allowances for impairment losses (continued)

Bank

		Six months ended 30 June 2015			
		Allowances for loans and advances	Allowances for impaired loans and advances		
	Note	which are collectively assessed	which are collectively assessed	which are individually assessed	Total
As at 1 January		**182,944**	**7,459**	**56,413**	**246,816**
Charge for the period		**3,309**	**3,790**	**36,820**	**43,919**
Release during the period		**–**	**–**	**(5,437)**	**(5,437)**
Unwinding of discount		**–**	**–**	**(1,355)**	**(1,355)**
Addition through acquisition		**–**	**–**	**–**	**–**
Transfers out	(a)	**–**	**–**	**(14,136)**	**(14,136)**
Write-offs		**–**	**(1,117)**	**(7,153)**	**(8,270)**
Recoveries		**–**	**58**	**687**	**745**
As at 30 June		**186,253**	**10,190**	**65,839**	**262,282**

		2014			
		Allowances for loans and advances	Allowances for impaired loans and advances		
	Note	which are collectively assessed	which are collectively assessed	which are individually assessed	Total
As at 1 January		169,308	5,512	51,885	226,705
Charge for the year		13,587	4,847	49,868	68,302
Release during the year		–	–	(10,748)	(10,748)
Unwinding of discount		–	–	(1,943)	(1,943)
Addition through acquisition		49	–	–	49
Transfers out	(a)	–	(5)	(15,969)	(15,974)
Write-offs		–	(3,007)	(17,797)	(20,804)
Recoveries		–	112	1,117	1,229
As at 31 December		182,944	7,459	56,413	246,816

(a) Transfers out include the transfer of allowances for impairment losses upon disposal of non-performing loans and repossession of assets, and the relevant exchange gain or loss.

(Expressed in millions of RMB, unless otherwise stated)

20 Loans and advances to customers (continued)

(4) Overdue loans analysed by overdue period

Group

	30 June 2015				
	Overdue within three months	Overdue between three months and one year	Overdue between one year and three years	Overdue over three years	Total
Unsecured loans	8,684	8,149	2,391	1,340	20,564
Guaranteed loans	25,811	34,848	10,684	2,806	74,149
Loans secured by tangible assets other than monetary assets	41,314	40,530	12,364	3,868	98,076
Loans secured by monetary assets	1,846	4,260	2,817	341	9,264
Total	77,655	87,787	28,256	8,355	202,053
As a percentage of gross loans and advances to customers	0.76%	0.86%	0.28%	0.08%	1.98%

	31 December 2014				
	Overdue within three months	Overdue between three months and one year	Overdue between one year and three years	Overdue over three years	Total
Unsecured loans	8,675	4,332	1,817	1,057	15,881
Guaranteed loans	16,331	18,724	9,999	2,324	47,378
Loans secured by tangible assets other than monetary assets	28,211	22,221	9,946	3,198	63,576
Loans secured by monetary assets	1,188	3,735	1,229	229	6,381
Total	54,405	49,012	22,991	6,808	133,216
As a percentage of gross loans and advances to customers	0.58%	0.52%	0.24%	0.07%	1.41%

Bank

	30 June 2015				
	Overdue within three months	Overdue between three months and one year	Overdue between one year and three years	Overdue over three years	Total
Unsecured loans	8,408	8,038	2,282	1,304	20,032
Guaranteed loans	24,864	33,087	10,503	2,740	71,194
Loans secured by tangible assets other than monetary assets	40,346	39,812	12,306	3,868	96,332
Loans secured by monetary assets	1,776	4,215	2,817	341	9,149
Total	75,394	85,152	27,908	8,253	196,707
As a percentage of gross loans and advances to customers	0.77%	0.87%	0.29%	0.08%	2.01%

(Expressed in millions of RMB, unless otherwise stated)

20 Loans and advances to customers (continued)

(4) Overdue loans analysed by overdue period (continued)

Bank (continued)

	31 December 2014				
	Overdue within three months	Overdue between three months and one year	Overdue between one year and three years	Overdue over three years	Total
Unsecured loans	8,273	4,194	1,812	1,020	15,299
Guaranteed loans	15,168	17,872	9,779	2,324	45,143
Loans secured by tangible assets other than monetary assets	26,886	21,839	9,890	3,197	61,812
Loans secured by monetary assets	1,050	3,720	1,229	229	6,228
Total	51,377	47,625	22,710	6,770	128,482
As a percentage of gross loans and advances to customers	0.57%	0.52%	0.25%	0.07%	1.41%

Overdue loans represent loans of which the whole or part of the principal or interest are overdue for 1 day or more.

21 Available-for-sale financial assets

Analyzed by nature

		Group		Bank	
	Note	**30 June 2015**	31 December 2014	**30 June 2015**	31 December 2014
Debt securities	(1)	**907,507**	910,103	**832,084**	839,303
Equity instruments	(2)	**14,349**	14,376	**4,705**	5,611
Funds	(2)	**9,962**	1,691	**–**	–
Total	(3)	**931,818**	926,170	**836,789**	844,914

(1) Debt securities

Analysed by type of issuers

		Group		Bank	
	Note	**30 June 2015**	31 December 2014	**30 June 2015**	31 December 2014
Government		**257,083**	219,264	**238,097**	200,938
Central banks		**6,748**	12,765	**2,969**	5,704
Policy banks		**161,658**	152,613	**152,622**	143,658
Banks and non-bank financial institutions		**287,315**	309,954	**255,598**	281,020
Public sector entities		**20**	20	**–**	–
Enterprises		**194,683**	215,487	**182,798**	207,983
Total		**907,507**	910,103	**832,084**	839,303
Listed	(i)	**860,272**	839,574	**819,418**	807,687
– of which in Hong Kong		**10,107**	4,798	**1,433**	1,087
Unlisted		**47,235**	70,529	**12,666**	31,616
Total		**907,507**	910,103	**832,084**	839,303

(i) Debt securities traded on the China Domestic Interbank Bond Market are classified in the listed category.

(Expressed in millions of RMB, unless otherwise stated)

21 Available-for-sale financial assets (continued)

Analyzed by nature (continued)

(2) Equity instruments and funds

	Group		Bank	
	30 June 2015	31 December 2014	**30 June 2015**	31 December 2014
Debt equity swap ("DES") investments	**1,942**	2,858	**1,942**	2,858
Other equity instruments	**12,407**	11,518	**2,763**	2,753
Funds	**9,962**	1,691	**–**	–
Total	**24,311**	16,067	**4,705**	5,611
Listed	**17,860**	8,870	**3,145**	3,919
– of which in Hong Kong	**2,635**	2,134	**833**	842
Unlisted	**6,451**	7,197	**1,560**	1,692
Total	**24,311**	16,067	**4,705**	5,611

Pursuant to the DES arrangement by the PRC government in 1999, the Group obtained equity interests of certain entities in lieu of repayments of loans granted to them. According to relevant requirements, the Group is prohibited from being involved in management of the operations of these entities. In substance, the Group does not have any control, joint control or significant influence over these entities.

(3) As at 30 June 2015, the Group's and the Bank's cost of available for sale debt securities was RMB901,361 million and RMB826,370 million respectively (as at 31 December 2014: RMB908,428 million and RMB837,868 million respectively). The Group's and the Bank's cost of available for sale equity instruments and funds was RMB24,831 million and RMB6,791 million respectively (as at 31 December 2014: RMB16,998 million and RMB7,182 million respectively).

22 Held-to-maturity investments

Analysed by types of issuers

		Group		Bank	
	Note	**30 June 2015**	31 December 2014	**30 June 2015**	31 December 2014
Government		**1,057,348**	957,788	**1,056,436**	957,134
Central banks		**154,196**	175,387	**154,196**	175,387
Policy banks		**376,540**	379,518	**376,540**	379,518
Banks and non-bank financial institutions		**719,333**	625,052	**718,733**	624,453
Enterprises		**203,576**	164,562	**200,335**	161,717
Gross balances		**2,510,993**	2,302,307	**2,506,240**	2,298,209
Allowances for impairment losses (Note 33)		**(3,812)**	(3,644)	**(3,585)**	(3,486)
Net balances		**2,507,181**	2,298,663	**2,502,655**	2,294,723
Listed	(1)	**2,497,751**	2,289,217	**2,494,745**	2,286,730
– of which in Hong Kong		**979**	1,021	**979**	1,021
Unlisted		**9,430**	9,446	**7,910**	7,993
Total		**2,507,181**	2,298,663	**2,502,655**	2,294,723
Market value of listed securities		**2,539,042**	2,314,122	**2,536,036**	2,311,611

(1) Debt securities traded on the China Domestic Interbank Bond Market are included in the Listed category.

(Expressed in millions of RMB, unless otherwise stated)

23 Receivables

	Note	Group 30 June 2015	Group 31 December 2014	Bank 30 June 2015	Bank 31 December 2014
Government					
– Special government bond	(1)	**49,200**	49,200	**49,200**	49,200
– Others		**12,555**	781	**12,555**	530
Banks and non-bank financial institutions		**82,522**	78,320	**82,522**	78,320
Enterprises		**16,730**	27,470	**16,730**	27,470
Others	(2)	**20,262**	15,975	**–**	–
Gross balances		**181,269**	171,746	**161,007**	155,520
Allowance for impairment losses (Note 33)		**(987)**	(945)	**(971)**	(944)
Net balances		**180,282**	170,801	**160,036**	154,576
Listed outside Hong Kong	(3)	**72,324**	47,585	**72,324**	47,334
Unlisted		**107,958**	123,216	**87,712**	107,242
Total		**180,282**	170,801	**160,036**	154,576

(1) This represents a non-negotiable bond with a nominal value of RMB49,200 million issued by the Ministry of Finance ("MOF") in 1998 to strengthen the capital base of CCB. The bond matures in 2028 and bears a fixed interest rate of 2.25% per annum. The PBOC approved the Bank's use of the special government bond as eligible assets equivalent to the surplus deposit reserve at PBOC for clearing purpose.

(2) Others include asset management plans and capital trust plan with fixed or determined payments. They will mature from July 2015 to October 2023 and bear interest rates ranging from 4.4% to 9.5% per annum. During the reporting period, matured plans have been repaid without overdue.

(3) Debt securities traded on the China Domestic Interbank Bond Market are included in the Listed outside Hong Kong category.

24 Investments in subsidiaries

(1) Investment cost

	30 June 2015	31 December 2014
CCB Financial Leasing Corporation Limited ("CCBFLCL")	**8,163**	4,663
CCB Brazil Financial Holding – Investimentos e Participacões Ltda	**4,476**	4,476
CCB Life Insurance Company Limited ("CCB Life")	**3,902**	3,902
Jianxin Trust Corporation Limited ("Jianxin Trust")	**3,409**	3,409
China Construction Bank (London) Limited ("CCB London")	**2,861**	2,861
China Construction Bank (Europe) S.A. ("CCB Europe")	**1,629**	1,629
Sino-German Bausparkasse Corporation Limited ("Sino-German")	**1,502**	1,502
China Construction Bank (Russia) Limited Liability Company ("CCB Russia")	**851**	851
Golden Fountain Finance Limited ("Golden Fountain")	**676**	676
China Construction Bank (Dubai) Limited ("CCB Dubai")	**620**	620
China Construction Bank (New Zealand) Limited Liability Company ("CCB New Zealand")	**314**	314
CCB Principal Asset Management Corporation Limited ("CCB Principal")	**130**	130
CCB International Group Holdings Limited ("CCBIG")	**–**	–
Sing Jian Development Company Limited ("SJDCL")	**–**	383
Rural Banks	**1,378**	1,378
Total	**29,911**	26,794

The total investment amount of rural banks consists of investment costs of 27 rural banks in total, which are established and controlled by the Bank in substance (31 December 2014: 27 rural banks).

(Expressed in millions of RMB, unless otherwise stated)

24 Investments in subsidiaries (continued)

(2) Major subsidiaries of the Group are unlisted enterprises, except that BIC Bank is listed; details of the investments in subsidiaries are as follows:

Name of company	Principal place of business	Particulars of issued and paid up capital	Principal activities	% of ownership directly held by the Bank	% of ownership indirectly held by the Bank	% of voting rights held by the Bank	Method of investment
CCBFLCL	Beijing, the PRC	RMB8,000 million	Financial leasing	100%	–	100%	Establishment
CCB Life	Shanghai, the PRC	RMB4,496 million	Insurance	51%	–	51%	Acquisition
Jianxin Trust	Anhui, the PRC	RMB1,527 million	Trust business	67%	–	67%	Acquisition
CCB London	London, United Kingdom	US$200 million RMB1,500 million	Commercial banking	100%	–	100%	Establishment
CCB Europe	Luxembourg	Euro200 million	Commercial banking	100%	–	100%	Establishment
Sino-German	Tianjin, the PRC	RMB2,000 million	House savings	75.1%	–	75.1%	Establishment
CCB Russia	Moscow, Russia	RUB4,200 million	Commercial banking	100%	–	100%	Establishment
Golden Fountain	British Virgin Islands	US$50,000	Investment	100%	–	100%	Acquisition
CCB Dubai	Dubai, United Arab Emirates	US$100 million	Commercial banking	100%	–	100%	Establishment
CCB Principal	Beijing, the PRC	RMB200 million	Fund management services	65%	–	65%	Establishment
CCB New Zealand	New Zealand	US$50 million	Commercial banking	100%	–	100%	Establishment
CCBIG	Hong Kong, the PRC	HK$1	Investment	100%	–	100%	Establishment
CCB Brazil Financial Holding – Investimentos e Participacões Ltda	Sao Paulo Brazil	R$1,646 million	Investment	99.99%	–	100%	Acquisition
CCB International (Holdings) Limited ("CCBI")	Hong Kong, the PRC	US$601 million	Investment	–	100%	100%	Acquisition
China Construction Bank (Asia) Corporation Limited ("CCB Asia")	Hong Kong, the PRC	HK$6,511 million RMB17,600 million	Commercial banking	–	100%	100%	Acquisition
Banco Industrial e Comercial S.A. ("BIC Bank")	Sao Paulo Brazil	R$2,012 million	Commercial banking	–	73.96%	98.2%	Acquisition

(3) As at first half of 2015, Sing Jian Development Company Limited ("SJDCL"), the Bank's wholly owned subsidiary, has completed its liquidation, and the Bank received liquidation cash of RMB245 million.

(4) As at 30 June 2015, the amount of the non-controlling interests of subsidiaries is immaterial to the Group.

(Expressed in millions of RMB, unless otherwise stated)

25 Interests in associates and joint ventures

(1) The movement of the Group's interests in associates and joint ventures is as follows:

	Six months ended 30 June 2015	2014
As at 1 January	**3,084**	2,624
Acquisition during the period/year	**681**	229
Disposal during the period/year	**(59)**	(46)
Share of profits less losses	**68**	245
Cash dividend receivable	**(11)**	(9)
Effect of exchange difference and others	**(5)**	41
As at 30 June/31 December	**3,758**	3,084

(2) Details of the interests in major associates and joint ventures are as follows:

Name of Company	Place of incorporation	Particulars of issued and paid up capital	Principal activities	% of ownership held	% of voting held	Total assets at period end	Total liabilities at period end	Revenue for the period	Net profit for the period
QBE Hong Kong & Shanghai Insurance Limited	Hong Kong, the PRC	HK$78,192,220	Insurance	25.50%	25.50%	2,770	1,958	505	44
Diamond String Limited	Hong Kong, the PRC	HK$10,000	Property investment	50.00%	50.00%	1,658	1,541	91	37
Maotai Jianxin (Guizhou) Investment Fund	Guizhou, the PRC	RMB900 million	Investment management and consultancy	38.11%	37.50%	913	1	–	12
CCBT Private Equity Fund	Beijing, the PRC	RMB565 million	Investment management and consultancy	45.70%	50.00%	792	132	–	1
Guangdong SOE Reorganization Development Fund	Guangzhou, the PRC	RMB315 million	Investment management and consultancy	49.67%	33.00%	315	–	–	–

(Expressed in millions of RMB, unless otherwise stated)

26 Structured entities

(1) Unconsolidated structured entities

Unconsolidated structured entities of the Group include trust investment, fund investment, asset-backed securities and wealth management products held for investment purpose, as well as non-principal guaranteed wealth management products, trust scheme and fund, etc. which were issued or established for providing a wide range of wealth management services and collecting management fees, handling fees and custodian fees.

As at 30 June 2015 and 31 December 2014, the assets recognised for the Group's interests in the unconsolidated structured entities above included related investment and management fee, handling fee and custodian fee receivables accrued. The related carrying amount and the maximum exposure were as follows:

	30 June 2015	31 December 2014
Financial assets at fair value through profit or loss	**1,741**	1,799
Interest receivables	**177**	196
Available-for-sale financial assets	**15,319**	7,540
Held-to-maturity investments	**2,093**	2,980
Receivables	**20,247**	15,974
Interest in associates and joint ventures	**1,869**	1,398
Other assets	**2,804**	2,131
Total	**44,250**	32,018

For the six months ended 30 June 2015 and 2014, the income from these unconsolidated structured entities held by the Group was as follows:

	Six months ended 30 June	
	2015	2014
Interest income	841	696
Fee and commission income	6,944	4,222
Net trading gain	64	1
Dividend income	310	189
Net gain arising from investment securities	19	100
Share of profits less losses of associates and joint ventures	36	19
Total	8,214	5,227

As at 30 June 2015, the size of the non-principal guaranteed wealth management product set up by the Group amounted to RMB942,759 million (31 December 2014: RMB909,099 million). For the six months ended 30 June 2015, there were certain debt securities transactions between the Group and non-principal guaranteed wealth management products mentioned above. These transactions were based on market prices or general commercial terms. The profit and loss from these transactions were not material to the Group.

(2) Consolidated structured entities

The consolidated structured entities of the Group are primarily established for the principal guaranteed wealth management products.

(Expressed in millions of RMB, unless otherwise stated)

27 Fixed assets

Group

	Bank premises	Construction in progress	Equipment	Others	Total
Cost/Deemed cost					
As at 1 January 2015	**105,224**	**28,378**	**46,807**	**42,350**	**222,759**
Additions	**711**	**1,904**	**1,025**	**2,848**	**6,488**
Transfer in/(out)	**2,805**	**(3,593)**	**15**	**773**	**–**
Disposals	**(123)**	**(382)**	**(821)**	**(980)**	**(2,306)**
As at 30 June 2015	**108,617**	**26,307**	**47,026**	**44,991**	**226,941**
Accumulated depreciation					
As at 1 January 2015	**(22,651)**	**–**	**(27,254)**	**(20,743)**	**(70,648)**
Charge for the period	**(1,878)**	**–**	**(3,615)**	**(2,916)**	**(8,409)**
Disposals	**43**	**–**	**783**	**773**	**1,599**
As at 30 June 2015	**(24,486)**	**–**	**(30,086)**	**(22,886)**	**(77,458)**
Allowances for impairment losses (Note 33)					
As at 1 January 2015	**(424)**	**–**	**–**	**(80)**	**(504)**
As at 30 June 2015	**(424)**	**–**	**–**	**(80)**	**(504)**
Net carrying value					
As at 1 January 2015	**82,149**	**28,378**	**19,553**	**21,527**	**151,607**
As at 30 June 2015	**83,707**	**26,307**	**16,940**	**22,025**	**148,979**

	Bank premises	Construction in progress	Equipment	Others	Total
Cost/Deemed cost					
As at 1 January 2014	89,877	28,425	42,444	36,857	197,603
Additions through acquisitions	424	–	36	90	550
Additions	4,458	14,477	8,689	4,770	32,394
Transfer in/(out)	10,607	(13,348)	65	2,676	–
Disposals	(142)	(1,176)	(4,427)	(2,043)	(7,788)
As at 31 December 2014	105,224	28,378	46,807	42,350	222,759
Accumulated depreciation					
As at 1 January 2014	(19,188)	–	(25,058)	(17,191)	(61,437)
Additions through acquisitions	(133)	–	(32)	(37)	(202)
Charge for the year	(3,423)	–	(6,427)	(5,506)	(15,356)
Disposals	93	–	4,263	1,991	6,347
As at 31 December 2014	(22,651)	–	(27,254)	(20,743)	(70,648)
Allowances for impairment losses (Note 33)					
As at 1 January 2014	(425)	–	(1)	(62)	(488)
Additions through acquisitions	–	–	(2)	(6)	(8)
Charge for the year	–	–	–	(17)	(17)
Disposals	1	–	3	5	9
As at 31 December 2014	(424)	–	–	(80)	(504)
Net carrying value					
As at 1 January 2014	70,264	28,425	17,385	19,604	135,678
As at 31 December 2014	82,149	28,378	19,553	21,527	151,607

(Expressed in millions of RMB, unless otherwise stated)

27 Fixed assets (continued)

Bank

	Bank premises	Construction in progress	Equipment	Others	Total
Cost/Deemed cost					
As at 1 January 2015	**100,406**	**28,254**	**46,136**	**36,605**	**211,401**
Additions	**635**	**1,901**	**976**	**646**	**4,158**
Transfer in/(out)	**2,805**	**(3,593)**	**15**	**773**	**–**
Disposals	**(70)**	**(381)**	**(812)**	**(957)**	**(2,220)**
As at 30 June 2015	**103,776**	**26,181**	**46,315**	**37,067**	**213,339**
Accumulated depreciation					
As at 1 January 2015	**(22,186)**	**–**	**(26,814)**	**(20,094)**	**(69,094)**
Charge for the period	**(1,795)**	**–**	**(3,557)**	**(2,725)**	**(8,077)**
Disposals	**24**	**–**	**775**	**761**	**1,560**
As at 30 June 2015	**(23,957)**	**–**	**(29,596)**	**(22,058)**	**(75,611)**
Allowances for impairment losses (Note 33)					
As at 1 January 2015	**(424)**	**–**	**–**	**(3)**	**(427)**
As at 30 June 2015	**(424)**	**–**	**–**	**(3)**	**(427)**
Net carrying value					
As at 1 January 2015	**77,796**	**28,254**	**19,322**	**16,508**	**141,880**
As at 30 June 2015	**79,395**	**26,181**	**16,719**	**15,006**	**137,301**

	Bank premises	Construction in progress	Equipment	Others	Total
Cost/Deemed cost					
As at 1 January 2014	86,581	28,260	41,965	31,954	188,760
Additions through acquisitions	10	–	2	30	42
Additions	3,339	14,442	8,521	3,990	30,292
Transfer in/(out)	10,607	(13,341)	65	2,669	–
Disposals	(131)	(1,107)	(4,417)	(2,038)	(7,693)
As at 31 December 2014	100,406	28,254	46,136	36,605	211,401
Accumulated depreciation					
As at 1 January 2014	(18,952)	–	(24,724)	(16,845)	(60,521)
Additions through acquisitions	(4)	–	(2)	(27)	(33)
Charge for the year	(3,302)	–	(6,340)	(5,200)	(14,842)
Disposals	72	–	4,252	1,978	6,302
As at 31 December 2014	(22,186)	–	(26,814)	(20,094)	(69,094)
Allowances for impairment losses (Note 33)					
As at 1 January 2014	(425)	–	(1)	(3)	(429)
Disposals	1	–	1	–	2
As at 31 December 2014	(424)	–	–	(3)	(427)
Net carrying value					
As at 1 January 2014	67,204	28,260	17,240	15,106	127,810
As at 31 December 2014	77,796	28,254	19,322	16,508	141,880

(Expressed in millions of RMB, unless otherwise stated)

27 Fixed assets (continued)

Notes:

(1) As at 30 June 2015, the ownership documentation for the Group's and the Bank's bank premises with a net carrying value of RMB22,183 million (31 December 2014: RMB21,092 million) was still being finalised. However, management is of the view that the aforesaid matter would not affect the rights of the Group and the Bank to these assets nor have any significant impact on the business operation of the Group and the Bank.

(2) Analysed by remaining terms of the leases

The net carrying values of bank premises of the Group and the Bank as at the end of the reporting period are analysed by the remaining terms of the leases as follows:

	Group		Bank	
	30 June 2015	31 December 2014	**30 June 2015**	31 December 2014
Long term leases (over 50 years) held overseas	**1,646**	1,596	**6**	6
Medium term leases (10-50 years) held overseas	**2,185**	2,246	**295**	314
Short term leases (less than 10 years) held overseas	**156**	203	**24**	33
Long term leases (over 50 years) held in Mainland China	**6,109**	4,945	**6,108**	4,944
Medium term leases (10-50 years) held in Mainland China	**71,951**	70,333	**71,302**	69,673
Short term leases (less than 10 years) held in Mainland China	**1,660**	2,826	**1,660**	2,826
Total	**83,707**	82,149	**79,395**	77,796

28 Land use rights

Group

	Six months ended 30 June 2015	2014
Cost/Deemed cost		
As at 1 January	**21,255**	20,752
Additions	**–**	652
Disposals	**(19)**	(149)
As at 30 June/31 December	**21,236**	21,255
Amortisation		
As at 1 January	**(5,355)**	(4,879)
Charge for the period/year	**(253)**	(512)
Disposals	**4**	36
As at 30 June/31 December	**(5,604)**	(5,355)
Allowances for impairment losses (Note 33)		
As at 1 January	**(142)**	(142)
As at 30 June/31 December	**(142)**	(142)
Net carrying value		
As at 1 January	**15,758**	15,731
As at 30 June/31 December	**15,490**	15,758

(Expressed in millions of RMB, unless otherwise stated)

28 Land use rights (continued)

Bank

	Six months ended 30 June 2015	2014
Cost/Deemed cost		
As at 1 January	**20,817**	20,684
Additions	**–**	282
Disposals	**(19)**	(149)
As at 30 June/31 December	**20,798**	20,817
Amortisation		
As at 1 January	**(5,334)**	(4,860)
Charge for the period/year	**(253)**	(510)
Disposals	**4**	36
As at 30 June/31 December	**(5,583)**	(5,334)
Allowances for impairment losses (Note 33)		
As at 1 January	**(142)**	(142)
As at 30 June/31 December	**(142)**	(142)
Net carrying value		
As at 1 January	**15,341**	15,682
As at 30 June/31 December	**15,073**	15,341

29 Intangible assets

Group

	Software	Others	Total
Cost/Deemed cost			
As at 1 January 2015	**6,124**	**608**	**6,732**
Additions	**37**	**1**	**38**
Disposals	**(19)**	**(3)**	**(22)**
As at 30 June 2015	**6,142**	**606**	**6,748**
Amortisation			
As at 1 January 2015	**(4,525)**	**(156)**	**(4,681)**
Charge for the period	**(273)**	**(16)**	**(289)**
Disposals	**14**	**–**	**14**
As at 30 June 2015	**(4,784)**	**(172)**	**(4,956)**
Allowances for impairment losses (Note 33)			
As at 1 January 2015	**(1)**	**(7)**	**(8)**
As at 30 June 2015	**(1)**	**(7)**	**(8)**
Net carrying value			
As at 1 January 2015	**1,598**	**445**	**2,043**
As at 30 June 2015	**1,357**	**427**	**1,784**

(Expressed in millions of RMB, unless otherwise stated)

29 Intangible assets (continued)

Group (continued)

	Software	Others	Total
Cost/Deemed cost			
As at 1 January 2014	5,583	602	6,185
Additions	607	52	659
Disposals	(66)	(46)	(112)
As at 31 December 2014	6,124	608	6,732
Amortisation			
As at 1 January 2014	(3,981)	(143)	(4,124)
Charge for the year	(583)	(58)	(641)
Disposals	39	45	84
As at 31 December 2014	(4,525)	(156)	(4,681)
Allowances for impairment losses (Note 33)			
As at 1 January 2014	(1)	(7)	(8)
As at 31 December 2014	(1)	(7)	(8)
Net carrying value			
As at 1 January 2014	1,601	452	2,053
As at 31 December 2014	1,598	445	2,043

Bank

	Software	**Others**	**Total**
Cost/Deemed cost			
As at 1 January 2015	**5,813**	**169**	**5,982**
Additions	**24**	**1**	**25**
Disposals	**(16)**	**(3)**	**(19)**
As at 30 June 2015	**5,821**	**167**	**5,988**
Amortisation			
As at 1 January 2015	**(4,373)**	**(95)**	**(4,468)**
Charge for the period	**(247)**	**(7)**	**(254)**
Disposals	**12**	**–**	**12**
As at 30 June 2015	**(4,608)**	**(102)**	**(4,710)**
Allowances for impairment losses (Note 33)			
As at 1 January 2015	**(1)**	**(7)**	**(8)**
As at 30 June 2015	**(1)**	**(7)**	**(8)**
Net carrying value			
As at 1 January 2015	**1,439**	**67**	**1,506**
As at 30 June 2015	**1,212**	**58**	**1,270**

(Expressed in millions of RMB, unless otherwise stated)

29 Intangible assets (continued)

Bank (continued)

	Software	Others	Total
Cost/Deemed cost			
As at 1 January 2014	5,371	163	5,534
Additions	507	52	559
Disposals	(65)	(46)	(111)
As at 31 December 2014	5,813	169	5,982
Amortisation			
As at 1 January 2014	(3,878)	(99)	(3,977)
Charge for the year	(534)	(41)	(575)
Disposals	39	45	84
As at 31 December 2014	(4,373)	(95)	(4,468)
Allowances for impairment losses (Note 33)			
As at 1 January 2014	(1)	(7)	(8)
As at 31 December 2014	(1)	(7)	(8)
Net carrying value			
As at 1 January 2014	1,492	57	1,549
As at 31 December 2014	1,439	67	1,506

30 Goodwill

(1) The goodwill is attributable to the expected synergies arising from the acquisition of CCB Asia on 29 December 2006, Jianxin Trust on 29 July 2009, CCB Life on 29 June 2011, CCB Futures Co., Ltd. by Jianxin Trust on 9 April 2014 and BIC Bank by CCB Brazil Financial Holding – Investimentos e Participacões Ltda on 29 August 2014. The movement of the goodwill is listed as follows:

	Six month ended 30 June 2015	2014
As at 1 January	**2,696**	1,610
Additions through acquisitions	**–**	1,236
Effect of exchange difference	**(150)**	(150)
As at 30 June/31 December	**2,546**	2,696

(Expressed in millions of RMB, unless otherwise stated)

30 Goodwill (continued)

(2) Acquisition of the BIC Bank

On 29 August 2014, the Bank acquired BIC Bank via CCB Brazil Financial Holding – Investimentos e Participacões Ltda. At the acquisition date, the recognised values of identifiable net assets attributable to shareholders of the Bank, goodwill on acquisition and consideration transferred were as follows:

	Acquisition date Recognised values
Identifiable net assets attributable to shareholders of the Bank	2,938
Goodwill on acquisition	1,226
Consideration transferred	4,164

The goodwill on acquisition is attributable to the significant synergies expected to arise.

According to the terms of the purchase price adjustment in the sale and purchase agreement, the purchase price can be adjusted after acquisition date based on the factors such as changes in net assets of BIC Bank from reference date to acquisition date. As of the date of this report, the negotiation between the former shareholders and the Bank is still in progress and any adjustment to the consideration has not been determined.

The fair value of the identifiable net assets on the acquisition date is provisional and the final valuations have not been determined.

As of 30 June 2015, the Bank has acquired 73.96% interests in BIC Bank. According to the Brazilian local applicable laws and related regulations, the Bank commits to implement a mandatory tender offer due to the acquisition of the relevant change of control right. In accordance with the relevant rules of the Brazilian Corporation Act and the bylaws of BIC Bank, the Bank will ensure that the non-controlling shareholders accepting the tender offer will have an option to enjoy the same treatment as will be available to the controlling shareholders.

(3) Impairment test for CGU containing goodwill

The Group calculated the recoverable amount of the CGU using cash flow projections based on financial forecasts approved by management. The average growth rate used by the Group is consistent with the forecasts included in industry reports. The discount rate used reflects specific risks relating to the relevant segments.

Based on the result of the impairment test, no impairment losses on goodwill were recognised as at 30 June 2015 (31 December 2014: nil).

(Expressed in millions of RMB, unless otherwise stated)

31 Deferred tax

	Group		Bank	
	30 June 2015	31 December 2014	**30 June 2015**	31 December 2014
Deferred tax assets	**39,555**	39,436	**38,560**	38,115
Deferred tax liabilities	**(519)**	(401)	**(19)**	(43)
Total	**39,036**	39,035	**38,541**	38,072

(1) Analysed by nature

Group

	30 June 2015		31 December 2014	
	Deductible/ (taxable) temporary differences	**Deferred tax assets/ (liabilities)**	Deductible/ (taxable) temporary differences	Deferred tax assets/ (liabilities)
Deferred tax assets				
– Fair value adjustments	**(14,044)**	**(3,300)**	(6,093)	(1,445)
– Allowances for impairment losses	**164,128**	**41,462**	152,164	38,272
– Early retirement benefits and accrued salaries	**22,424**	**5,606**	25,193	6,298
– Others	**(19,853)**	**(4,213)**	(15,855)	(3,689)
Total	**152,655**	**39,555**	155,409	39,436
Deferred tax liabilities				
– Fair value adjustments	**(1,961)**	**(446)**	(1,372)	(292)
– Allowances for impairment losses	**44**	**11**	44	11
– Others	**(180)**	**(84)**	(302)	(120)
Total	**(2,097)**	**(519)**	(1,630)	(401)

Bank

	30 June 2015		31 December 2014	
	Deductible/ (taxable) temporary differences	**Deferred tax assets/ (liabilities)**	Deductible/ (taxable) temporary differences	Deferred tax assets/ (liabilities)
Deferred tax assets				
– Fair value adjustments	**(11,680)**	**(2,874)**	(5,554)	(1,341)
– Allowances for impairment losses	**160,103**	**39,993**	147,383	36,815
– Early retirement benefits and accrued salaries	**22,336**	**5,584**	25,056	6,264
– Others	**(9,973)**	**(4,143)**	(8,714)	(3,623)
Total	**160,786**	**38,560**	158,171	38,115
Deferred tax liabilities				
– Fair value adjustments	**(5)**	**(1)**	(6)	(2)
– Others	**(49)**	**(18)**	(117)	(41)
Total	**(54)**	**(19)**	(123)	(43)

(Expressed in millions of RMB, unless otherwise stated)

31 Deferred tax (continued)

(2) Movements of deferred tax

Group

	Fair value adjustments	Allowances for impairment losses	Early retirement benefits and accrued salaries	Others	Total
As at 1 January 2015	**(1,737)**	**38,283**	**6,298**	**(3,809)**	**39,035**
Recognised in profit or loss	**(978)**	**3,190**	**(692)**	**(488)**	**1,032**
Recognised in other comprehensive income	**(1,031)**	**–**	**–**	**–**	**(1,031)**
As at 30 June 2015	**(3,746)**	**41,473**	**5,606**	**(4,297)**	**39,036**
As at 1 January 2014	6,039	30,329	6,366	(4,424)	38,310
Recognised in profit or loss	248	7,375	(68)	(337)	7,218
Recognised in other comprehensive income	(8,025)	–	–	–	(8,025)
Additions through acquisitions	1	579	–	952	1,532
As at 31 December 2014	(1,737)	38,283	6,298	(3,809)	39,035

Bank

	Fair value adjustments	Allowances for impairment losses	Early retirement benefits and accrued salaries	Others	Total
As at 1 January 2015	**(1,343)**	**36,815**	**6,264**	**(3,664)**	**38,072**
Recognised in profit or loss	**(721)**	**3,178**	**(680)**	**(497)**	**1,280**
Recognised in other comprehensive income	**(811)**	**–**	**–**	**–**	**(811)**
As at 30 June 2015	**(2,875)**	**39,993**	**5,584**	**(4,161)**	**38,541**
As at 1 January 2014	6,212	30,151	6,329	(3,599)	39,093
Recognised in profit or loss	349	6,664	(65)	(65)	6,883
Recognised in other comprehensive income	(7,904)	–	–	–	(7,904)
As at 31 December 2014	(1,343)	36,815	6,264	(3,664)	38,072

The Group and the Bank did not have significant unrecognised deferred tax as at the end of the reporting period.

(Expressed in millions of RMB, unless otherwise stated)

32 Other assets

	Note	Group 30 June 2015	Group 31 December 2014	Bank 30 June 2015	Bank 31 December 2014
Repossessed assets	(1)				
– Buildings		**1,812**	1,748	**1,812**	1,748
– Land use rights		**317**	313	**317**	313
– Others		**1,473**	1,497	**814**	745
		3,602	3,558	**2,943**	2,806
Clearing and settlement accounts		**7,364**	480	**8,535**	480
Fee and commission receivables		**6,082**	4,054	**5,576**	3,636
Insurance business related assets		**4,921**	369	**–**	–
Deferred expenses		**3,397**	3,156	**3,106**	3,000
Leasehold improvements		**2,975**	3,138	**2,946**	3,102
Receivables from CCBIG	(2)	**–**	–	**36,176**	36,187
Other receivables		**28,460**	14,952	**24,755**	10,586
Gross balance		**56,801**	29,707	**84,037**	59,797
Allowances for impairment losses (Note 33)					
– Repossessed assets		**(694)**	(660)	**(544)**	(480)
– Others		**(3,071)**	(3,033)	**(2,794)**	(2,748)
Total		**53,036**	26,014	**80,699**	56,569

(1) During the six months ended 30 June 2015, the original cost of repossessed assets disposed of by the Group amounted to RMB220 million (for the six months ended 30 June 2014: RMB132 million). The Group intends to dispose of repossessed assets through various methods including auction, competitive bidding and disposal.

(2) Receivables from CCBIG represent lending to CCBIG, a wholly owned subsidiary, for acquisition of equity investments and capital injection to other subsidiaries. The receivables are unsecured, non-interest bearing and without fixed repayment term.

33 Movements of allowances for impairment losses

Group

	Note	Six months ended 30 June 2015 As at 1 January	Charge/ (Write-back)	Transfer in/(out)	Write-offs	As at 30 June
Deposits with banks and non-bank financial institutions	14	**7**	**–**	**–**	**–**	**7**
Placements with banks and non-bank financial institutions	15	**27**	**2**	**–**	**–**	**29**
Interest receivable	19	**1**	**–**	**–**	**–**	**1**
Loans and advances to customers	20(3)	**251,613**	**40,441**	**(15,515)**	**(9,056)**	**267,483**
Available for sale debt securities		**1,409**	**(320)**	**5**	**–**	**1,094**
Available for sale equity instruments		**4,413**	**–**	**–**	**(33)**	**4,380**
Held-to-maturity investments	22	**3,644**	**172**	**–**	**(4)**	**3,812**
Receivables	23	**945**	**7**	**35**	**–**	**987**
Fixed assets	27	**504**	**–**	**–**	**–**	**504**
Land use rights	28	**142**	**–**	**–**	**–**	**142**
Intangible assets	29	**8**	**–**	**–**	**–**	**8**
Other assets	32	**3,693**	**158**	**–**	**(86)**	**3,765**
Total		**266,406**	**40,460**	**(15,475)**	**(9,179)**	**282,212**

(Expressed in millions of RMB, unless otherwise stated)

33 Movements of allowances for impairment losses (continued)

Group (continued)

	Note	2014 As at 1 January	Charge	Transfer in/(out)	Write-offs	As at 31 December
Deposits with banks and non-bank financial institutions	14	7	–	–	–	7
Placements with banks and non-bank financial institutions	15	27	–	–	–	27
Interest receivable	19	1	–	–	–	1
Loans and advances to customers	20(3)	228,696	59,264	(14,862)	(21,485)	251,613
Available for sale debt securities		2,743	88	29	(1,451)	1,409
Available for sale equity instruments		4,297	271	(80)	(75)	4,413
Held-to-maturity investments	22	4,521	281	47	(1,205)	3,644
Receivables	23	784	196	–	(35)	945
Fixed assets	27	488	17	8	(9)	504
Land use rights	28	142	–	–	–	142
Intangible assets	29	8	–	–	–	8
Other assets	32	2,661	1,324	74	(366)	3,693
Total		244,375	61,441	(14,784)	(24,626)	266,406

Bank

	Note	Six months ended 30 June 2015 **As at 1 January**	**Charge/ (Write-back)**	**Transfer in/(out)**	**Write-offs**	**As at 30 June**
Deposits with banks and non-bank financial institutions	14	**4**	**–**	**–**	**–**	**4**
Placements with banks and non-bank financial institutions	15	**27**	**2**	**–**	**–**	**29**
Interest receivable	19	**1**	**–**	**–**	**–**	**1**
Loans and advances to customers	20(3)	**246,816**	**38,482**	**(14,746)**	**(8,270)**	**262,282**
Available for sale debt securities		**1,340**	**(420)**	**5**	**–**	**925**
Available for sale equity instruments		**4,328**	**–**	**–**	**(17)**	**4,311**
Held-to-maturity investments	22	**3,486**	**102**	**–**	**(3)**	**3,585**
Receivables	23	**944**	**27**	**–**	**–**	**971**
Fixed assets	27	**427**	**–**	**–**	**–**	**427**
Land use rights	28	**142**	**–**	**–**	**–**	**142**
Intangible assets	29	**8**	**–**	**–**	**–**	**8**
Other assets	32	**3,228**	**146**	**–**	**(36)**	**3,338**
Total		**260,751**	**38,339**	**(14,741)**	**(8,326)**	**276,023**

	Note	2014 As at 1 January	Charge	Transfer in/(out)	Write-offs	As at 31 December
Deposits with banks and non-bank financial institutions	14	4	–	–	–	4
Placements with banks and non-bank financial institutions	15	27	–	–	–	27
Interest receivable	19	1	–	–	–	1
Loans and advances to customers	20(3)	226,705	57,554	(16,639)	(20,804)	246,816
Available for sale debt securities		2,678	66	47	(1,451)	1,340
Available for sale equity instruments		4,228	260	(86)	(74)	4,328
Held-to-maturity investments	22	4,461	185	44	(1,204)	3,486
Receivables	23	773	171	–	–	944
Fixed assets	27	429	–	–	(2)	427
Land use rights	28	142	–	–	–	142
Intangible assets	29	8	–	–	–	8
Other assets	32	2,344	1,200	–	(316)	3,228
Total		241,800	59,436	(16,634)	(23,851)	260,751

Transfer in/(out) includes exchange differences.

(Expressed in millions of RMB, unless otherwise stated)

34 Amounts due from/to subsidiaries

Amounts due from subsidiaries of the Bank are analysed by assets category as follows:

	30 June 2015	31 December 2014
Deposits with banks and non-bank financial institutions	19,139	13,717
Placements with banks and non-bank financial institutions	142,992	105,861
Interest receivable	243	235
Loans and advances to customers	8,503	6,888
Available-for-sale financial assets	60	60
Other assets	35,579	36,895
Total	206,516	163,656

Amounts due to subsidiaries of the Bank are analysed by liabilities category as follows:

	30 June 2015	31 December 2014
Deposits from banks and non-bank financial institutions	14,992	23,672
Placements from banks and non-bank financial institutions	27,216	26,468
Financial liabilities at fair value through profit or loss	–	100
Deposits from customers	7,573	5,075
Interest payable	448	318
Debt securities issued	1,878	724
Other liabilities	32	3,639
Total	52,139	59,996

35 Borrowings from central banks

	Group		Bank	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Mainland China	743	60,811	4	60,004
Overseas	39,356	30,405	39,356	30,405
Total	40,099	91,216	39,360	90,409

36 Deposits from banks and non-bank financial institutions

(1) Analysed by type of counterparties

	Group		Bank	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Banks	236,789	105,056	237,514	108,686
Non-bank financial institutions	1,497,106	899,062	1,501,519	900,060
Total	1,733,895	1,004,118	1,739,033	1,008,746

(2) Analysed by geographical sectors

	Group		Bank	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Mainland China	1,645,612	993,523	1,647,643	994,753
Overseas	88,283	10,595	91,390	13,993
Total	1,733,895	1,004,118	1,739,033	1,008,746

(Expressed in millions of RMB, unless otherwise stated)

37 Placements from banks and non-bank financial institutions

(1) Analysed by type of counterparties

	Group		Bank	
	30 June 2015	31 December 2014	**30 June 2015**	31 December 2014
Banks	**300,464**	190,596	**242,469**	138,851
Non-bank financial institutions	**13,270**	11,806	**11,895**	13,301
Total	**313,734**	202,402	**254,364**	152,152

(2) Analysed by geographical sectors

	Group		Bank	
	30 June 2015	31 December 2014	**30 June 2015**	31 December 2014
Mainland China	**133,431**	79,254	**66,064**	25,789
Overseas	**180,303**	123,148	**188,300**	126,363
Total	**313,734**	202,402	**254,364**	152,152

38 Financial liabilities at fair value through profit or loss

	Group		Bank	
	30 June 2015	31 December 2014	**30 June 2015**	31 December 2014
Principal guaranteed wealth management product	**150,002**	233,655	**149,991**	233,740
Financial liabilities related to precious metals	**34,827**	36,891	**34,827**	36,891
Structured financial instruments	**20,380**	25,463	**18,746**	22,011
Total	**205,209**	296,009	**203,564**	292,642

The Group's and the Bank's financial liabilities at fair value through profit or loss are those designated at fair value through profit or loss. As at the end of reporting period, the difference between the fair value of these financial liabilities and the contractual payables at maturity is not material. The amounts of changes in the fair value of these financial liabilities that are attributable to changes in credit risk are considered not significant during the period and year presented and cumulatively as at 30 June 2015 and 31 December 2014.

39 Financial assets sold under repurchase agreements

Financial assets sold under repurchase agreements by underlying assets are shown as follows:

	Group		Bank	
	30 June 2015	31 December 2014	**30 June 2015**	31 December 2014
Securities				
– Bills issued by the PBOC	**–**	50,000	**–**	50,000
– Government bonds	**7,000**	130,813	**–**	126,597
– Debt securities issued by banks and non-bank financial institutions	**835**	16	**–**	–
Subtotal	**7,835**	180,829	**–**	176,597
Discounted bills	**660**	699	**634**	659
Total	**8,495**	181,528	**634**	177,256

(Expressed in millions of RMB, unless otherwise stated)

40 Deposits from customers

	Group		Bank	
	30 June 2015	31 December 2014	**30 June 2015**	31 December 2014
Demand deposits				
– Corporate customers	**4,172,369**	3,996,827	**4,147,670**	3,977,665
– Personal customers	**2,396,628**	2,321,675	**2,372,262**	2,303,777
Subtotal	**6,568,997**	6,318,502	**6,519,932**	6,281,442
Time deposits (including call deposits)				
– Corporate customers	**3,153,818**	2,909,767	**3,059,339**	2,797,119
– Personal customers	**3,974,162**	3,670,406	**3,890,473**	3,575,932
Subtotal	**7,127,980**	6,580,173	**6,949,812**	6,373,051
Total	**13,696,977**	12,898,675	**13,469,744**	12,654,493

Deposits from customers include:

		Group		Bank	
		30 June 2015	31 December 2014	**30 June 2015**	31 December 2014
(1)	Pledged deposits				
	– Deposits for acceptance	**160,219**	138,472	**160,100**	138,306
	– Deposits for letter of credit	**29,816**	36,088	**29,816**	36,088
	– Deposits for guarantee	**49,083**	41,572	**49,083**	41,572
	– Others	**269,683**	206,447	**271,231**	206,969
	Total	**508,801**	422,579	**510,230**	422,935
(2)	Outward remittance and remittance payables	**25,871**	9,817	**25,584**	9,254

41 Accrued staff costs

Group

		Six months ended 30 June 2015			
	Note	**As at 1 January**	**Increased**	**Decreased**	**As at 30 June**
Salaries, bonuses, allowances and subsidies		**25,864**	**27,213**	**(29,425)**	**23,652**
Other social insurance and welfare		**2,134**	**3,516**	**(3,530)**	**2,120**
Housing funds		**100**	**3,040**	**(2,968)**	**172**
Union running costs and employee education costs		**1,842**	**977**	**(486)**	**2,333**
Post-employment benefits	(1)				
– Defined contribution plans		**821**	**6,060**	**(6,062)**	**819**
– Defined benefit plans		**920**	**11**	**(444)**	**487**
Early retirement benefits		**2,850**	**92**	**(369)**	**2,573**
Compensation to employees for termination of employment relationship		**4**	**4**	**(4)**	**4**
Total		**34,535**	**40,913**	**(43,288)**	**32,160**

(Expressed in millions of RMB, unless otherwise stated)

41 Accrued staff costs (continued)

Group (continued)

	Note	2014			
		As at 1 January	Increased	Decreased	As at 31 December
Salaries, bonuses, allowances and subsidies		25,189	60,268	(59,593)	25,864
Other social insurance and welfare		2,233	9,653	(9,752)	2,134
Housing funds		148	6,014	(6,062)	100
Union running costs and employee education costs		1,533	2,561	(2,252)	1,842
Post-employment benefits	(1)				
– Defined contribution plans		766	12,995	(12,940)	821
– Defined benefit plans		609	311	–	920
Early retirement benefits		3,596	182	(928)	2,850
Compensation to employees for termination of employment relationship		6	8	(10)	4
Total		34,080	91,992	(91,537)	34,535

Bank

	Note	**Six months ended 30 June 2015**			
		As at 1 January	**Increased**	**Decreased**	**As at 30 June**
Salaries, bonuses, allowances and subsidies		**24,618**	**25,266**	**(27,640)**	**22,244**
Other social insurance and welfare		**2,121**	**3,409**	**(3,437)**	**2,093**
Housing funds		**99**	**3,003**	**(2,931)**	**171**
Union running costs and employee education costs		**1,807**	**939**	**(475)**	**2,271**
Post-employment benefits	(1)				
– Defined contribution plans		**815**	**5,889**	**(5,892)**	**812**
– Defined benefit plans		**920**	**11**	**(444)**	**487**
Early retirement benefits		**2,850**	**92**	**(369)**	**2,573**
Compensation to employees for termination of employment relationship		**4**	**4**	**(4)**	**4**
Total		**33,234**	**38,613**	**(41,192)**	**30,655**

	Note	2014			
		As at 1 January	Increased	Decreased	As at 31 December
Salaries, bonuses, allowances and subsidies		24,081	57,232	(56,695)	24,618
Other social insurance and welfare		2,221	9,458	(9,558)	2,121
Housing funds		148	5,943	(5,992)	99
Union running costs and employee education costs		1,515	2,505	(2,213)	1,807
Post-employment benefits	(1)				
– Defined contribution plans		762	12,720	(12,667)	815
– Defined benefit plans		609	311	–	920
Early retirement benefits		3,596	182	(928)	2,850
Compensation to employees for termination of employment relationship		6	8	(10)	4
Total		32,938	88,359	(88,063)	33,234

The Group and the Bank has no overdue balance of accrued staff costs as at the end of the reporting period.

(Expressed in millions of RMB, unless otherwise stated)

41 Accrued staff costs (continued)

(1) Post-employment benefits

(a) Defined contribution plans

Group

	Six months ended 30 June 2015			
	As at 1 January	**Increased**	**Decreased**	**As at 30 June**
Basic pension insurance	**545**	**4,387**	**(4,371)**	**561**
Unemployment insurance	**30**	**324**	**(313)**	**41**
Annuity contribution	**246**	**1,349**	**(1,378)**	**217**
Total	**821**	**6,060**	**(6,062)**	**819**

	2014			
	As at 1 January	Increased	Decreased	As at 31 December
Basic pension insurance	535	8,795	(8,785)	545
Unemployment insurance	29	692	(691)	30
Annuity contribution	202	3,508	(3,464)	246
Total	766	12,995	(12,940)	821

Bank

	Six months ended 30 June 2015			
	As at 1 January	**Increased**	**Decreased**	**As at 30 June**
Basic pension insurance	**541**	**4,236**	**(4,223)**	**554**
Unemployment insurance	**29**	**321**	**(309)**	**41**
Annuity contribution	**245**	**1,332**	**(1,360)**	**217**
Total	**815**	**5,889**	**(5,892)**	**812**

	2014			
	As at 1 January	Increased	Decreased	As at 31 December
Basic pension insurance	531	8,562	(8,552)	541
Unemployment insurance	29	685	(685)	29
Annuity contribution	202	3,473	(3,430)	245
Total	762	12,720	(12,667)	815

(Expressed in millions of RMB, unless otherwise stated)

41 Accrued staff costs (continued)

(1) Post-employment benefits (continued)

(b) *Defined benefit plans – Supplementary retirement benefits*

The Group's obligations in respect of the supplementary retirement benefits as at the end of reporting period were calculated using the projected unit credit actuarial cost method and reviewed by qualified staff (a member of Society of Actuaries of the United States of America) of an external independent actuary: Towers, Perrin, Forster & Crosby, Inc., Hong Kong.

(i) *The Group and the bank*

	Present value of defined benefit plan obligations		Fair value of plan assets		Net liabilities of defined benefit plans	
	Six month ended 30 June 2015	2014	**Six month ended 30 June 2015**	2014	**Six month ended 30 June 2015**	2014
As at 1 January	**6,654**	6,434	**5,734**	5,825	**920**	609
Cost of the net defined benefit liability in profit or loss						
– *Interest costs*	**118**	277	**107**	260	**11**	17
Remeasurements of the defined benefit liability in other comprehensive income						
– *Actuarial (gains)/losses*	**(10)**	601	**–**	–	**(10)**	601
– *Returns on plan assets*	**–**	–	**434**	307	**(434)**	(307)
Other changes						
– *Benefits paid*	**(330)**	(658)	**(330)**	(658)	**–**	–
As at 30 June/31 December	**6,432**	6,654	**5,945**	5,734	**487**	920

Interest cost was recognised in other general and administrative expenses. Past service costs were recognised in staff costs.

(ii) *Principal actuarial assumptions of the Group and the Bank as at the end of reporting period are as follows:*

	30 June 2015	31 December 2014
Discount rate	**3.75%**	3.75%
Health care cost increase rate	**7.00%**	7.00%
Average expected future lifetime of eligible employees	**11.8 years**	12.1 years

Mortality assumptions are based on China Life Insurance Annuity Table (2000-2003) in China Life Insurance Mortality Table complied by People's Life Insurance Company of China (PLICC), which are published historical statistics in China.

(iii) *The sensitivity of the present value of supplementary retirement benefit obligations to changes in the weighted principal assumption is:*

	Impact on present value of supplementary retirement benefit obligations	
	Increase in assumption by 0.25%	Decrease in assumption by 0.25%
Discount rate	(121)	125
Health care cost increase rate	40	(39)

(iv) *The weighted average duration of supplementary retirement benefit obligations of the Group and the Bank is 7.7 years.*

(Expressed in millions of RMB, unless otherwise stated)

41 Accrued staff costs (continued)

(1) Post-employment benefits (continued)

(b) Defined benefit plans – Supplementary retirement benefits (continued)

(v) Plan assets of the Group and the Bank are as follows:

	30 June 2015	31 December 2014
Cash and cash equivalents	**168**	136
Equity instruments	**740**	304
Debt instruments	**4,951**	5,161
Others	**86**	133
Total	**5,945**	5,734

42 Taxes payable

	Group		Bank	
	30 June 2015	31 December 2014	**30 June 2015**	31 December 2014
Income tax	**32,225**	52,320	**31,364**	51,743
Business tax and surcharges	**8,748**	9,518	**8,600**	9,414
Value added tax	**(1,187)**	(880)	**(1,047)**	(904)
Others	**1,023**	1,686	**995**	1,628
Total	**40,809**	62,644	**39,912**	61,881

43 Interest payable

	Group		Bank	
	30 June 2015	31 December 2014	**30 June 2015**	31 December 2014
Deposits from banks and non-bank financial institutions	**6,893**	5,747	**7,184**	5,985
Deposits from customers	**185,313**	176,476	**184,219**	175,349
Debts securities issued	**5,116**	2,132	**5,055**	2,132
Others	**1,370**	1,519	**1,036**	1,161
Total	**198,692**	185,874	**197,494**	184,627

44 Provisions

	Group		Bank	
	30 June 2015	31 December 2014	**30 June 2015**	31 December 2014
Litigation provisions	**2,006**	2,155	**514**	486
Others	**5,628**	4,913	**5,628**	4,913
Total	**7,634**	7,068	**6,142**	5,399

(Expressed in millions of RMB, unless otherwise stated)

45 Debt securities issued

	Note	Group 30 June 2015	Group 31 December 2014	Bank 30 June 2015	Bank 31 December 2014
Certificates of deposit issued	(1)	**214,759**	240,303	**177,831**	201,656
Bonds issued	(2)	**32,486**	24,533	**5,488**	5,999
Subordinated bonds issued	(3)	**144,776**	144,845	**137,887**	137,878
Eligible Tier 2 capital bonds issued	(4)	**34,285**	21,971	**34,285**	21,971
Total		**426,306**	431,652	**355,491**	367,504

(1) Certificates of deposit were mainly issued by head office, overseas branches, CCB Asia and BIC Bank.

(2) Bonds issued

Issuance date	Maturity date	Interest rate per annum	Issuance place	Currency	Group 30 June 2015	Group 31 December 2014	Bank 30 June 2015	Bank 31 December 2014
2012-06-28	2015-06-28	3.25%	Hong Kong	RMB	**–**	500	**–**	500
2012-11-29	2015-11-29	3.20%	London	RMB	**940**	940	**–**	–
2013-12-10	2016-12-12	3.25%	Taiwan	RMB	**2,000**	2,000	**2,000**	2,000
2014-03-13	2016-03-13	3.25%	Hong Kong	RMB	**4,000**	4,000	**–**	–
2014-04-01	2017-04-01	2.375%	Hong Kong	USD	**1,860**	1,861	**–**	–
2014-04-04	2015-03-20	2.88%	Hong Kong	RMB	**–**	229	**–**	–
2014-04-25	2016-04-25	3 months LIBOR+1.35%	Hong Kong	USD	**124**	124	**–**	–
2014-05-22	2015-06-11	3.00%	Hong Kong	RMB	**–**	153	**–**	–
2014-05-28	2016-05-30	3.38%	Frankfurt	RMB	**1,500**	1,500	**1,500**	1,500
2014-05-28	2019-05-28	1.375%	Switzerland	CHF	**1,997**	1,882	**–**	–
2014-06-27	2017-06-27	3.45%	Switzerland	RMB	**1,250**	1,250	**–**	–
2014-07-02	2019-07-02	3.25%	Hong Kong	USD	**3,721**	3,723	**–**	–
2014-07-14	2015-07-14	1.70%	Hong Kong	USD	**310**	310	**–**	–
2014-09-05	2017-09-05	3.35%	Taiwan	RMB	**800**	800	**800**	800
2014-09-05	2019-09-05	3.75%	Taiwan	RMB	**600**	600	**600**	600
2014-09-05	2021-09-05	4.00%	Taiwan	RMB	**600**	600	**600**	600
2014-11-12	2015-11-12	3 months LIBOR+1.02%	Hong Kong	USD	**682**	683	**–**	–
2014-11-18	2019-11-18	3.75%	Taiwan	RMB	**1,000**	1,000	**–**	–
2014-11-18	2021-11-18	3.95%	Taiwan	RMB	**1,000**	1,000	**–**	–
2014-11-18	2016-11-18	3.30%	Taiwan	RMB	**700**	700	**–**	–
2014-11-18	2024-11-18	4.08%	Taiwan	RMB	**600**	600	**–**	–
2014-11-27	2016-12-06	3.45%	Hong Kong	RMB	**120**	120	**–**	–
2015-01-20	2020-01-20	3.125%	Hong Kong	USD	**4,341**	–	**–**	–
2015-02-11	2020-02-11	1.50%	Luxembourg	EUR	**3,463**	–	**–**	–
2015-03-31	2016-03-29	0.33%	Hong Kong	EUR	**208**	–	**–**	–
2015-04-29	2016-04-29	3.80%	Hong Kong	RMB	**400**	–	**–**	–
2015-06-18	2018-06-18	4.317%	Auckland	NZD	**210**	–	**–**	–
2015-06-18	2019-06-18	4.30%	Auckland	NZD	**6**	–	**–**	–
2015-06-18	2020-06-18	3 month New Zealand benchmark interest rate +1.2%	Auckland	NZD	**105**	–	**–**	–
Total nominal value					**32,537**	24,575	**5,500**	6,000
Less: unamortised issuance costs					**(51)**	(42)	**(12)**	(1)
Carrying value as at the end of the reporting period					**32,486**	24,533	**5,488**	5,999

(Expressed in millions of RMB, unless otherwise stated)

45 Debt securities issued (continued)

(3) Subordinated bonds issued

The carrying value of the Group and the Bank's subordinated bonds issued upon the approval of the PBOC, the CBRC, the HKMA and Brazil Central Bank is as follows:

					Group		Bank	
Issuance date	**Maturity date**	**Interest rate per annum**	**Currency**	Note	**30 June 2015**	31 December 2014	**30 June 2015**	31 December 2014
2009-02-24	2024-02-26	4.00%	RMB	(a)	**28,000**	28,000	**28,000**	28,000
2009-08-07	2024-08-11	4.04%	RMB	(b)	**10,000**	10,000	**10,000**	10,000
2009-11-03	2019-11-04	Benchmark rate released by Brazil Central Bank	BRL	(c)	**400**	467	**–**	–
2009-12-18	2024-12-22	4.80%	RMB	(d)	**20,000**	20,000	**20,000**	20,000
2010-04-27	2020-04-27	8.50%	USD	(c)	**1,680**	1,681	**–**	–
2010-07-30	2017-10-15	7.31%	USD	(c)	**198**	199	**–**	–
2011-11-03	2026-11-07	5.70%	RMB	(e)	**40,000**	40,000	**40,000**	40,000
2012-11-20	2027-11-22	4.99%	RMB	(f)	**40,000**	40,000	**40,000**	40,000
2014-08-20	2024-08-20	4.25%	USD	(g)	**4,651**	4,654	**–**	–
Total nominal value					**144,929**	145,001	**138,000**	138,000
Less: Unamortised issuance cost					**(153)**	(156)	**(113)**	(122)
Carrying value as at the end of the reporting period					**144,776**	144,845	**137,887**	137,878

(a) The Group has an option to redeem the bonds on 26 February 2019. If they are not redeemed by the Group, the interest rate will increase to 7.00% per annum from 26 February 2019 for the next five years.

(b) The Group has an option to redeem the bonds on 11 August 2019. If they are not redeemed by the Group, the interest rate will increase to 7.04% per annum from 11 August 2019 for the next five years.

(c) The subordinated bonds were issued by BIC Bank.

(d) The Group has an option to redeem the bonds on 22 December 2019. If they are not redeemed by the Group, the interest rate will increase to 7.80% per annum from 22 December 2019 for the next five years.

(e) The Group has an option to redeem the bonds on 7 November 2021, subject to an approval from relevant authority.

(f) The Group has an option to redeem the bonds on 22 November 2022, subject to an approval from relevant authority.

(g) The Group has an option to redeem the bonds on 20 August 2019, subject to an approval from relevant authority.

(4) Eligible Tier 2 capital bonds issued

					Group and Bank	
Issuance date	**Maturity date**	**Interest rate per annum**	**Currency**	Note	**30 June 2015**	31 December 2014
2014-08-15	2029-08-18	5.98%	RMB	(a)	**20,000**	20,000
2014-11-12	2024-11-12	4.90%	RMB	(b)	**2,000**	2,000
2015-05-13	2025-05-13	3.875%	USD	(c)	**12,402**	–
Total nominal value					**34,402**	22,000
Less: Unamortised issuance cost					**(117)**	(29)
Carrying value as at the end of the reporting period					**34,285**	21,971

(a) The Group has an option to redeem the bonds on 18 August 2024, subject to an approval from relevant authority. These eligible Tier 2 capital bonds have the write-down feature of a Tier 2 capital instrument, which allows the Bank to write down the entire principal of the bonds when regulatory triggering events incur. Any accumulated unpaid interest will not be paid, either.

(b) The Group has an option to redeem the bonds on 12 November 2019, subject to an approval from relevant authority. If they are not redeemed by the Group, the interest rate will be reset annually and increase by 1.538% on the basis of twelve months CNH HIBOR applicable on the interest reset date from 12 November 2019. These eligible Tier 2 capital bonds have the write-down feature of a Tier 2 capital instrument, which allows the Bank to write down the entire principal of the bonds when regulatory triggering events incur. Any accumulated unpaid interest will not be paid, either.

(c) The Group has an option to redeem the bonds on 13 May 2020, subject to an approval from relevant authority. If they are not redeemed by the Group, the interest rate per annum will be reset on 13 May 2020 and increase by 2.425% on the basis of five years USD treasury benchmark applicable on the interest reset date. These eligible Tier 2 capital bonds have the write-down feature of a Tier 2 capital instrument, which allows the Bank to write down the entire principal of the bonds when regulatory triggering events incur. Any accumulated unpaid interest will not be paid, either.

(Expressed in millions of RMB, unless otherwise stated)

46 Other liabilities

	Group		Bank	
	30 June 2015	31 December 2014	**30 June 2015**	31 December 2014
Dividend payable	**72,427**	–	**72,425**	–
Insurance business related liabilities	**47,719**	31,938	**–**	–
Deferred income	**15,023**	14,475	**14,892**	14,370
Clearing and settlement accounts	**10,484**	3,095	**10,481**	3,109
Capital expenditure payable	**6,966**	10,324	**6,965**	10,323
Leasing business related liabilities	**5,580**	4,183	**–**	–
Dormant accounts	**2,932**	2,987	**2,932**	2,987
Accrued expenses	**2,014**	1,889	**1,870**	1,677
Securities underwriting and redemption payable	**1,401**	1,480	**1,401**	1,480
Payment and collection clearance accounts	**1,295**	853	**997**	698
Others	**19,427**	12,048	**15,003**	13,905
Total	**185,268**	83,272	**126,966**	48,549

47 Share capital

	Group and Bank	
	30 June 2015	31 December 2014
Listed in Hong Kong (H share)	**240,417**	240,417
Listed in Mainland China (A share)	**9,594**	9,594
Total	**250,011**	250,011

All H and A shares are ordinary shares, have a par value of RMB1.00 per share and rank pari passu with the same rights and benefits.

48 Capital reserve

	Group		Bank	
	30 June 2015	31 December 2014	**30 June 2015**	31 December 2014
Share premium	**135,118**	135,118	**135,109**	135,109
Cash flow hedge reserve	**(12)**	(10)	**–**	1
Others	**729**	283	**723**	277
Total	**135,835**	135,391	**135,832**	135,387

(Expressed in millions of RMB, unless otherwise stated)

49 Investment revaluation reserve

The changes in fair value of available-for-sale financial assets were recognised in "investment revaluation reserve". Movements of investment revaluation reserve are as follows:

Group

		Six months ended 30 June 2015		
	Note	**Before-tax amount**	**Tax benefit/(expense)**	**Net-of-tax amount**
As at 1 January		**5,931**	**(1,369)**	**4,562**
Gains during the period				
– Debt securities		**4,006**	**(942)**	**3,064**
– Equity instruments and funds		**1,470**	**(368)**	**1,102**
		5,476	**(1,310)**	**4,166**
Reclassification adjustments				
– Impairment		**(320)**	**80**	**(240)**
– Disposals		**(1,185)**	**296**	**(889)**
– Others	(1)	**1**	**–**	**1**
		(1,504)	**376**	**(1,128)**
As at 30 June		**9,903**	**(2,303)**	**7,600**

		2014		
	Note	Before-tax amount	Tax benefit/(expense)	Net-of-tax amount
As at 1 January		(25,837)	6,547	(19,290)
Gains during the year				
– Debt securities		32,092	(7,997)	24,095
– Equity instruments and funds		1,862	(466)	1,396
		33,954	(8,463)	25,491
Reclassification adjustments				
– Impairment		701	(175)	526
– Disposals		(2,889)	722	(2,167)
– Others	(1)	2	–	2
		(2,186)	547	(1,639)
As at 31 December		5,931	(1,369)	4,562

(Expressed in millions of RMB, unless otherwise stated)

49 Investment revaluation reserve (continued)

Bank

	Note	Six months ended 30 June 2015		
		Before-tax amount	**Tax benefit/(expense)**	**Net-of-tax amount**
As at 1 January		**5,727**	**(1,439)**	**4,288**
Gains during the period				
– Debt securities		**4,203**	**(1,078)**	**3,125**
– Equity instruments		**485**	**(121)**	**364**
		4,688	**(1,199)**	**3,489**
Reclassification adjustments				
– Impairment		**(420)**	**105**	**(315)**
– Disposals		**(1,133)**	**283**	**(850)**
– Others	(1)	**1**	**–**	**1**
		(1,552)	**388**	**(1,164)**
As at 30 June		**8,863**	**(2,250)**	**6,613**

	Note	2014		
		Before-tax amount	Tax benefit/(expense)	Net-of-tax amount
As at 1 January		(25,740)	6,465	(19,275)
Gains during the year				
– Debt securities		32,045	(8,049)	23,996
– Equity instruments		1,460	(365)	1,095
		33,505	(8,414)	25,091
Reclassification adjustments				
– Impairment		668	(167)	501
– Disposals		(2,708)	677	(2,031)
– Others	(1)	2	–	2
		(2,038)	510	(1,528)
As at 31 December		5,727	(1,439)	4,288

(1) Others refer to the amortisation of accumulated losses previously recognised in revaluation reserve for the period/year. These accumulated losses were related to certain debt securities reclassified from available-for-sale financial assets to held-to-maturity investments in prior period/years.

50 Surplus reserve

Surplus reserves consist of statutory surplus reserve fund and discretionary surplus reserve fund.

The Bank is required to allocate 10% of its net profit, as determined under the Accounting Standards for Business Enterprises and other relevant requirements issued by the MOF on 15 Feb 2006. After making appropriations to the statutory surplus reserve fund, the Bank may also allocate its net profit to the discretionary surplus reserve fund upon approval by shareholders in annual general meetings.

(Expressed in millions of RMB, unless otherwise stated)

51 General reserve

The general reserve of the Group and the Bank as at the end of the reporting period is set up based on the requirement of:

		Group		Bank	
	Note	**30 June 2015**	31 December 2014	**30 June 2015**	31 December 2014
MOF	(1)	**181,687**	165,439	**181,687**	165,439
Hong Kong Banking Ordinance	(2)	**2,115**	2,115	**165**	165
Other regulatory bodies in Mainland China	(3)	**1,667**	1,629	**–**	–
Other overseas regulatory bodies		**457**	313	**456**	312
Total		**185,926**	169,496	**182,308**	165,916

(1) Pursuant to relevant regulations issued by the MOF, the Bank has to appropriate a certain amount of its net profit as general reserve to cover potential losses against its assets. In accordance with the 'Regulation on Management of Financial Institutions for Reserves' (Cai Jin [2012] No. 20), issued by the Ministry of Finance on 30 March 2012, the general reserve balance for financial institutions should not be lower than 1.5% of the ending balance of gross risk-bearing assets.

(2) Pursuant to requirements of the Hong Kong Banking Ordinance, the Group's banking operations in Hong Kong are required to set aside amounts in a regulatory reserve in respect of losses which it will, or may, incur on loans and advances to customers, in addition to impairment losses recognised in accordance with the accounting policies of the Group. Transfers to and from the regulatory reserve are made through retained earnings.

(3) Pursuant to the relevant regulatory requirements in Mainland China, the Bank's subsidiaries are required to appropriate a certain amount of its net profit as general reserve.

52 Profit distribution

The Bank declared a cash dividend of RMB75,253 million for the year ended 31 December 2014 according to the profit distribution plan approved by the Annual General Meeting held on 15 June 2015.

53 Notes to cash flow statement

(1) Cash and cash equivalents

	30 June 2015	31 December 2014	30 June 2014
Cash	**64,137**	72,653	61,135
Surplus deposit reserves with central banks	**214,234**	81,392	154,966
Demand deposits with banks and non-bank financial institutions	**44,310**	43,963	38,843
Deposits with banks and non-bank financial institutions with original maturity with or within three months	**48,595**	86,387	22,031
Placements with banks and non-bank financial institutions with original maturity with or within three months	**99,091**	69,323	132,262
Total	**470,367**	353,718	409,237

(2) Liquidation of SJDCL

Due to the liquidation of SJDCL, the Bank received cash of RMB245 million. As at the liquidation date, the cash and cash equivalent and the net asset held by SJDCL are both 245 million.

Operating income, net profit and cash flow of SJDCL contributed to the Group from the beginning of the year 2015 to the liquidation date did not result in any significant impact to the consolidated statement of comprehensive income.

54 Credit assets securitisation transactions

The Group enters into securitisation transactions in the normal course of business by which it transfers credit assets to special purpose vehicles ("SPVs") which issue asset-backed securities to investors. The Group may retain interests in the form of subordinated tranches which would give rise to the Group's continuing involvement in the transferred assets. Those financial assets are recognised on the statement of financial position to the extent of the Group's continuing involvement.

As at 30 June 2015, loans with an original carrying amount of RMB7,177 million (31 December 2014: RMB7,177 million) have been securitised by the Group under arrangements in which the Group retained a continuing involvement in such assets. As at 30 June 2015, the carrying amount of assets that the Group continued to recognise was RMB321 million (31 December 2014: RMB322 million), and liabilities was RMB498 million (31 December 2014: RMB499 million).

55 Operating segments

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

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

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

(1) Geographical segments

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

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

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

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

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

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

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

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

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

(Expressed in millions of RMB, unless otherwise stated)

55 Operating segments (continued)

(1) Geographical segments (continued)

	Six months ended 30 June 2015								
	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central	Western	Northeastern	Head Office	Overseas	Total
External net interest income	28,450	17,531	20,203	26,247	29,426	8,259	91,594	2,909	224,619
Internal net interest income/(expense)	7,865	11,770	14,673	11,306	8,459	5,121	(60,690)	1,496	–
Net interest income	36,315	29,301	34,876	37,553	37,885	13,380	30,904	4,405	224,619
Net fee and commission income	10,953	9,564	10,449	10,290	7,627	3,250	10,558	954	63,645
Net trading gain/(loss)	80	69	(60)	40	49	19	593	960	1,750
Dividend income	–	4	13	158	5	–	8	283	471
Net gain arising from investment securities	1,042	–	20	233	–	298	1,264	575	3,432
Other operating income, net	251	104	475	144	1,264	118	1,261	283	3,900
Operating income	48,641	39,042	45,773	48,418	46,830	17,065	44,588	7,460	297,817
Operating expenses	(14,857)	(11,586)	(14,477)	(16,749)	(15,295)	(6,467)	(5,271)	(2,727)	(87,429)
Impairment losses	(13,727)	(8,991)	(3,255)	(5,271)	(3,918)	(2,645)	(1,690)	(1,752)	(41,249)
Share of profits less gains of associates and joint ventures	–	–	–	17	–	–	–	51	68
Profit before tax	20,057	18,465	28,041	26,415	27,617	7,953	37,627	3,032	169,207
Capital expenditure	375	404	1,590	1,396	658	362	228	1,481	6,494
Depreciation and amortisation	1,526	989	1,458	1,799	1,523	816	1,337	201	9,649
	30 June 2015								
Segment assets	3,121,737	2,672,716	3,414,684	2,820,963	2,772,710	1,038,055	6,529,431	1,111,062	23,481,358
Interests in associates and joint ventures	–	–	–	1,583	–	–	–	2,175	3,758
	3,121,737	2,672,716	3,414,684	2,822,546	2,772,710	1,038,055	6,529,431	1,113,237	23,485,116
Deferred tax assets									39,555
Elimination									(5,305,485)
Total assets									18,219,186
Segment liabilities	3,093,338	2,656,889	3,390,041	2,800,053	2,756,168	1,033,220	5,453,575	1,028,418	22,211,702
Deferred tax liabilities									519
Elimination									(5,305,485)
Total liabilities									16,906,736
Off-balance sheet credit commitments	502,828	352,722	593,664	336,377	298,684	107,478	7,500	100,813	2,300,066

(Expressed in millions of RMB, unless otherwise stated)

55 Operating segments (continued)

(1) Geographical segments (continued)

	Six months ended 30 June 2014								
	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central	Western	Northeastern	Head Office	Overseas	Total
External net interest income	30,445	19,012	12,354	25,967	28,462	8,769	82,890	3,393	211,292
Internal net interest income/(expense)	5,346	9,127	20,367	10,091	8,372	4,724	(58,386)	359	–
Net interest income	35,791	28,139	32,721	36,058	36,834	13,493	24,504	3,752	211,292
Net fee and commission income	10,807	9,279	9,912	10,138	7,652	3,108	8,312	972	60,180
Net trading gain	113	52	126	5	76	–	691	530	1,593
Dividend income	3	2	3	186	2	4	1	39	240
Net gain arising from investment securities	227	–	2	–	12	–	732	165	1,138
Other operating income/(expense), net	349	203	498	139	867	99	1,660	(1,531)	2,284
Operating income	47,290	37,675	43,262	46,526	45,443	16,704	35,900	3,927	276,727
Operating expenses	(14,696)	(11,613)	(13,810)	(15,952)	(14,820)	(6,246)	(5,152)	(1,850)	(84,139)
Impairment losses	(9,890)	(3,655)	(1,625)	(3,223)	(2,850)	(1,454)	(2,440)	2,015	(23,122)
Share of profits less gains of associates and joint ventures	–	–	–	5	–	–	–	45	50
Profit before tax	22,704	22,407	27,827	27,356	27,773	9,004	28,308	4,137	169,516
Capital expenditure	1,068	766	1,199	1,954	1,816	800	1,222	1,537	10,362
Depreciation and amortisation	1,380	887	1,271	1,566	1,371	740	1,220	115	8,550
	31 December 2014								
Segment assets	2,839,279	2,230,031	3,030,726	2,589,502	2,579,135	995,140	6,252,529	933,435	21,449,777
Interests in associates and joint ventures	–	–	–	955	–	–	–	2,129	3,084
	2,839,279	2,230,031	3,030,726	2,590,457	2,579,135	995,140	6,252,529	935,564	21,452,861
Deferred tax assets									39,436
Elimination									(4,748,167)
Total assets									16,744,130
Segment liabilities	2,829,616	2,226,878	3,013,946	2,580,217	2,572,912	993,889	5,143,025	879,050	20,239,533
Deferred tax liabilities									401
Elimination									(4,748,167)
Total liabilities									15,491,767
Off-balance sheet credit commitments	513,530	340,119	579,144	342,489	291,548	106,264	7,500	98,803	2,279,397

(Expressed in millions of RMB, unless otherwise stated)

55 Operating segments (continued)

(2) Business segments

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

Corporate banking

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

Personal banking

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

Treasury business

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

Others

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

	Six months ended 30 June 2015				
	Corporate banking	**Personal banking**	**Treasury business**	**Others**	**Total**
External net interest income	125,408	6,950	85,258	7,003	224,619
Internal net interest (expenses)/income	(6,975)	70,732	(60,839)	(2,918)	–
Net interest income	118,433	77,682	24,419	4,085	224,619
Net fee and commission income	23,965	27,066	10,883	1,731	63,645
Net trading (loss)/gain	(2,559)	(470)	3,778	1,001	1,750
Dividend income	–	–	–	471	471
Net gain arising from investment securities	–	–	223	3,209	3,432
Other operating income/(expense), net	158	(21)	2,132	1,631	3,900
Operating income	139,997	104,257	41,435	12,128	297,817
Operating expenses	(35,486)	(42,814)	(4,047)	(5,082)	(87,429)
Impairment losses	(32,034)	(6,345)	(496)	(2,374)	(41,249)
Share of profits less losses of associates and joint ventures	–	–	–	68	68
Profit before tax	72,477	55,098	36,892	4,740	169,207
Capital expenditure	1,381	2,570	179	2,364	6,494
Depreciation and amortisation	3,088	5,745	400	416	9,649
	30 June 2015				
Segment assets	7,155,820	3,237,890	6,585,604	1,274,203	18,253,517
Interests in associates and joint ventures	–	–	–	3,758	3,758
	7,155,820	3,237,890	6,585,604	1,277,961	18,257,275
Deferred tax assets					39,555
Elimination					(77,644)
Total assets					18,219,186
Segment liabilities	8,185,033	7,171,575	236,989	1,390,264	16,983,861
Deferred tax liabilities					519
Elimination					(77,644)
Total liabilities					16,906,736
Off-balance sheet credit commitments	1,680,890	518,157	–	101,019	2,300,066

(Expressed in millions of RMB, unless otherwise stated)

55 Operating segments (continued)

(2) Business segments (continued)

	Six months ended 30 June 2014				
	Corporate banking	Personal banking	Treasury business	Others	Total
External net interest income	110,317	9,010	86,241	5,724	211,292
Internal net interest income/(expenses)	4,569	72,339	(73,676)	(3,232)	–
Net interest income	114,886	81,349	12,565	2,492	211,292
Net fee and commission income	25,966	22,650	10,101	1,463	60,180
Net trading (loss)/gain	(3,708)	(3,854)	8,615	540	1,593
Dividend income	–	–	–	240	240
Net gain arising from investment securities	–	–	609	529	1,138
Other operating income/(expense), net	147	30	2,858	(751)	2,284
Operating income	137,291	100,175	34,748	4,513	276,727
Operating expenses	(32,321)	(45,422)	(2,632)	(3,764)	(84,139)
Impairment losses	(18,122)	(5,457)	(527)	984	(23,122)
Share of profits less losses of associates and joint ventures	–	–	–	50	50
Profit before tax	86,848	49,296	31,589	1,783	169,516
Capital expenditure	2,215	6,168	166	1,814	10,363
Depreciation and amortisation	2,137	5,964	157	292	8,550
	31 December 2014				
Segment assets	6,106,160	3,005,155	6,588,297	1,056,039	16,755,651
Interests in associates and joint ventures	–	–	–	3,084	3,084
	6,106,160	3,005,155	6,588,297	1,059,123	16,758,735
Deferred tax assets					39,436
Elimination					(54,041)
Total assets					16,744,130
Segment liabilities	7,118,017	6,820,246	446,096	1,161,048	15,545,407
Deferred tax liabilities					401
Elimination					(54,041)
Total liabilities					15,491,767
Off-balance sheet credit commitments	1,705,786	474,580	–	99,031	2,279,397

(Expressed in millions of RMB, unless otherwise stated)

56 Entrusted lending business

As at the end of the reporting period, the entrusted loans and funds were as follows:

	Group		Bank	
	30 June 2015	31 December 2014	**30 June 2015**	31 December 2014
Entrusted loans	**1,687,436**	1,570,356	**1,657,961**	1,541,133
Entrusted funds	**1,687,436**	1,570,356	**1,657,961**	1,541,133

57 Pledged assets

(1) Assets pledged as security

(a) Carrying value of pledged assets analysed by category

	Group		Bank	
	30 June 2015	31 December 2014	**30 June 2015**	31 December 2014
Discounted bills	**660**	699	**634**	659
Bonds	**8,749**	247,527	**914**	243,295
Total	**9,409**	248,226	**1,548**	243,954

(b) Carrying value of pledged assets analysed by classification in the statement of financial position

	Group		Bank	
	30 June 2015	31 December 2014	**30 June 2015**	31 December 2014
Financial assets at fair value through profit or loss	**1,995**	–	**–**	–
Loans and advances to customers	**660**	699	**634**	659
Available-for-sale financial assets	**6,754**	5,414	**914**	1,198
Held-to-maturity investments	**–**	242,113	**–**	242,097
Total	**9,409**	248,226	**1,548**	243,954

(2) Collateral accepted as securities for assets

The Group conducts resale agreements under usual and customary terms of placements, and holds collateral for these transactions. As at 30 June 2015 and 31 December 2014, the Group did not hold any collateral for resale agreements, which it was permitted to sell or repledge in the absence of default for the transactions.

(Expressed in millions of RMB, unless otherwise stated)

58 Commitments and contingent liabilities

(1) Credit commitments

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

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

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

	Group		**Bank**	
	30 June 2015	31 December 2014	**30 June 2015**	31 December 2014
Loan commitments				
– with an original maturity under one year	**122,242**	141,519	**117,496**	137,888
– with an original maturity of one year or over	**243,697**	278,155	**237,094**	272,643
Credit card commitments	**557,196**	507,142	**518,157**	474,580
	923,135	926,816	**872,747**	885,111
Bank acceptances	**398,834**	369,636	**398,274**	369,301
Financing guarantees	**112,378**	109,195	**182,795**	176,923
Non-financing guarantees	**590,964**	556,039	**586,856**	551,028
Sight letters of credit	**18,907**	20,638	**18,889**	20,632
Usance letters of credit	**220,938**	238,275	**224,024**	241,269
Others	**34,910**	58,798	**34,897**	58,763
Total	**2,300,066**	2,279,397	**2,318,482**	2,303,027

(2) Credit risk-weighted amount

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

	30 June 2015		31 December 2014	
	Group	**Bank**	Group	Bank
Credit risk – weighted amount of contingent liabilities and commitments	**887,811**	**905,867**	903,326	927,183

(Expressed in millions of RMB, unless otherwise stated)

58 Commitments and contingent liabilities (continued)

(3) Operating lease commitments

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

	Group		Bank	
	30 June 2015	31 December 2014	**30 June 2015**	31 December 2014
Within one year	**5,461**	5,234	**5,026**	4,834
After one year but within two years	**4,306**	4,295	**3,985**	4,012
After two years but within three years	**3,278**	3,227	**3,089**	3,035
After three years but within five years	**3,419**	3,615	**3,205**	3,418
After five years	**2,347**	2,471	**1,950**	2,057
Total	**18,811**	18,842	**17,255**	17,356

(4) Capital commitments

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

	Group		Bank	
	30 June 2015	31 December 2014	**30 June 2015**	31 December 2014
Contracted for	**5,757**	5,214	**5,691**	5,135
Authorised but not contracted for	**2,288**	1,406	**2,238**	1,362
Total	**8,045**	6,620	**7,929**	6,497

(5) Underwriting obligations

As at 30 June 2015, there was no unexpired underwriting commitment of the Group and the Bank (as at 31 December 2014: nil).

(6) Government bonds redemption obligations

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

The redemption obligations, which represent the nominal value of government bonds underwritten and sold by the Group and the Bank, but not yet matured as at 30 June 2015, were RMB68,204 million (as at 31 December 2014: RMB61,633 million).

(7) Outstanding litigation and disputes

As at 30 June 2015, the Group was the defendant in certain pending litigation and disputes with gross claims of RMB6,208 million (as at 31 December 2014: RMB5,677 million). Provisions have been made for the estimated losses arising from such litigations based upon the opinions of the Group's internal and external legal counsels (Note 44). The Group considers that the provisions made are reasonable and adequate.

(8) Provision against commitments and contingent liabilities

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

(Expressed in millions of RMB, unless otherwise stated)

59 Related party relationships and transactions

(1) Transactions with parent companies and their affiliates

The parent companies of the Group are CIC and Huijin.

Approved by the State Council, CIC was established on 29 September 2007 with a registered capital of RMB1,550 billion. As a wholly owned subsidiary of CIC, Huijin exercises its rights and obligations as an investor on behalf of PRC government.

Huijin was incorporated on 16 December 2003 as a wholly state-owned investment company. It was registered in Beijing with a registered capital of RMB828,209 million. Its principal activities are equity investments as authorised by the State Council, without engaging in other commercial operations. As at 30 June 2015, Huijin directly held 57.11% shares of the Bank.

The related companies under parent companies include the subsidiaries under parent companies and other associates and joint ventures.

The Group's transactions with parent companies and their affiliates mainly include deposit taking, entrusted asset management, operating leases, lending, purchase and sale of debt securities, money market transactions and inter-bank clearing. These transactions are priced based on market prices and conducted under general commercial terms.

The Group has issued subordinated debts with a nominal value of RMB144.93 billion (as at 31 December 2014: RMB145 billion). These are bearer bonds and tradable in secondary market. Accordingly, the Group has no information in respect of the amount of the bonds held by the affiliates of parent companies as at the end of the reporting period.

(a) *Transactions with parent companies*

In the ordinary course of the business, material transactions that the Group and the Bank entered into with parent companies are as follows:

Amounts

	Six months ended 30 June			
	2015		2014	
	Amount	**Ratio to similar transactions**	Amount	Ratio to similar transactions
Interest income	**289**	**0.08%**	289	0.08%
Interest expense	**174**	**0.11%**	61	0.04%

Balances outstanding as at the end of the reporting period

		30 June 2015		31 December 2014	
	Note	**Balance**	**Ratio to similar transactions**	Balance	Ratio to similar transactions
Interest receivable		**471**	**0.47%**	185	0.20%
Held-to-maturity investments		**16,680**	**0.67%**	16,680	0.73%
Financial liabilities at fair value through profit or loss		**–**	**–**	13,000	4.39%
Deposits from customers		**7,505**	**0.05%**	5,621	0.04%
Interest payable		**177**	**0.09%**	6	0.00%
Other liabilities	(i)	**42,979**	**23.20%**	–	–
Credit commitments		**288**	**0.02%**	288	0.01%

(i) Other liabilities as at 30 June 2015 represents cash dividends payable to Huijin approved by the 2014 Annual General Meeting.

(Expressed in millions of RMB, unless otherwise stated)

59 Related party relationships and transactions (continued)

(1) Transactions with parent companies and their affiliates (continued)

(b) *Transactions with the affiliates of parent companies*

In the ordinary course of the business, material transactions that the Group and the Bank entered into with the affiliates of parent companies are as follows:

Amounts

		Six months ended 30 June			
		2015		2014	
	Note	**Amount**	**Ratio to similar transactions**	Amount	Ratio to similar transactions
Interest income		**19,264**	**5.01%**	20,884	5.86%
Interest expense		**1,029**	**0.64%**	709	0.49%
Fee and commission income		**311**	**0.47%**	164	0.27%
Fee and commission expense		**38**	**1.32%**	–	–
Operating expenses	(i)	**865**	**1.26%**	767	1.15%

Balances outstanding as at the end of the reporting period

		30 June 2015		31 December 2014	
	Note	**Balance**	**Ratio to similar transactions**	Balance	Ratio to similar transactions
Deposits with banks and non-bank financial institutions		**86,390**	**13.67%**	14,521	5.45%
Placements with banks and non-bank financial institutions		**103,009**	**33.95%**	71,414	28.74%
Financial assets at fair value through profit or loss		**1,160**	**0.63%**	7,713	2.32%
Positive fair value of derivatives		**536**	**2.45%**	288	2.09%
Financial assets held under resale agreements		**25,459**	**5.13%**	7,695	2.81%
Interest receivable		**16,564**	**16.50%**	14,305	15.63%
Loans and advances to customers		**60,424**	**0.61%**	36,281	0.39%
Available for sale financial assets		**247,183**	**26.53%**	228,819	24.71%
Held-to-maturity investments		**544,726**	**21.73%**	476,497	20.73%
Receivables		**56,281**	**31.22%**	59,922	35.08%
Other assets	(ii)	**400**	**0.75%**	208	0.80%
Deposits from banks and non-bank financial institutions	(iii)	**182,064**	**10.50%**	70,040	6.98%
Placements from banks and non-bank financial institutions		**86,591**	**27.60%**	52,964	26.17%
Financial liabilities at fair value through profit or loss		**20,000**	**9.75%**	457	0.15%
Negative fair value of derivatives		**441**	**2.60%**	341	2.76%
Financial assets sold under repurchase agreements		**–**	**–**	50,530	27.84%
Deposits from customers		**26,435**	**0.19%**	27,813	0.22%
Interest payable		**308**	**0.16%**	156	0.08%
Other liabilities		**–**	**–**	64	0.08%
Credit commitments		**14,813**	**0.93%**	13,278	0.59%

(i) Operating expenses mainly represent rental expenses paid by the Group for leased assets, including properties and motor vehicles, owned by parent companies and its affiliates, and fees for related services provided by parent companies and its affiliates.

(ii) Other assets mainly represent other receivables from the affiliates of parent companies.

(iii) Deposits from the affiliates of parent companies are unsecured and are repayable under general commercial terms.

(Expressed in millions of RMB, unless otherwise stated)

59 Related party relationships and transactions (continued)

(2) Transactions with associates and joint ventures of the Group

Transactions between the Group and its associates are conducted in the normal and ordinary course of the business and under general commercial terms as those transactions conducted between the Group and non-related companies outside the Group. In the ordinary course of the business, material transactions that the Group entered into with associates and joint ventures are as follows:

Amounts

	Six months ended 30 June	
	2015	2014
Interest income	**10**	10
Interest expense	**1**	1
Fee and commission income	**1**	–

Balances outstanding as at the end of the reporting period

	30 June 2015	31 December 2014
Loans and advances to customers	**1,869**	1,838
Financial liabilities at fair value through profit or loss	**–**	148
Deposits from customers	**54**	1,255

(3) Transactions between the Bank and its subsidiaries

Transactions between the Bank and its subsidiaries are conducted in the normal and ordinary course of the business and under normal commercial terms as those transactions conducted between the Group and non-related companies outside the Group. All the inter-group transactions and inter-group balances are eliminated when preparing the consolidated financial statements as mentioned in Note 2(3).

In the ordinary course of the business, material transactions that the Bank entered into with its subsidiaries are as follows:

Amounts

	Six months ended 30 June	
	2015	2014
Interest income	**1,312**	1,031
Interest expense	**238**	431
Fee and commission income	**451**	398
Fee and commission expense	**21**	16
Net trading loss	**(23)**	(13)
Dividend income	**21**	22
Other operating expense, net	**(417)**	(163)

Balances outstanding as at the end of the reporting period are presented in Note 34.

As at 30 June 2015, the total maximum guarantee limit of guarantee letters issued by the Bank with its subsidiaries as beneficiary is RMB73,459 million (as at 31 December 2014: RMB71,214 million).

For the six months ended 30 June 2015, the transactions between subsidiaries of the Group are mainly deposit taking and ordinary receivables and payables. As at 30 June 2015, the balances of the above transactions were RMB4,399 million (as at 31 December 2014: RMB2,843 million) and RMB960 million (as at 31 December 2014: RMB402 million) respectively.

(4) Transactions with other PRC state-owned entities

State-owned entities refer to those entities directly or indirectly owned by the PRC government through its government authorities, agencies, affiliations and other organisations. Transactions with other state-owned entities include but are not limited to: lending and deposit taking; taking and placing of inter-bank balances; entrusted lending and other custody services; insurance and securities agency, and other intermediary services; purchase, sale, underwriting and redemption of bonds issued by other state-owned entities; purchase, sale and leases of property and other assets; and rendering and receiving of utilities and other services.

These transactions are conducted in the ordinary course of the Group's banking business on terms similar to those that would have been entered into with non-state-owned entities. The Group's pricing strategy and approval processes for major products and services, such as loans, deposits and commission income, do not depend on whether the customers are state-owned entities or not. Having due regard to the substance of the relationships, the Group is of the opinion that none of these transactions are material related party transactions that require separate disclosure.

59 Related party relationships and transactions (continued)

(5) Transactions with the Annuity Scheme and Plan Assets

Apart from the obligations for defined contributions to the Annuity Scheme and regular banking transactions, there were no other transactions between the Group and the Annuity Scheme for the six months ended 30 June 2015 and the year ended 31 December 2014.

As at 30 June 2015, RMB3,051 million of the Group's supplementary retirement benefit plan assets (31 December 2014: RMB2,977 million) were managed by CCB Principal and management fees payable to CCB Principal was RMB3.68 million (31 December 2014: RMB28.86 million).

(6) Key management personnel

Key management personnel are those persons having authorities and responsibilities for planning, directing and controlling the activities of the Group, directly or indirectly, including directors, supervisors and senior executives. The Group enters into banking transactions with key management personnel in the normal course of business. For the six months ended 30 June 2015 and for the year ended 31 December 2014, there were no material transactions and balances with key management personnel.

(7) Loans and advances to directors, supervisors and senior executives

The Group had no material balance of loans and advances to directors, supervisors and senior executives as at the end of reporting period. Those loans and advances to directors, supervisors and senior executives were conducted in the normal and ordinary course of the business and under normal commercial terms or on the same terms and conditions with those which are available to other employees, based on terms and conditions granted to third parties adjusted for risk reduction.

60 Risk Management

The Group has exposures to the following risks from its use of financial instruments:

- credit risk
- market risk
- liquidity risk
- operational risk
- insurance risk

This note presents information about the Group's exposures to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's capital management.

Risk management framework

The Board of Directors carries out their responsibilities according to the articles of association and other related regulatory requirements. The Board of Directors of the Bank established the Risk Management Committee to be responsible for formulating risk management strategies and policies, monitoring the implementation, and evaluating the overall risk profile on a regular basis. The Board of Supervisors has overseen the establishment of the overall risk management system and the carrying out of risk management responsibilities by the Board of Directors and senior management. Senior management is responsible for carrying out the risk management strategies established by the Board of Directors and the implementation of the overall risk management of the Group. Senior management appoints the Chief Risk Officer who assists the president with the corresponding risk management work.

To identify, evaluate, monitor and manage risk, the Group has designed a comprehensive governance framework, internal control policies and procedures. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Group, through its training system, standardised management and process management, aims at developing a disciplined and constructive control environment, in which all employees understand their roles and obligations.

Risk Management Department is in charge of the overall business risk management. Credit Management Department is in charge of the overall credit risk management. Credit Approval Department is in charge of the overall credit business approval. Internal Control and Compliance Department coordinates operating risk management, internal control and compliance. Other departments are responsible for managing various corresponding risks.

The Group Audit Committee is responsible for monitoring and evaluating internal controls, and monitoring the compliance of core business sectors and their management procedures. Internal Control Department assists the Audit Committee to execute the above mentioned responsibilities and reports to the Audit Committee.

60 Risk Management (continued)

(1) Credit risk

Credit risk management

Credit risk represents the financial loss that arises from the failure of a debtor or counterparty to discharge its contractual obligations or commitments to the Group.

Credit business

The Risk Management Department takes the lead in the development and implementation of the credit risk measurement tools including customers rating and facilities grading and is responsible for the special assets resolutions. The Credit Management Department is responsible for establishing credit risk management policies and monitoring the quality of credit assets. The Credit Approval Department is responsible for the group's comprehensive credit limits and credit approval of various credit businesses. While the Credit Management Department takes the lead, both the Credit Management Department and the Credit Approval Department will coordinate with the Corporate Banking Department, the SME Business Department, the Institutional Banking Department, the International Business Department, the Group Clients Department, the Housing Finance & Personal Lending Department, the Credit Card Center, and the Legal Affairs Department to implement the credit risk management policies and procedures.

With respect to the credit risk management of corporate and institutional business, the Group has accelerated the adjustment of its credit portfolio structure, enhanced post-lending monitoring, and refined the industry-specific guideline and policy baseline for credit approval. Management also fine-tuned the credit acceptance and exit policies, and optimised its economic capital and credit risk limit management. All these policies have been implemented to improve the overall asset quality. The Group manages credit risk throughout the entire credit process including pre-lending evaluations, credit approval and post-lending monitoring. The Group performs pre-lending evaluations by assessing the entity's credit ratings based on internal rating criteria and assessing the risks and rewards with respect to the proposed project. Credit approvals are granted by designated Credit Approval Officers. The Group continually carries out post-lending monitoring, particularly those related to targeted industries, geographical segments, products and clients. Any adverse events that may significantly affect a borrower's repayment ability are reported timely and measures are implemented to prevent and control risks.

With respect to the personal credit business, the Group relies on credit assessment of applicants as the basis for loan approval. Customer relationship managers are required to assess the income level, credit history, and repayment ability of the applicant. The customer relationship managers then forward the application and recommendations to the loan-approval departments for consent. The Group monitors borrowers' repayment ability, the status of collateral and any changes to collateral value. Once a loan becomes overdue, the Group starts the recovery process according to standard personal loan recovery procedures.

To mitigate risks, the Group requests the customers to provide collateral and guarantees where appropriate. A fine management system and operating procedure for collateral have been developed, and there is a guideline to specify the suitability of accepting specific types of collateral. Collateral values, structures and legal covenants are regularly reviewed to ensure that they still serve their intended purposes and conform to market practices.

Credit grading classification

The Group adopts a loan risk classification approach to manage the loan portfolio risk. Loans are generally classified as normal, special mention, substandard, doubtful and loss according to their level of risk. Substandard, doubtful and loss loans are considered as impaired loans and advances when one or more events demonstrate there is objective evidence of a loss event which triggers impairment. The allowance for impairment loss on impaired loans and advances is collectively or individually assessed as appropriate.

The core definitions of the five categories of loans and advances are set out below:

Normal:	Borrowers can honour the terms of their loans. There is no reason to doubt their ability to repay principal and interest in full on a timely basis.
Special mention:	Borrowers are able to service their loans currently, although repayment may be adversely affected by specific factors.
Substandard:	Borrowers' abilities to service their loans are apparently in question and they cannot rely entirely on normal business revenues to repay principal and interest. Certain losses may ensue even when collateral or guarantees are invoked.
Doubtful:	Borrowers cannot repay principal and interest in full and significant losses will need to be recognised even when collateral or guarantees are invoked.
Loss:	Principal and interest of loans cannot be recovered or only a small portion of them can be recovered after taking all possible measures or resorting to all necessary legal procedures.

The Group has also applied the same grading criteria and management approach in classifying the off-balance sheet credit-related operations.

Treasury business

For risk management purposes, credit risk arising from debt securities and derivatives exposures is managed independently and information thereon is disclosed in notes (1)(h) and (1)(i) below. The Group sets credit limits for treasury activities and monitors them regularly with reference to the fair values of the relevant financial instruments.

(Expressed in millions of RMB, unless otherwise stated)

60 Risk Management (continued)

(1) Credit risk (continued)

(a) Maximum credit risk exposure

The following table presents the maximum exposure to credit risk as at the end of the reporting period without taking into consideration any collateral held or other credit enhancement. In respect of the financial assets recognised in the statement of financial position, the maximum exposure to credit risk is represented by the carrying amount after deducting for any impairment allowance.

	Group		Bank	
	30 June 2015	31 December 2014	**30 June 2015**	31 December 2014
Deposits with central banks	**2,553,644**	2,538,128	**2,544,530**	2,528,020
Deposits with banks and non-bank financial institutions	**632,183**	266,461	**636,613**	280,848
Placements with banks and non-bank financial institutions	**303,425**	248,525	**323,059**	247,606
Debt investments at fair value through profit or loss	**178,213**	327,768	**171,944**	320,452
Positive fair value of derivatives	**21,889**	13,769	**16,867**	9,880
Financial assets held under resale agreements	**495,858**	273,751	**495,321**	273,444
Interest receivable	**100,388**	91,495	**97,559**	88,930
Loans and advances to customers	**9,889,596**	9,222,910	**9,524,791**	8,876,246
Available-for-sale debt securities	**907,507**	910,103	**832,085**	839,303
Held-to-maturity investments	**2,507,181**	2,298,663	**2,502,655**	2,294,723
Receivables	**180,282**	170,801	**160,036**	154,576
Other financial assets	**46,290**	19,261	**74,688**	50,491
Total	**17,816,456**	16,381,635	**17,380,148**	15,964,519
Off-balance sheet credit commitments	**2,300,066**	2,279,397	**2,318,482**	2,303,027
Maximum credit risk exposure	**20,116,522**	18,661,032	**19,698,630**	18,267,546

(b) Distribution of loans and advances to customers in terms of credit quality is analysed as follows:

		Group		Bank	
	Note	**30 June 2015**	31 December 2014	**30 June 2015**	31 December 2014
Individually assessed and impaired gross amount		**128,778**	101,729	**124,155**	96,157
Allowances for impairment losses		**(67,250)**	(57,773)	**(65,839)**	(56,413)
Subtotal		**61,528**	43,956	**58,316**	39,744
Collectively assessed and impaired gross amount		**15,581**	11,442	**15,224**	11,067
Allowances for impairment losses		**(10,319)**	(7,588)	**(10,190)**	(7,459)
Subtotal		**5,262**	3,854	**5,034**	3,608
Overdue but not impaired					
– not more than 90 days		**65,175**	32,401	**62,937**	30,640
– between 90 and 180 days		**438**	4	**75**	–
– more than 180 days		**152**	123	**71**	107
Gross amount		**65,765**	32,528	**63,083**	30,747
Allowances for impairment losses	(i)	**(8,713)**	(4,819)	**(8,094)**	(4,791)
Subtotal		**57,052**	27,709	**54,989**	25,956
Neither overdue nor impaired					
– Unsecured loans		**2,774,282**	2,527,998	**2,600,423**	2,377,183
– Guaranteed loans		**1,850,098**	1,771,410	**1,761,683**	1,670,575
– Loans secured by tangible assets other than monetary assets		**4,343,380**	4,158,664	**4,271,209**	4,087,982
– Loans secured by monetary assets		**979,195**	870,752	**951,296**	849,351
Gross amount		**9,946,955**	9,328,824	**9,584,611**	8,985,091
Allowances for impairment losses	(i)	**(181,201)**	(181,433)	**(178,159)**	(178,153)
Subtotal		**9,765,754**	9,147,391	**9,406,452**	8,806,938
Total		**9,889,596**	9,222,910	**9,524,791**	8,876,246

(i) The balances represent collectively assessed allowances of impairment losses.

(Expressed in millions of RMB, unless otherwise stated)

60 Risk Management (continued)

(1) Credit risk (continued)

(b) *Distribution of loans and advances to customers in terms of credit quality is analysed as follows (continued):*

Group

Within overdue but not impaired loans and advances and impaired loans and advances which are subject to individual assessment, the portion covered or not covered by collateral held are shown as follows:

	30 June 2015		
	Overdue but not impaired loans and advances		**Impaired loans and advances which are subject to individual assessment**
	Corporate	**Personal**	**Corporate**
Portion covered	**22,905**	**14,921**	**29,210**
Portion not covered	**20,728**	**7,211**	**99,568**
Total	**43,633**	**22,132**	**128,778**

	31 December 2014		
	Overdue but not impaired loans and advances		Impaired loans and advances which are subject to individual assessment
	Corporate	Personal	Corporate
Portion covered	8,017	10,350	19,122
Portion not covered	8,145	6,016	82,607
Total	16,162	16,366	101,729

Bank

Within overdue but not impaired loans and advances and impaired loans and advances which are subject to individual assessment, the portion covered or not covered by collateral held are shown as follows:

	30 June 2015		
	Overdue but not impaired loans and advances		**Impaired loans and advances which are subject to individual assessment**
	Corporate	**Personal**	**Corporate**
Portion covered	**22,514**	**14,453**	**28,735**
Portion not covered	**19,306**	**6,810**	**95,420**
Total	**41,820**	**21,263**	**124,155**

	31 December 2014		
	Overdue but not impaired loans and advances		Impaired loans and advances which are subject to individual assessment
	Corporate	Personal	Corporate
Portion covered	7,435	9,917	18,915
Portion not covered	7,520	5,875	77,242
Total	14,955	15,792	96,157

The above collateral includes land use rights, buildings and equipment, etc. The fair value of collateral was estimated by the Group with reference to the latest available external valuations adjusted after taking into account the current realisation experience as well as the market situation.

(Expressed in millions of RMB, unless otherwise stated)

60 Risk Management (continued)

(1) Credit risk (continued)

(c) *Loans and advances to customers analysed by economic sector concentrations*

Group

	30 June 2015			31 December 2014		
	Gross loan balance	**Percentage**	**Balance secured by collateral**	Gross loan balance	Percentage	Balance secured by collateral
Corporate loans and advances						
– Manufacturing	**1,516,135**	**14.93%**	**544,297**	1,446,259	15.26%	529,550
– Transportation, storage and postal services	**1,191,413**	**11.73%**	**457,259**	1,105,769	11.67%	412,629
– Production and supply of electric power, heat, gas and water	**655,179**	**6.45%**	**187,242**	636,254	6.72%	185,585
– Leasing and commercial services	**651,202**	**6.41%**	**296,836**	602,041	6.35%	270,183
– Real estate	**580,723**	**5.72%**	**466,310**	575,283	6.07%	472,791
– Wholesale and retail trade	**524,037**	**5.16%**	**204,426**	473,501	5.00%	179,181
– Water, environment and public utility management	**343,965**	**3.39%**	**184,486**	328,023	3.46%	173,852
– Construction	**289,749**	**2.85%**	**99,019**	275,305	2.92%	99,641
– Mining	**248,921**	**2.45%**	**35,158**	244,516	2.58%	34,371
– Agriculture, forestry, farming, fishing	**132,583**	**1.31%**	**56,921**	136,791	1.44%	58,497
– Public management, social securities and social organisation	**119,723**	**1.18%**	**50,271**	126,050	1.33%	55,044
– Education	**82,135**	**0.81%**	**23,175**	79,945	0.84%	22,409
– Others	**353,822**	**3.47%**	**73,060**	307,822	3.25%	70,730
Total corporate loans and advances	**6,689,587**	**65.86%**	**2,678,460**	6,337,559	66.89%	2,564,463
Personal loans and advances	**3,192,395**	**31.43%**	**2,754,360**	2,935,762	30.99%	2,538,346
Discounted bills	**275,097**	**2.71%**	**–**	201,202	2.12%	–
Total loans and advances to customers	**10,157,079**	**100.00%**	**5,432,820**	9,474,523	100.00%	5,102,809

Details of impaired loans, impairment allowances, charges, and amounts written off in respect of economic sectors which constitute 10% or more of total gross loans and advances to customers are as follows:

	30 June 2015				
	Gross impaired loans	**Individually assessed impairment allowances**	**Collectively assessed impairment allowances**	**Charged to profit or loss during the period**	**Written off during the period**
Manufacturing	**62,698**	**(33,190)**	**(35,094)**	**17,271**	**3,047**
Transportation, storage and postal services	**5,168**	**(3,355)**	**(25,876)**	**731**	**604**

	31 December 2014				
	Gross impaired loans	Individually assessed impairment allowances	Collectively assessed impairment allowances	Charged to profit or loss during the year	Written off during the year
Manufacturing	49,637	(28,678)	(34,351)	22,392	10,537
Transportation, storage and postal services	4,962	(3,661)	(25,661)	2,632	422

(Expressed in millions of RMB, unless otherwise stated)

60 Risk Management (continued)

(1) Credit risk (continued)

(c) *Loans and advances to customers analysed by economic sector concentrations (continued)*

Bank

	30 June 2015			31 December 2014		
	Gross loan balance	Percentage	Balance secured by collateral	Gross loan balance	Percentage	Balance secured by collateral
Corporate loans and advances						
– Manufacturing	1,440,564	14.72%	538,902	1,372,900	15.05%	525,535
– Transportation, storage and postal services	1,139,463	11.64%	442,257	1,062,056	11.64%	399,799
– Production and supply of electric power, heat, gas and water	641,692	6.56%	185,233	622,392	6.82%	183,757
– Leasing and commercial services	637,593	6.51%	293,401	592,391	6.49%	270,339
– Real estate	535,051	5.47%	438,425	531,945	5.83%	444,658
– Wholesale and retail trade	471,638	4.82%	198,342	423,854	4.65%	173,576
– Water, environment and public utility management	342,361	3.50%	184,216	327,802	3.59%	173,781
– Construction	282,307	2.88%	98,064	269,183	2.96%	98,708
– Mining	236,007	2.41%	34,833	237,468	2.60%	33,973
– Agriculture, forestry, farming, fishing	127,181	1.30%	56,105	130,627	1.43%	56,996
– Public management, social securities and social organisation	118,819	1.21%	50,016	124,753	1.37%	54,689
– Education	81,266	0.83%	22,660	79,379	0.87%	22,259
– Others	318,853	3.26%	68,757	260,079	2.85%	65,665
Total corporate loans and advances	6,372,795	65.11%	2,611,211	6,034,829	66.15%	2,503,735
Personal loans and advances	3,139,483	32.08%	2,719,142	2,887,433	31.65%	2,504,497
Discounted bills	274,795	2.81%	–	200,800	2.20%	–
Total loans and advances to customers	9,787,073	100.00%	5,330,353	9,123,062	100.00%	5,008,232

Details of impaired loans, impairment allowances, charges, and amounts written off in respect of economic sectors which constitute 10% or more of total gross loans and advances to customers are as follows:

	30 June 2015				
	Gross impaired loans	Individually assessed impairment allowances	Collectively assessed impairment allowances	Charged to profit or loss during the period	Written off during the period
Manufacturing	61,746	(32,845)	(34,331)	16,791	2,761
Transportation, storage and postal services	5,002	(3,254)	(25,200)	667	604

	31 December 2014				
	Gross impaired loans	Individually assessed impairment allowances	Collectively assessed impairment allowances	Charged to profit or loss during the year	Written off during the year
Manufacturing	48,497	(28,318)	(33,699)	21,719	10,377
Transportation, storage and postal services	4,839	(3,562)	(25,058)	2,398	399

(Expressed in millions of RMB, unless otherwise stated)

60 Risk Management (continued)

(1) Credit risk (continued)

(d) Loans and advances to customers analysed by geographical sector concentrations

Group

	30 June 2015			31 December 2014		
	Gross loan balance	**Percentage**	**Balance secured by collateral**	Gross loan balance	Percentage	Balance secured by collateral
Yangtze River Delta	**1,950,372**	**19.20%**	**1,244,689**	1,877,906	19.82%	1,192,535
Western	**1,752,831**	**17.26%**	**1,033,603**	1,641,394	17.32%	972,967
Bohai Rim	**1,728,682**	**17.02%**	**773,039**	1,633,965	17.25%	735,143
Central	**1,672,413**	**16.47%**	**1,025,662**	1,552,809	16.39%	950,452
Pearl River Delta	**1,396,008**	**13.74%**	**977,848**	1,299,615	13.72%	878,946
Northeastern	**595,695**	**5.86%**	**300,708**	562,403	5.94%	298,668
Head office	**370,740**	**3.65%**	**–**	342,476	3.61%	–
Overseas	**690,338**	**6.80%**	**77,271**	563,955	5.95%	74,098
Gross loans and advances to customers	**10,157,079**	**100.00%**	**5,432,820**	9,474,523	100%	5,102,809

Details of impaired loans and impairment allowances in respect of geographical sectors are as follows:

	30 June 2015		
	Gross impaired loans	**Individually assessed impairment allowances**	**Collectively assessed impairment allowances**
Yangtze River Delta	**46,959**	**(24,135)**	**(42,154)**
Pearl River Delta	**26,226**	**(12,352)**	**(28,853)**
Western	**18,727**	**(7,418)**	**(37,363)**
Central	**16,307**	**(8,592)**	**(33,890)**
Bohai Rim	**14,848**	**(7,606)**	**(33,998)**
Northeastern	**12,214**	**(5,417)**	**(12,935)**
Head Office	**4,333**	**(376)**	**(8,477)**
Overseas	**4,745**	**(1,354)**	**(2,563)**
Total	**144,359**	**(67,250)**	**(200,233)**

	31 December 2014		
	Gross impaired loans	Individually assessed impairment allowances	Collectively assessed impairment allowances
Yangtze River Delta	39,321	(21,753)	(41,168)
Pearl River Delta	17,719	(9,486)	(28,329)
Western	13,039	(6,436)	(36,155)
Central	14,671	(8,455)	(32,171)
Bohai Rim	10,860	(5,921)	(33,727)
Northeastern	8,471	(4,008)	(12,438)
Head Office	3,250	(376)	(7,314)
Overseas	5,840	(1,338)	(2,538)
Total	113,171	(57,773)	(193,840)

The definitions of geographical segments are set out in note 55(1).

(Expressed in millions of RMB, unless otherwise stated)

60 Risk Management (continued)

(1) Credit risk (continued)

(d) *Loans and advances to customers analysed by geographical sector concentrations (continued)*

Bank

	30 June 2015			31 December 2014		
	Gross loan balance	Percentage	Balance secured by collateral	Gross loan balance	Percentage	Balance secured by collateral
Yangtze River Delta	1,941,710	19.84%	1,241,215	1,869,069	20.49%	1,188,909
Western	1,752,443	17.91%	1,033,499	1,641,041	17.99%	972,863
Central	1,671,386	17.08%	1,025,287	1,551,816	17.01%	950,088
Bohai Rim	1,619,321	16.55%	732,711	1,547,173	16.96%	700,950
Pearl River Delta	1,396,008	14.26%	977,848	1,299,615	14.25%	878,946
Northeastern	595,590	6.09%	300,625	562,285	6.16%	298,567
Head office	370,740	3.79%	–	342,476	3.75%	–
Overseas	439,875	4.48%	19,168	309,587	3.39%	17,909
Total gross loans and advances to customers	9,787,073	100.00%	5,330,353	9,123,062	100.00%	5,008,232

Details of impaired loans and impairment allowances in respect of geographical sectors are as follows:

	30 June 2015		
	Gross impaired loans	Individually assessed impairment allowances	Collectively assessed impairment allowances
Yangtze River Delta	46,712	(24,038)	(41,813)
Pearl River Delta	26,226	(12,352)	(28,853)
Western	18,727	(7,418)	(37,350)
Central	16,299	(8,591)	(33,855)
Bohai Rim	14,609	(7,478)	(32,080)
Northeastern	12,213	(5,417)	(12,932)
Head Office	4,333	(376)	(8,477)
Overseas	260	(169)	(1,083)
Total	139,379	(65,839)	(196,443)

	31 December 2014		
	Gross impaired loans	Individually assessed impairment allowances	Collectively assessed impairment allowances
Yangtze River Delta	39,090	(21,671)	(40,902)
Pearl River Delta	17,719	(9,486)	(28,329)
Western	13,039	(6,436)	(36,143)
Central	14,661	(8,452)	(32,138)
Bohai Rim	10,723	(5,815)	(32,196)
Northeastern	8,471	(4,008)	(12,435)
Head Office	3,250	(376)	(7,314)
Overseas	271	(169)	(946)
Total	107,224	(56,413)	(190,403)

The definitions of geographical segments are set out in note 55(1).

(Expressed in millions of RMB, unless otherwise stated)

60 Risk Management (continued)

(1) Credit risk (continued)

(e) Loans and advances to customers analysed by types of collateral

	Group		Bank	
	30 June 2015	31 December 2014	**30 June 2015**	31 December 2014
Unsecured loans	**2,795,410**	2,544,820	**2,620,806**	2,393,294
Guaranteed loans	**1,928,849**	1,826,894	**1,835,914**	1,721,536
Loans secured by tangible assets other than monetary assets	**4,443,704**	4,223,844	**4,369,337**	4,152,298
Loans secured by monetary assets	**989,116**	878,965	**961,016**	855,934
Gross loans and advances to customers	**10,157,079**	9,474,523	**9,787,073**	9,123,062

(f) Rescheduled loans and advances to customers

Group

	30 June 2015		31 December 2014	
	Total	**Percentage of gross loans and advances to customers**	Total	Percentage of gross loans and advances to customers
Rescheduled loans and advances to customers	**3,856**	**0.04%**	3,073	0.03%
Of which:				
Rescheduled loans and advances overdue for more than 90 days	**2,388**	**0.02%**	2,498	0.03%

Bank

	30 June 2015		31 December 2014	
	Total	**Percentage of gross loans and advances to customers**	Total	Percentage of gross loans and advances to customers
Rescheduled loans and advances to customers	**1,080**	**0.01%**	339	0.00%
Of which:				
Rescheduled loans and advances overdue for more than 90 days	**49**	**0.00%**	32	0.00%

(g) Distribution of amounts due from banks and non-bank financial institutions in terms of credit quality is as follows:

Amount due from banks and non-bank financial institutions includes deposits and placements with banks and non-bank financial institutions, and financial assets held under resale agreements of which counterparties are banks and non-bank financial institutions.

	Group		Bank	
	30 June 2015	31 December 2014	**30 June 2015**	31 December 2014
Individually assessed and impaired gross amount	**62**	55	**59**	52
Allowances for impairment losses	**(36)**	(34)	**(33)**	(31)
Subtotal	**26**	21	**26**	21
Neither overdue nor impaired				
– grade A to AAA	**1,342,630**	707,514	**1,367,973**	703,135
– grade B to BBB	**5,293**	2,819	**4,654**	2,555
– unrated	**83,517**	78,383	**82,340**	96,187
Subtotal	**1,431,440**	788,716	**1,454,967**	801,877
Total	**1,431,466**	788,737	**1,454,993**	801,898

Amounts neither overdue nor impaired are analysed above according to the Group and the Bank's internal credit rating. Unrated amounts due from banks and non-bank financial institutions include amounts due from a number of banks and non-bank financial institutions for which the Group and the Bank have not assigned internal credit ratings.

(Expressed in millions of RMB, unless otherwise stated)

60 Risk Management (continued)

(1) Credit risk (continued)

(h) Distribution of debt investments analysed by rating

The Group adopts a credit rating approach to manage the credit risk of the debt investments portfolio held. The ratings are obtained from Bloomberg Composite, or major rating agencies where the issuers of the debt investments are located. The carrying amounts of the debt investments analysed by the rating agency designations as at the end of the reporting period are as follows:

Group

	30 June 2015					
	Unrated	AAA	AA	A	Lower than A	Total
Individually assessed and impaired gross amount						
– Banks and non-bank financial institutions	310	–	–	–	–	310
– Enterprises	2,171	2,634	81	–	–	4,886
– Others	200	–	330	–	–	530
Total	2,681	2,634	411	–	–	5,726
Allowances for impairment losses						(895)
Subtotal						4,831
Neither overdue nor impaired						
– Government	1,233,029	120,076	25,013	–	5,030	1,383,148
– Central banks	158,230	1,208	1,518	–	–	160,956
– Policy banks	538,415	–	982	31	–	539,428
– Banks and non-bank financial institutions	974,680	227,908	30,447	9,179	4,387	1,246,601
– Public sector entities	–	20	–	–	–	20
– Enterprises	49,146	364,273	5,095	4,555	396	423,465
– Others	3,849	8,690	7,193	–	–	19,732
Total	2,957,349	722,175	70,248	13,765	9,813	3,773,350
Allowances for impairment losses						(4,998)
Subtotal						3,768,352
Total						3,773,183

(Expressed in millions of RMB, unless otherwise stated)

60 Risk Management (continued)

(1) Credit risk (continued)

(h) Distribution of debt investments analysed by rating (continued)

Group (continued)

	31 December 2014					
	Unrated	AAA	AA	A	Lower than A	Total
Individually assessed and impaired gross amount						
– Banks and non-bank financial institutions	310	–	–	–	625	935
– Enterprises	1,791	2,914	53	–	–	4,758
Total	2,101	2,914	53	–	625	5,693
Allowances for impairment losses						(1,319)
Subtotal						4,374
Neither overdue nor impaired						
– Government	1,190,606	12,838	27,387	318	3,725	1,234,874
– Central banks	182,026	57	2,741	3,360	–	188,184
– Policy banks	536,095	–	1,021	32	–	537,148
– Banks and non-bank financial institutions	1,163,171	66,227	12,082	7,315	5,546	1,254,341
– Public sector entities	–	20	–	–	–	20
– Enterprises	98,484	362,311	13,588	2,286	429	477,098
– Others	2,955	6,832	6,188	–	–	15,975
Total	3,173,337	448,285	63,007	13,311	9,700	3,707,640
Allowances for impairment losses						(4,679)
Subtotal						3,702,961
Total						3,707,335

(Expressed in millions of RMB, unless otherwise stated)

60 Risk Management (continued)

(1) Credit risk (continued)

(h) Distribution of debt investments analysed by rating (continued)

Bank

	30 June 2015					
	Unrated	AAA	AA	A	Lower than A	Total
Individually assessed and impaired gross amount						
– Banks and non-bank financial institutions	310	–	–	–	–	310
– Enterprises	88	2,634	–	–	–	2,722
Total	398	2,634	–	–	–	3,032
Allowances for impairment losses						(483)
Subtotal						2,549
Neither overdue nor impaired						
– Government	1,228,127	119,399	5,306	–	5,030	1,357,862
– Central banks	154,452	1,208	1,518	–	–	157,178
– Policy banks	530,361	–	–	31	–	530,392
– Banks and non-bank financial institutions	950,427	226,342	28,574	5,892	2,831	1,214,066
– Enterprises	43,798	360,488	3,780	1,493	111	409,670
Total	2,907,165	707,437	39,178	7,416	7,972	3,669,168
Allowances for impairment losses						(4,998)
Subtotal						3,664,170
Total						3,666,719

(Expressed in millions of RMB, unless otherwise stated)

60 Risk Management (continued)

(1) Credit risk (continued)

(h) *Distribution of debt investments analysed by rating (continued)*

Bank (continued)

	31 December 2014					
	Unrated	AAA	AA	A	Lower than A	Total
Individually assessed and impaired gross amount						
– Banks and non-bank financial institutions	310	–	–	–	625	935
– Enterprises	88	2,914	–	–	–	3,002
Total	398	2,914	–	–	625	3,937
Allowances for impairment losses						(1,092)
Subtotal						2,845
Neither overdue nor impaired						
– Government	1,188,076	12,465	5,231	318	3,725	1,209,815
– Central banks	175,466	57	2,240	3,360	–	181,123
– Policy banks	528,160	–	–	32	–	528,192
– Banks and non-bank financial institutions	1,144,813	65,317	4,810	4,971	4,663	1,224,574
– Enterprises	94,043	358,621	12,689	1,434	397	467,184
Total	3,130,558	436,460	24,970	10,115	8,785	3,610,888
Allowances for impairment losses						(4,679)
Subtotal						3,606,209
Total						3,609,054

(i) *Credit risk arising from the Group's derivatives exposures*

The majority of the Group's derivatives transactions with domestic customers are hedged back-to-back with overseas banks and non-bank financial institutions. The Group is exposed to credit risk both in respect of the domestic customers and the overseas banks and non-bank financial institutions. The Group manages this risk by monitoring this exposure on a regular basis.

(j) *Settlement risk*

The Group's activities may give rise to settlement risk at the time of the settlement of transactions and trades. Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed.

For certain types of transactions, the Group mitigates this risk by conducting settlements through a settlement or clearing agent to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations.

60 Risk Management (continued)

(2) 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 business. A trading book consists of positions in financial instruments and commodities held either with trading intent or in order to hedge other elements of the trading book. Non-trading book records those financial instruments and commodities which are not included in the trading book.

The Group continues to improve market risk management system. The Market Risk Management Department is responsible for leading the establishment of market risk management policies and rules, developing the market risk measurement tools, monitoring and reporting the trading market risk and related daily work. The Asset and Liability Management Department (the "ALM") is responsible for managing non-trading interest rate risk, exchange rate risk and the size and structure of the assets and liabilities in response to structural market risk. The Financial Market Department manages the Bank's RMB and foreign currency investment portfolios, conducts proprietary and customer-driven transactions, as well as implementing market risk management policies and rules. The Audit Department is responsible for regularly performing independent audits of the reliability and effectiveness of the processes constituting the risk management system.

The Group's interest rate risk mainly comprises repricing risk and basis risk arising from mismatch of term structure and pricing basis of assets and liabilities. The Group uses multiple tools such as repricing gap analysis, sensitivity analysis on net interest income, scenario analysis and stress testing, etc. to monitor the interest rate risk periodically.

The Group's foreign exchange exposure mainly comprises exposures from foreign currency portfolios within treasury proprietary investments in debt securities and money market placements, and currency exposures from its overseas business. The Group manages its foreign exchange exposure by spot foreign exchange transactions and by matching its foreign currency denominated assets with corresponding liabilities in the same currency, and also uses derivatives in the management of its own foreign currency asset and liability portfolios and structural positions.

The Group is also exposed to market risk in respect of its customer driven derivatives portfolio and manages this risk by entering into back-to-back hedging transactions with overseas banks and non-bank financial institutions.

The Group considers that the market risk arising from stock prices in respect of its investment portfolios is minimal.

The Group monitors market risk separately in respect of trading portfolios and non-trading portfolios. Trading portfolios include exchange rate and interest rate derivatives as well as trading securities. The historical simulation model for the Value-at-risk ("VaR") analysis is a major tool used by the Bank to measure and monitor the market risk of its trading portfolio. Net interest income sensitivity analysis, interest rate repricing gap analysis and foreign exchange risk concentration analysis are the major tools used by the Group to monitor the market risk of its overall businesses.

(a) VaR analysis

VaR is a technique which estimates the potential losses that could occur on risk positions taken, due to movements in market interest rates, foreign exchange rates and other market prices over a specified time horizon and at a given level of confidence. The Risk Management Department calculates interest rates, foreign exchange rates and commodity prices VaR for the Bank's trading portfolio. By reference to historical movements in interest rates, foreign exchange rates and commodity prices, the Risk Management Department calculates VaR on a daily basis for the trading portfolio and monitors it regularly. VaR is calculated at a confidence level of 99% and with a holding period of one day.

(Expressed in millions of RMB, unless otherwise stated)

60 Risk Management (continued)

(2) Market risk (continued)

(a) *VaR analysis (continued)*

A summary of the VaR of the Bank's trading portfolio as at the end of the reporting period and during the respective periods is as follows:

	Six months ended 30 June 2015			
	30 June	**Average**	**Maximum**	**Minimum**
VaR of trading portfolio	**68**	**76**	**197**	**49**
Of which:				
– Interest rate risk	**48**	**37**	**172**	**17**
– Foreign exchange risk [(i)]	**64**	**62**	**104**	**13**
– Commodity risk	**3**	**2**	**9**	**–**

	Six months ended 30 June 2014			
	30 June	Average	Maximum	Minimum
VaR of trading portfolio	47	84	137	47
Of which:				
– Interest rate risk	24	31	115	9
– Foreign exchange risk [(i)]	39	75	119	38
– Commodity risk	–	1	5	–

(i) The VaR in relation to bullion is included in foreign exchange risk above.

VaR for each risk factor is the independently derived largest potential loss in a specific holding period and within a certain confidence level due to fluctuations solely in that risk factor. The individual VaRs did not add up to the total VaR as there was diversification effect due to correlation amongst the risk factors.

Although VaR is an important tool for measuring market risk, the assumptions on which the model is based give rise to some limitations, including the following:

– A 1-day holding period assumes that it is possible to hedge or dispose of positions within that period. This is considered to be a realistic assumption in almost all cases but may not be the case in situations in which there is severe market illiquidity for a prolonged period;

– A 99 percent confidence level does not reflect losses that may occur beyond this level. Within the model used there is 1 percent probability that losses could exceed the VaR;

– VaR is calculated on an end-of-day basis and does not reflect exposures that may arise on positions during the trading day;

– The use of historical data as a basis for determining the possible range of future outcomes may not always cover all possible scenarios, especially those of an exceptional nature; and

– The VaR measure is dependent upon the Bank's position and the volatility of market prices. The VaR of an unchanged position reduces if the market price volatility declines and vice versa.

(b) *Net interest income sensitivity analysis*

In monitoring interest rate risk on its overall non-derivative financial assets and liabilities, the Bank regularly measures its future net interest income sensitivity to an increase or decrease in market interest rates (assuming no asymmetrical movement in yield curves and a constant financial position). An incremental 100 basis points parallel fall or rise in all yield curves, other than that applicable to balances with central banks, would increase or decrease annualised net interest income of the Group by RMB54,695 million (as at 31 December 2014: RMB38,702 million). Had the impact of yield curves movement for demand deposits from customers been excluded, the annualised net interest income of the Group would decrease or increase by RMB25,628 million (as at 31 December 2014: RMB30,346 million).

The above interest rate sensitivity is for illustration purpose only and is assessed based on simplified assumptions. The figures here indicate estimated net interest income movements under various predicted yield curve scenarios and are subject to the Bank's current interest rate exposures. However, the possible risk management measures that can be undertaken by the interest risk management department or related business departments to mitigate interest rate risk have not been taken into account. In practice, the departments that manage the interest rate risk strive to reduce loss arising from the risk while increasing the net income. These figures are estimated on the assumption that the interest rates on various maturities will move within similar ranges, and therefore do not reflect the potential net interest income changes in the event that interest rates on some maturities may change and others remain unchanged. Moreover, the above estimations are based on other simplified assumptions, including that all positions will be held to maturity and rolled over upon maturity.

(Expressed in millions of RMB, unless otherwise stated)

60 Risk Management (continued)

(2) Market risk (continued)

(c) *Interest rate repricing gap analysis*

Interest rate risk refers to the risk where the market interest rates, term structure and other factors may experience unfavourable fluctuations which impact the overall profitability and fair value resulting in losses to the Bank. The key determinants of the Group's interest rate risk arises from the mismatch between the maturity periods of the assets and liabilities, and inconsistent pricing basis, resulting in re-pricing risk and basis risk.

The ALM is responsible for regularly monitoring the interest rate risk positions and measuring the interest rate re-pricing gap. The main reason for measuring the interest rate re-pricing gap is to assist in analysing the impact of interest rate changes on net interest income.

The following tables indicate the average interest rate ("AIR") for the respective period, and the expected next repricing dates (or maturity dates whichever are earlier) for the assets and liabilities of the Group as at the end of the reporting period.

Group

		30 June 2015						
	Note	Average interest rate (i)	Non-interest bearing	Within three months	Between three months and one year	Between one year and five years	More than five years	Total
Assets								
Cash and deposits with central banks		1.54%	120,514	2,497,267	–	–	–	2,617,781
Deposits and placements with banks and non-bank financial institutions		4.04%	–	459,604	471,267	4,737	–	935,608
Financial assets held under resale agreements		3.30%	–	291,614	204,244	–	–	495,858
Loans and advances to customers	(ii)	5.63%	–	2,786,536	6,918,216	113,276	71,568	9,889,596
Investments	(iii)	4.04%	32,707	461,614	569,242	1,582,658	1,159,669	3,805,890
Other assets		–	474,453	–	–	–	–	474,453
Total assets		4.56%	627,674	6,496,635	8,162,969	1,700,671	1,231,237	18,219,186
Liabilities								
Borrowings from central banks		3.43%	–	24,236	15,863	–	–	40,099
Deposits and placements from banks and non-bank financial institutions		2.34%	–	1,740,129	263,592	43,855	53	2,047,629
Financial liabilities at fair value through profit or loss		1.43%	18,251	141,819	45,139	–	–	205,209
Financial assets sold under repurchase agreements		4.09%	–	8,488	7	–	–	8,495
Deposits from customers		1.96%	49,681	9,159,776	2,887,249	1,593,455	6,816	13,696,977
Debt securities issued		4.06%	–	99,430	118,417	106,271	102,188	426,306
Other liabilities		–	482,021	–	–	–	–	482,021
Total liabilities		2.08%	549,953	11,173,878	3,330,267	1,743,581	109,057	16,906,736
Asset-liability gap		2.48%	77,721	(4,677,243)	4,832,702	(42,910)	1,122,180	1,312,450

(Expressed in millions of RMB, unless otherwise stated)

60 Risk Management (continued)

(2) Market risk (continued)

(c) Interest rate repricing gap analysis (continued)

Group (continued)

		31 December 2014						
	Note	Average interest rate (i)	Non-interest bearing	Within three months	Between three months and one year	Between one year and five years	More than five years	Total
Assets								
Cash and deposits with central banks		1.55%	128,271	2,482,510	–	–	–	2,610,781
Deposits and placements with banks and non-bank financial institutions		4.63%	–	343,959	161,608	9,419	–	514,986
Financial assets held under resale agreements		4.99%	–	238,256	35,495	–	–	273,751
Loans and advances to customers	(ii)	5.85%	–	5,008,405	4,059,338	83,238	71,929	9,222,910
Investments	(iii)	4.03%	23,619	489,216	528,865	1,585,263	1,103,990	3,730,953
Other assets		–	390,749	–	–	–	–	390,749
Total assets		4.72%	542,639	8,562,346	4,785,306	1,677,920	1,175,919	16,744,130
Liabilities								
Borrowings from central banks		3.04%	–	82,858	8,358	–	–	91,216
Deposits and placements from banks and non-bank financial institutions		3.26%	–	978,962	221,176	6,382	–	1,206,520
Financial liabilities at fair value through profit or loss		1.43%	18,052	209,672	68,285	–	–	296,009
Financial assets sold under repurchase agreements		2.86%	–	181,374	154	–	–	181,528
Deposits from customers		1.92%	132,430	8,685,836	2,650,532	1,421,910	7,967	12,898,675
Debt securities issued		3.47%	–	115,280	116,058	95,854	104,460	431,652
Other liabilities		–	386,167	–	–	–	–	386,167
Total liabilities		2.11%	536,649	10,253,982	3,064,563	1,524,146	112,427	15,491,767
Asset-liability gap		2.61%	5,990	(1,691,636)	1,720,743	153,774	1,063,492	1,252,363

(i) Average interest rate represents the ratio of interest income/expense to average interest bearing assets/liabilities.

(ii) For loans and advances to customers, the "within three months" category includes overdue amounts (net of allowances for impairment losses) of RMB118,405 million as at 30 June 2015 (as at 31 December 2014: RMB66,984 million).

(iii) Investments include financial assets at fair value through profit or loss, available-for-sale financial assets, held-to-maturity investment, receivables and investments in associates and joint ventures.

(Expressed in millions of RMB, unless otherwise stated)

60 Risk Management (continued)

(2) Market risk (continued)

(c) Interest rate repricing gap analysis (continued)

Bank

	Note	30 June 2015 Average interest rate (i)	Non-interest bearing	Within three months	Between three months and one year	Between one year and five years	More than five years	Total
Assets								
Cash and deposits with central banks		1.54%	113,464	2,494,517	–	–	–	2,607,981
Deposits and placements with banks and non-bank financial institutions		3.71%	–	477,648	482,024	–	–	959,672
Financial assets held under resale agreements		3.27%	–	291,277	204,044	–	–	495,321
Loans and advances to customers	(ii)	5.64%	–	2,576,725	6,776,995	100,708	70,363	9,524,791
Investments	(iii)	4.07%	34,616	441,638	537,365	1,538,973	1,148,743	3,701,335
Other assets		–	478,115	–	–	–	–	478,115
Total assets		4.54%	626,195	6,281,805	8,000,428	1,639,681	1,219,106	17,767,215
Liabilities								
Borrowings from central banks		3.44%	–	24,031	15,329	–	–	39,360
Deposits and placements from banks and non-bank financial institutions		2.23%	–	1,712,242	239,930	41,225	–	1,993,397
Financial liabilities at fair value through profit or loss		1.43%	17,877	141,007	44,680	–	–	203,564
Financial assets sold under repurchase agreements		2.99%	–	634	–	–	–	634
Deposits from customers		1.95%	39,918	9,007,468	2,826,334	1,589,268	6,756	13,469,744
Debt securities issued		3.25%	–	83,484	92,091	79,332	100,584	355,491
Other liabilities		–	415,744	–	–	–	–	415,744
Total liabilities		2.03%	473,539	10,968,866	3,218,364	1,709,825	107,340	16,477,934
Asset-liability gap		2.52%	152,656	(4,687,061)	4,782,064	(70,144)	1,111,766	1,289,281

(Expressed in millions of RMB, unless otherwise stated)

60 Risk Management (continued)

(2) Market risk (continued)

(c) *Interest rate repricing gap analysis (continued)*

Bank (continued)

	Note	Average interest rate (i)	Non-interest bearing	Within three months	Between three months and one year	Between one year and five years	More than five years	Total
		31 December 2014						
Assets								
Cash and deposits with central banks		1.55%	122,153	2,477,875	–	–	–	2,600,028
Deposits and placements with banks and non-bank financial institutions		4.06%	–	380,091	143,963	4,400	–	528,454
Financial assets held under resale agreements		4.96%	–	237,949	35,495	–	–	273,444
Loans and advances to customers	(ii)	5.91%	–	4,753,217	3,983,089	70,169	69,771	8,876,246
Investments	(iii)	4.05%	32,405	463,784	501,083	1,550,392	1,093,795	3,641,459
Other assets		–	400,152	–	–	–	–	400,152
Total assets		4.72%	554,710	8,312,916	4,663,630	1,624,961	1,163,566	16,319,783
Liabilities								
Borrowings from central banks		3.03%	–	82,426	7,983	–	–	90,409
Deposits and placements from banks and non-bank financial institutions		3.18%	–	964,089	191,957	4,852	–	1,160,898
Financial liabilities at fair value through profit or loss		1.43%	17,235	207,968	67,439	–	–	292,642
Financial assets sold under repurchase agreements		3.47%	–	177,116	140	–	–	177,256
Deposits from customers		1.92%	100,287	8,555,196	2,578,874	1,412,224	7,912	12,654,493
Debt securities issued		3.20%	–	105,105	86,154	75,089	101,156	367,504
Other liabilities		–	344,345	–	–	–	–	344,345
Total liabilities		2.09%	461,867	10,091,900	2,932,547	1,492,165	109,068	15,087,547
Asset-liability gap		2.64%	92,843	(1,778,984)	1,731,083	132,796	1,054,498	1,232,236

(i) Average interest rate represents the ratio of interest income/expense to average interest bearing assets/liabilities.

(ii) For loans and advances to customers, the "within three months" category includes overdue amounts (net of allowances for impairment losses) of RMB114,805 million as at 30 June 2015 (as at 31 December 2014: RMB63,704 million).

(iii) Investments include financial assets at fair value through profit or loss, available-for-sale financial assets, held-to-maturity investments, receivables and investments in subsidiaries.

(Expressed in millions of RMB, unless otherwise stated)

60 Risk Management (continued)

(2) Market risk (continued)

(d) Currency risk

The Group's foreign exchange exposure mainly comprises exposures that arise from the foreign currency portfolio within the Treasury Department's proprietary investments, and currency exposures originated by the Group's overseas businesses.

The Group manages currency risk by spot and forward foreign exchange transactions and by matching its foreign currency denominated assets with corresponding liabilities in the same currency, and also uses derivatives (principally foreign exchange swaps and cross currency swaps) in the management of its own foreign currency asset and liability portfolios and structural positions.

The currency exposures of the Group's and the Bank's assets and liabilities as at the end of the reporting period are as follows:

Group

		30 June 2015			
	Note	RMB	USD (RMB equivalent)	Others (RMB equivalent)	Total
Assets					
Cash and deposits with central banks		2,468,306	56,280	93,195	2,617,781
Deposits and placements with banks and non-bank financial institutions	(i)	1,297,589	108,959	24,918	1,431,466
Loans and advances to customers		8,976,163	711,018	202,415	9,889,596
Investments		3,723,307	43,181	39,402	3,805,890
Other assets		372,055	38,309	64,089	474,453
Total assets		16,837,420	957,747	424,019	18,219,186
Liabilities					
Borrowings from central banks		16,056	21,557	2,486	40,099
Deposits and placements from banks and non-bank financial institutions	(ii)	1,749,448	255,071	51,605	2,056,124
Financial liabilities at fair value through profit or loss		186,437	18,220	552	205,209
Deposits from customers		13,046,236	439,170	211,571	13,696,977
Debt securities issued		225,937	157,477	42,892	426,306
Other liabilities		388,162	1,819	92,040	482,021
Total liabilities		15,612,276	893,314	401,146	16,906,736
Net position		1,225,144	64,433	22,873	1,312,450
Net notional amount of derivatives		(33,444)	(138,680)	19,703	(152,421)
Credit commitments		2,064,244	109,288	126,534	2,300,066

(Expressed in millions of RMB, unless otherwise stated)

60 Risk Management (continued)

(2) Market risk (continued)

(d) Currency risk (continued)

Group (continued)

	Note	As at 31 December 2014 RMB	USD (RMB equivalent)	Others (RMB equivalent)	Total
Assets					
Cash and deposits with central banks		2,553,937	40,375	16,469	2,610,781
Deposits and placements with banks and non-bank financial institutions	(i)	670,774	73,065	44,898	788,737
Loans and advances to customers		8,471,056	568,883	182,971	9,222,910
Investments		3,644,031	35,464	51,458	3,730,953
Other assets		314,775	42,649	33,325	390,749
Total assets		15,654,573	760,436	329,121	16,744,130
Liabilities					
Borrowings from central banks		68,982	7,055	15,179	91,216
Deposits and placements from banks and non-bank financial institutions	(ii)	1,173,773	162,537	51,738	1,388,048
Financial liabilities at fair value through profit or loss		270,329	24,316	1,364	296,009
Deposits from customers		12,280,266	405,376	213,033	12,898,675
Debt securities issued		265,130	122,514	44,008	431,652
Other liabilities		356,103	1,129	28,935	386,167
Total liabilities		14,414,583	722,927	354,257	15,491,767
Net position		1,239,990	37,509	(25,136)	1,252,363
Net notional amount of derivatives		(21,184)	19,298	50,412	48,526
Credit commitments		2,041,479	144,592	93,326	2,279,397

(i) Including financial assets held under resale agreements.

(ii) Including financial assets sold under repurchase agreements.

(Expressed in millions of RMB, unless otherwise stated)

60 Risk Management (continued)

(2) Market risk (continued)

(d) Currency risk (continued)

Bank

	Note	As at 30 June 2015 RMB	USD (RMB equivalent)	Others (RMB equivalent)	Total
Assets					
Cash and deposits with central banks		2,465,473	55,826	86,682	2,607,981
Deposits and placements with banks and non-bank financial institutions	(i)	1,294,889	134,371	25,733	1,454,993
Loans and advances to customers		8,802,354	626,138	96,299	9,524,791
Investments		3,665,902	14,538	20,894	3,701,334
Other assets		378,262	45,080	54,774	478,116
Total assets		16,606,880	875,953	284,382	17,767,215
Liabilities					
Borrowings from central banks		15,317	21,557	2,486	39,360
Deposits and placements from banks and non-bank financial institutions	(ii)	1,697,039	235,530	61,462	1,994,031
Financial liabilities at fair value through profit or loss		185,671	17,845	48	203,564
Deposits from customers		12,964,655	408,531	96,558	13,469,744
Debt securities issued		208,516	117,312	29,663	355,491
Other liabilities		351,765	7,703	56,276	415,744
Total liabilities		15,422,963	808,478	246,493	16,477,934
Net position		1,183,917	67,475	37,889	1,289,281
Net notional amount of derivatives		10,653	(90,958)	9,242	(71,063)
Credit commitments		2,080,527	169,413	68,543	2,318,483

(Expressed in millions of RMB, unless otherwise stated)

60 Risk Management (continued)

(2) Market risk (continued)

(d) Currency risk (continued)

Bank (continued)

		31 December 2014			
	Note	RMB	USD (RMB equivalent)	Others (RMB equivalent)	Total
Assets					
Cash and deposits with central banks		2,549,507	39,978	10,543	2,600,028
Deposits and placements with banks and non-bank financial institutions	(i)	652,427	104,419	45,052	801,898
Loans and advances to customers		8,300,128	493,987	82,131	8,876,246
Investments		3,597,518	20,513	23,428	3,641,459
Other assets		327,890	53,055	19,207	400,152
Total assets		15,427,470	711,952	180,361	16,319,783
Liabilities					
Borrowings from central banks		68,175	7,055	15,179	90,409
Deposits and placements from banks and non-bank financial institutions	(ii)	1,137,458	151,614	49,082	1,338,154
Financial liabilities at fair value through profit or loss		268,356	24,238	48	292,642
Deposits from customers		12,209,331	354,977	90,185	12,654,493
Debt securities issued		239,392	91,552	36,560	367,504
Other liabilities		319,301	14,497	10,547	344,345
Total liabilities		14,242,013	643,933	201,601	15,087,547
Net position		1,185,457	68,019	(21,240)	1,232,236
Net notional amount of derivatives		11,733	(5,917)	40,391	46,207
Credit commitments		2,071,999	186,445	44,582	2,303,026

(i) Including financial assets held under resale agreements.

(ii) Including financial assets sold under repurchase agreements.

(3) Liquidity risk

Liquidity risk is the type of risk that occurs when, despite its debt servicing ability, the Group cannot obtain sufficient funds in time, or obtain sufficient funds at a reasonable cost, to meet the needs of asset growth or repay liabilities when they are due. It is caused by mismatches of assets and liabilities in terms of their amounts and maturity dates. In accordance with liquidity policies, the Group monitors the future cash flows to ensure that an appropriate level of highly liquid assets is maintained.

At the Group level, liquidity is managed and coordinated through the ALM Department. The ALM Department is responsible for formulation of the liquidity policies in accordance with regulatory requirements and prudential principles. Such policies include:

– adopting a prudent strategy and ensuring sufficient funds are available at any moment to satisfy any payment request;

– optimising the Group's asset and liability structure, diversifying and stabilising the source of funds, and reserving an appropriate proportion of highly credit-rated and liquid asset portfolio; and

– managing and utilising centrally the Bank's liquid funds.

The Group uses a variety of methods including liquidity index analysis, analysis of remaining contractual maturities and undiscounted cash flow analysis to measure the liquidity risk. Gap analysis is used to predict the cash flow within one year. Various types of scenario analysis are then applied to assess the impact of liquidity risk.

(Expressed in millions of RMB, unless otherwise stated)

60 Risk Management (continued)

(3) Liquidity risk (continued)

(a) Maturity analysis

The following tables provide an analysis of the assets and liabilities of the Group and the Bank based on the remaining periods to repayment as at the end of the reporting period:

Group

	30 June 2015							
	Indefinite	Repayable on demand	Within one month	Between one and three months	Between three months and one year	Between one and five years	More than five years	Total
Assets								
Cash and deposits with central banks	2,339,408	278,373	–	–	–	–	–	2,617,781
Deposits and placements with banks and non-bank financial institutions	–	49,703	168,974	233,194	472,357	11,151	229	935,608
Financial assets held under resale agreements	–	–	169,192	122,422	204,244	–	–	495,858
Loans and advances to customers	93,443	423,284	284,900	600,011	2,515,332	2,634,057	3,338,569	9,889,596
Investments								
– Financial assets at fair value through profit or loss	4,638	–	49,200	70,307	46,090	7,513	5,103	182,851
– Available-for-sale financial assets	24,311	–	26,345	39,973	130,252	512,192	198,745	931,818
– Held-to-maturity investments	–	–	26,899	88,557	309,858	1,184,744	897,123	2,507,181
– Receivables	–	–	1,089	1,452	15,247	67,647	94,847	180,282
– Investments in associates and joint ventures	3,758	–	–	–	–	–	–	3,758
Other assets	212,643	75,154	28,177	51,709	94,336	11,341	1,093	474,453
Total assets	2,678,201	826,514	754,776	1,207,625	3,787,716	4,428,645	4,535,709	18,219,186
Liabilities								
Borrowings from central banks	–	–	10,536	13,700	15,863	–	–	40,099
Deposits and placements from banks and non-bank financial institutions	–	1,473,223	159,264	101,425	264,527	46,261	2,929	2,047,629
Financial liabilities at fair value through profit or loss	–	18,251	63,442	78,377	45,139	–	–	205,209
Financial assets sold under repurchase agreements	–	–	8,207	281	7	–	–	8,495
Deposits from customers	–	7,260,826	921,456	1,010,101	2,877,121	1,613,886	13,587	13,696,977
Debt securities issued								
– Certificates of deposit issued	–	–	47,622	41,352	115,265	10,433	87	214,759
– Bonds issued	–	–	310	–	7,840	22,140	2,196	32,486
– Subordinated bonds issued	–	–	–	–	–	64,850	79,926	144,776
– Eligible Tier 2 capital bonds issued	–	–	–	–	–	14,306	19,979	34,285
Other liabilities	519	209,946	94,871	30,934	116,191	28,351	1,209	482,021
Total liabilities	519	8,962,246	1,305,708	1,276,170	3,441,953	1,800,227	119,913	16,906,736
Long/(short) position	2,677,682	(8,135,732)	(550,932)	(68,545)	345,763	2,628,418	4,415,796	1,312,450
Notional amount of derivatives								
– Interest rate contracts	–	–	35,785	114,220	228,351	52,554	2,274	433,184
– Exchange rate contracts	–	–	583,983	432,106	1,114,113	128,370	5,248	2,263,820
– Other contracts	–	–	2,318	8,060	46,743	3,077	31	60,229
Total	–	–	622,086	554,386	1,389,207	184,001	7,553	2,757,233

(Expressed in millions of RMB, unless otherwise stated)

60 Risk Management (continued)

(3) Liquidity risk (continued)

(a) Maturity analysis (continued)

Group (continued)

	31 December 2014							
	Indefinite	Repayable on demand	Within one month	Between one to three months	Between three months to one year	Between one to five years	More than five years	Total
Assets								
Cash and deposits with central banks	2,456,736	154,045	–	–	–	–	–	2,610,781
Deposits and placements with banks and non-bank financial institutions	–	67,172	119,649	153,727	162,134	12,058	246	514,986
Financial assets held under resale agreements	–	–	179,452	58,804	35,495	–	–	273,751
Loans and advances to customers	55,547	356,911	273,474	566,001	2,298,193	2,521,847	3,150,937	9,222,910
Investments								
– Financial assets at fair value through profit or loss	4,467	–	89,983	89,880	76,083	62,882	8,940	332,235
– Available-for-sale financial assets	18,623	–	25,281	64,173	170,404	467,501	180,188	926,170
– Held-to-maturity investments	1,452	–	6,808	32,906	173,056	1,202,843	881,598	2,298,663
– Receivables	368	–	2,775	5,432	6,539	66,764	88,923	170,801
– Investments in associates and joint ventures	3,084	–	–	–	–	–	–	3,084
Other assets	213,384	29,532	26,090	47,340	66,041	6,952	1,410	390,749
Total assets	2,753,661	607,660	723,512	1,018,263	2,987,945	4,340,847	4,312,242	16,744,130
Liabilities								
Borrowings from central banks	–	–	15,381	67,477	8,358	–	–	91,216
Deposits and placements from banks and non-bank financial institutions	–	585,618	277,699	108,671	224,925	6,549	3,058	1,206,520
Financial liabilities at fair value through profit or loss	–	18,052	111,383	98,289	68,285	–	–	296,009
Financial assets sold under repurchase agreements	–	–	181,079	295	154	–	–	181,528
Deposits from customers	–	6,748,886	888,992	1,143,267	2,658,778	1,442,869	15,883	12,898,675
Debt securities issued								
– Certificates of deposit issued	–	–	27,976	71,028	125,624	15,027	648	240,303
– Bonds issued	–	–	–	233	2,590	19,501	2,209	24,533
– Subordinated bonds issued	–	–	–	–	–	63,773	81,072	144,845
– Eligible Tier 2 capital bonds issued	–	–	–	–	–	1,993	19,978	21,971
Other liabilities	401	115,239	33,723	45,916	135,031	53,092	2,765	386,167
Total liabilities	401	7,467,795	1,536,233	1,535,176	3,223,745	1,602,804	125,613	15,491,767
Long/(short) position	2,753,260	(6,860,135)	(812,721)	(516,913)	(235,800)	2,738,043	4,186,629	1,252,363
Notional amount of derivatives								
– Interest rate contracts	–	–	17,556	13,717	133,341	44,131	2,750	211,495
– Exchange rate contracts	–	–	437,789	378,044	691,726	46,807	6,001	1,560,367
– Other contracts	–	–	6,447	6,985	13,547	1,367	31	28,377
Total	–	–	461,792	398,746	838,614	92,305	8,782	1,800,239

(Expressed in millions of RMB, unless otherwise stated)

60 Risk Management (continued)

(3) Liquidity risk (continued)

(a) Maturity analysis (continued)

Bank

	30 June 2015							
	Indefinite	Repayable on demand	Within one month	Between one and three months	Between three months and one year	Between one and five years	More than five years	Total
Assets								
Cash and deposits with central banks	2,337,264	270,717	–	–	–	–	–	2,607,981
Deposits and placements with banks and non-bank financial institutions	–	53,772	188,016	228,181	483,114	6,360	229	959,672
Financial assets held under resale agreements	–	–	168,855	122,422	204,044	–	–	495,321
Loans and advances to customers	88,298	416,624	251,971	557,600	2,406,172	2,487,348	3,316,778	9,524,791
Investments								
– Financial assets at fair value through profit or loss	–	–	49,016	70,253	45,723	6,631	321	171,944
– Available-for-sale financial assets	4,705	–	23,251	35,320	102,501	479,641	191,371	836,789
– Held-to-maturity investments	–	–	26,835	88,367	308,715	1,183,448	895,290	2,502,655
– Receivables	–	–	–	282	12,354	54,213	93,187	160,036
– Investments in subsidiaries	29,911	–	–	–	–	–	–	29,911
Other assets	232,442	70,498	26,900	50,198	90,573	6,511	993	478,115
Total assets	2,692,620	811,611	734,844	1,152,623	3,653,196	4,224,152	4,498,169	17,767,215
Liabilities								
Borrowings from central banks	–	–	10,526	13,505	15,329	–	–	39,360
Deposits and placements from banks and non-bank financial institutions	–	1,472,321	167,163	72,721	239,949	41,243	–	1,993,397
Financial liabilities at fair value through profit or loss	–	17,877	63,099	77,908	44,680	–	–	203,564
Financial assets sold under repurchase agreements	–	–	363	271	–	–	–	634
Deposits from customers	–	7,213,650	862,467	964,815	2,808,653	1,606,920	13,239	13,469,744
Debt securities issued								
– Certificates of deposit issued	–	–	41,305	34,431	93,546	8,470	79	177,831
– Bonds issued	–	–	–	–	1,491	3,397	600	5,488
– Subordinated bonds issued	–	–	–	–	–	57,961	79,926	137,887
– Eligible Tier 2 capital bonds issued	–	–	–	–	–	14,306	19,979	34,285
Other liabilities	19	202,461	89,397	21,076	73,469	28,125	1,197	415,744
Total liabilities	19	8,906,309	1,234,320	1,184,727	3,277,117	1,760,422	115,020	16,477,934
Long/(short) position	2,692,601	(8,094,698)	(499,476)	(32,104)	376,079	2,463,730	4,383,149	1,289,281
Notional amount of derivatives								
– Interest rate contracts	–	–	34,161	114,145	225,579	46,020	1,654	421,559
– Exchange rate contracts	–	–	451,739	344,039	894,801	112,698	5,118	1,808,395
– Other contracts	–	–	2,298	8,042	46,278	1,344	–	57,962
Total	–	–	488,198	466,226	1,166,658	160,062	6,772	2,287,916

(Expressed in millions of RMB, unless otherwise stated)

60 Risk Management (continued)

(3) Liquidity risk (continued)

(a) *Maturity analysis (continued)*

Bank (continued)

	31 December 2014							
	Indefinite	Repayable on demand	Within one month	Between one and three months	Between three months and one year	Between one and five years	More than five years	Total
Assets								
Cash and deposits with central banks	2,453,866	146,162	–	–	–	–	–	2,600,028
Deposits and placements with banks and non-bank financial institutions	–	81,064	129,070	159,440	151,604	7,030	246	528,454
Financial assets held under resale agreements	–	–	179,145	58,804	35,495	–	–	273,444
Loans and advances to customers	52,150	352,186	242,407	505,451	2,193,056	2,399,377	3,131,619	8,876,246
Investments								
– Financial assets at fair value through profit or loss	–	–	89,739	89,850	75,492	61,869	3,502	320,452
– Available-for-sale financial assets	8,089	–	19,193	57,875	145,283	440,514	173,960	844,914
– Held-to-maturity investments	–	–	6,808	32,906	172,893	1,202,428	879,688	2,294,723
– Receivables	368	–	1,478	4,660	4,669	57,121	86,280	154,576
– Investments in subsidiaries	26,794	–	–	–	–	–	–	26,794
Other assets	234,772	26,362	24,951	45,858	63,508	3,690	1,011	400,152
Total assets	2,776,039	605,774	692,791	954,844	2,842,000	4,172,029	4,276,306	16,319,783
Liabilities								
Borrowings from central banks	–	–	15,321	67,105	7,983	–	–	90,409
Deposits and placements from banks and non-bank financial institutions	–	589,145	280,045	97,574	190,481	3,653	–	1,160,898
Financial liabilities at fair value through profit or loss	–	17,235	110,889	97,079	67,439	–	–	292,642
Financial assets sold under repurchase agreements	–	–	176,840	276	140	–	–	177,256
Deposits from customers	–	6,716,706	834,896	1,068,206	2,586,501	1,432,356	15,828	12,654,493
Debt securities issued								
– Certificates of deposit issued	–	–	26,144	67,393	93,650	13,821	648	201,656
– Bonds issued	–	–	–	–	499	4,892	608	5,999
– Subordinated bonds issued	–	–	–	–	–	57,956	79,922	137,878
– Eligible Tier 2 capital bonds issued	–	–	–	–	–	1,993	19,978	21,971
Other liabilities	43	116,666	29,664	38,420	104,146	52,674	2,732	344,345
Total liabilities	43	7,439,752	1,473,799	1,436,053	3,050,839	1,567,345	119,716	15,087,547
Long/(short) position	2,775,996	(6,833,978)	(781,008)	(481,209)	(208,839)	2,604,684	4,156,590	1,232,236
Notional amount of derivatives								
– Interest rate contracts	–	–	17,121	13,704	131,685	42,132	2,750	207,392
– Exchange rate contracts	–	–	355,381	291,997	562,810	37,253	5,372	1,252,813
– Other contracts	–	–	6,347	6,912	13,088	–	–	26,347
Total	–	–	378,849	312,613	707,583	79,385	8,122	1,486,552

(Expressed in millions of RMB, unless otherwise stated)

60 Risk Management (continued)

(3) Liquidity risk (continued)

(b) *Contractual undiscounted cash flow*

The following tables provide an analysis of the contractual undiscounted cash flow of the non-derivative financial liabilities and off-balance sheet credit commitments of the Group and the Bank as at the end of the reporting period. The Group's and the Bank's expected cash flows on these instruments may vary significantly from this analysis.

Group

	30 June 2015							
	Carrying amount	Gross cash outflow	Repayable on demand	Within one month	Between one to three months	Between three months to one year	Between one to five years	More than five years
Non-derivative financial liabilities								
Borrowings from central banks	40,099	40,833	–	10,696	13,841	16,296	–	–
Deposits and placements from banks and non-bank financial institutions	2,047,629	2,063,660	1,473,776	160,128	102,227	273,431	50,226	3,872
Financial liabilities at fair value through profit or loss	205,209	207,568	18,251	63,680	79,228	46,409	–	–
Financial assets sold under repurchase agreements	8,495	8,504	–	8,214	283	7	–	–
Deposits from customers	13,696,977	14,112,029	7,272,080	931,746	1,030,548	3,021,009	1,840,751	15,895
Debt securities issued								
– Certificates of deposit issued	214,759	218,584	–	47,860	44,484	115,698	10,455	87
– Bonds issued	32,486	35,678	–	441	105	8,531	24,198	2,403
– Subordinated bonds issued	144,776	191,111	–	–	503	6,455	93,605	90,548
– Eligible Tier 2 capital bonds issued	34,285	49,206	–	–	1,196	579	21,451	25,980
Other financial liabilities	196,360	196,360	121,024	72,927	406	1,505	–	498
Total	16,621,075	17,123,533	8,885,131	1,295,692	1,272,821	3,489,920	2,040,686	139,283
Off-balance sheet loan commitments and credit card commitments (Note)		923,135	758,101	54,421	18,239	54,266	33,451	4,657
Guarantees, acceptances and other credit commitments (Note)		1,376,931	–	436,352	249,438	428,756	242,019	20,366

(Expressed in millions of RMB, unless otherwise stated)

60 Risk Management (continued)

(3) Liquidity risk (continued)

(b) Contractual undiscounted cash flow (continued)

Group (continued)

	31 December 2014							
	Carrying amount	Gross cash outflow	Repayable on demand	Within one month	Between one to three months	Between three months to one year	Between one to five years	More than five years
Non-derivative financial liabilities								
Borrowings from central banks	91,216	92,293	–	15,633	68,081	8,579	–	–
Deposits and placements from banks and non-bank financial institutions	1,206,520	1,218,693	586,146	278,566	110,485	232,376	7,262	3,858
Financial liabilities at fair value through profit or loss	296,009	300,029	18,052	112,230	99,577	70,170	–	–
Financial assets sold under repurchase agreements	181,528	181,633	–	181,179	298	156	–	–
Deposits from customers	12,898,675	13,264,096	6,750,324	904,117	1,176,840	2,763,233	1,651,486	18,096
Debt securities issued								
– Certificates of deposit issued	240,303	242,299	–	28,076	71,278	126,859	15,486	600
– Bonds issued	24,533	27,094	–	64	339	3,157	21,089	2,445
– Subordinated bonds issued	144,845	192,199	–	–	1,219	5,739	91,547	93,694
– Eligible Tier 2 capital bonds issued	21,971	34,450	–	–	–	1,294	7,176	25,980
Other financial liabilities	98,912	98,912	96,218	507	320	1,368	–	499
Total	15,204,512	15,651,698	7,450,740	1,520,372	1,528,437	3,212,931	1,794,046	145,172
Off-balance sheet loan commitments and credit card commitments (Note)		926,816	723,996	63,991	31,610	64,423	41,102	1,694
Guarantees, acceptances and other credit commitments (Note)		1,352,581	–	363,442	243,751	447,179	267,126	31,083

Bank

	30 June 2015							
	Carrying amount	**Gross cash outflow**	**Repayable on demand**	**Within one month**	**Between one to three months**	**Between three months to one year**	**Between one to five years**	**More than five years**
Non-derivative financial liabilities								
Borrowings from central banks	39,360	40,075	–	10,686	13,641	15,748	–	–
Deposits and placements from banks and non-bank financial institutions	1,993,397	2,007,035	1,472,870	167,975	73,136	248,284	44,770	–
Financial liabilities at fair value through profit or loss	203,564	205,919	17,877	63,334	78,764	45,944	–	–
Financial assets sold under repurchase agreements	634	638	–	365	273	–	–	–
Deposits from customers	13,469,744	13,883,548	7,224,900	872,691	985,073	2,951,629	1,833,709	15,546
Debt securities issued								
– Certificates of deposit issued	177,831	180,666	–	41,474	36,488	93,949	8,668	87
– Bonds issued	5,488	5,959	–	–	37	1,643	3,644	635
– Subordinated bonds issued	137,887	181,228	–	–	404	6,356	83,920	90,548
– Eligible Tier 2 capital bonds issued	34,285	49,206	–	–	1,196	579	21,451	25,980
Other financial liabilities	136,800	136,800	61,654	72,914	337	1,397	–	498
Total	16,198,990	16,691,074	8,777,301	1,229,439	1,189,349	3,365,529	1,996,162	133,294
Off-balance sheet loan commitments and credit card commitments (Note)		872,747	758,101	12,449	17,197	53,412	28,868	2,720
Guarantees, acceptances and other credit commitments (Note)		1,445,735	–	445,456	260,383	467,550	252,064	20,282

(Expressed in millions of RMB, unless otherwise stated)

60 Risk Management (continued)

(3) Liquidity risk (continued)

(b) Contractual undiscounted cash flow (continued)

Bank (continued)

	31 December 2014							
	Carrying amount	Gross cash outflow	Repayable on demand	Within one month	Between one to three months	Between three months to one year	Between one to five years	More than five years
Non-derivative financial liabilities								
Borrowings from central banks	90,409	91,463	–	15,571	67,699	8,193	–	–
Deposits and placements from banks and non-bank financial institutions	1,160,898	1,169,583	589,664	280,812	98,868	196,286	3,953	–
Financial liabilities at fair value through profit or loss	292,642	296,625	17,235	111,735	98,343	69,312	–	–
Financial assets sold under repurchase agreements	177,256	177,355	–	176,935	278	142	–	–
Deposits from customers	12,654,493	13,018,382	6,718,141	849,953	1,101,319	2,690,032	1,640,896	18,041
Debt securities issued								
– Certificates of deposit issued	201,656	203,423	–	26,236	67,614	94,718	14,255	600
– Bonds issued	5,999	6,574	–	–	37	660	5,229	648
– Subordinated bonds issued	137,878	182,348	–	–	1,120	5,640	85,040	90,548
– Eligible Tier 2 capital bonds issued	21,971	34,450	–	–	–	1,294	7,176	25,980
Other financial liabilities	59,134	59,134	56,660	489	276	1,210	–	499
Total	14,802,336	15,239,337	7,381,700	1,461,731	1,435,554	3,067,487	1,756,549	136,316
Off-balance sheet loan commitments and credit card commitments (Note)		885,111	723,406	28,782	31,218	62,909	37,102	1,694
Guarantees, acceptances and other credit commitments (Note)		1,417,916	–	368,986	256,049	483,671	278,126	31,084

Note: The off-balance sheet loan commitments and credit card commitments may expire without being drawn upon. Guarantees, acceptances and other credit commitments do not represent the amount to be paid.

(4) Operational risk

Operational risk refers to the risks that resulted from flawed or erroneous internal processes, people and systems, or external events.

In the first half of 2015, the Group continued to standardise and strengthen operational risk management.

– The Group constantly re-examined and dynamically adjusted incompatible positions (responsibilities) in response to risk changes, business innovations and process adjustments, and continuously strengthened the check and balance mechanism across departments and positions.

– The Group further intensified the application of operational risk management tools, standardised and upgraded its ability in loss data management, continued to build and improve the system for monitoring and early warning of key risk indicators, and strengthened risk management and control of key risk areas and processes.

– The Group conducted self-assessment of its overall business continuity management, and promoted business impact analysis of the new generation core banking system across the Bank, to ensure the safe and stable operation of its various business lines.

– The Group continued to implement the anti-money laundering (AML) policies and improved the system mechanisms and internal controls, focusing on the establishment of AML guidance. The Group has further developed the specialised control for AML, researched on and improved suspicious transactions identification policies, established AML nature analysis, organised the implementation of measures such as AML risk assessments about products and services, etc. to improve the Group's ability to prevent money laundering activities and terrorism financing activities.

60 Risk Management (continued)

(5) Fair value of financial instruments

(a) Valuation technique, input and process

The Board is responsible for establishing a robust internal control policy of valuation, and takes the ultimate responsibility for the adequacy and effectiveness of internal control system. The Board of Supervisors is in charge of supervising the performance of the Board and Senior Management. According to the requirements of the Board and the Board of Supervisors, Senior Management's responsibility is to organise and implement the internal control system over the valuation process to ensure the effectiveness of the internal control system of valuation.

The Group has established an independent valuation process for financial assets and financial liabilities. The relevant departments are responsible for performing valuation, verifying valuation model and accounting for valuation results.

For the six months ended 30 June 2015, there was no significant change in the valuation techniques or inputs used to determine fair value as compared to those used for the year ended 31 December 2014.

(b) Fair value hierarchy

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

– Level 1: Fair value based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

– Level 2: Fair value based on inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

– Level 3: Fair value based on inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

(Expressed in millions of RMB, unless otherwise stated)

60 Risk Management (continued)

(5) Fair value of financial instruments (continued)

(c) *Financial instruments measured at fair value*

(i) *Fair value hierarchy*

The table below analyses financial instruments, measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

Group

	30 June 2015			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets				
Financial assets at fair value through profit or loss				
Financial assets held for trading purpose				
– Debt securities	**115**	**27,478**	**–**	**27,593**
– Equity instruments and funds	**653**	**2**	**–**	**655**
Financial assets designated as at fair value through profit or loss				
– Debt securities	**–**	**–**	**466**	**466**
– Equity instruments	**1,874**	**–**	**2,109**	**3,983**
– Other debt instruments	**–**	**48,327**	**101,827**	**150,154**
Positive fair value of derivatives	**–**	**20,738**	**1,151**	**21,889**
Available-for-sale financial assets				
– Debt securities	**34,730**	**868,695**	**4,082**	**907,507**
– Equity instruments and funds	**18,323**	**–**	**4,034**	**22,357**
Total	**55,695**	**965,240**	**113,669**	**1,134,604**
Liabilities				
Financial liabilities at fair value through profit or loss				
Financial liabilities designated as at fair value through profit or loss	**–**	**204,835**	**374**	**205,209**
Negative fair value of derivatives	**–**	**15,806**	**1,133**	**16,939**
Total	**–**	**220,641**	**1,507**	**222,148**

	31 December 2014			
	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit or loss				
Financial assets held for trading purpose				
– Debt securities	272	94,846	–	95,118
– Equity instruments and funds	603	8	–	611
Financial assets designated as at fair value through profit or loss				
– Debt securities	31	–	967	998
– Equity instruments	1,905	–	1,951	3,856
– Other debt instruments	–	61,736	169,916	231,652
Positive fair value of derivatives	–	12,470	1,299	13,769
Available-for-sale financial assets				
– Debt securities	29,513	876,918	3,672	910,103
– Equity instruments and funds	8,130	921	4,797	13,848
Total	40,454	1,046,899	182,602	1,269,955
Liabilities				
Financial liabilities at fair value through profit or loss				
Financial liabilities designated as at fair value through profit or loss	–	295,192	817	296,009
Negative fair value of derivatives	–	11,085	1,288	12,373
Total	–	306,277	2,105	308,382

(Expressed in millions of RMB, unless otherwise stated)

60 Risk Management (continued)

(5) Fair value of financial instruments (continued)

(c) *Financial instruments measured at fair value (continued)*

(i) Fair value hierarchy (continued)

Bank

	30 June 2015			
	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit or loss				
Financial assets held for trading purpose				
– Debt securities	–	21,790	–	21,790
Financial assets designated as at fair value through profit or loss				
– Other debt instruments	–	48,327	101,827	150,154
Positive fair value of derivatives	–	15,734	1,133	16,867
Available-for-sale financial assets				
– Debt securities	14,353	816,510	1,221	832,084
– Equity instruments and funds	3,145	–	1	3,146
Total	17,498	902,361	104,182	1,024,041
Liabilities				
Financial liabilities at fair value through profit or loss				
Financial liabilities designated as at fair value through profit or loss	–	203,564	–	203,564
Negative fair value of derivatives	–	13,423	1,133	14,556
Total	–	216,987	1,133	218,120

	31 December 2014			
	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit or loss				
Financial assets held for trading purpose				
– Debt securities	–	88,800	–	88,800
Financial assets designated as at fair value through profit or loss				
– Other debt instruments	–	61,736	169,916	231,652
Positive fair value of derivatives	–	8,592	1,288	9,880
Available-for-sale financial assets				
– Debt securities	12,093	825,991	1,219	839,303
– Equity instruments and funds	3,902	–	1	3,903
Total	15,995	985,119	172,424	1,173,538
Liabilities				
Financial liabilities at fair value through profit or loss				
Financial liabilities designated as at fair value through profit or loss	–	292,642	–	292,642
Negative fair value of derivatives	–	9,324	1,288	10,612
Total	–	301,966	1,288	303,254

A majority of the financial assets classified as level 2 is RMB bonds. The fair value of these bonds is determined based on the valuation results provided by China Central Depository & Clearing Co., Ltd. A majority of the financial liabilities designated as at fair value through profit or loss classified as level 2 is the fund raised from principal guaranteed WMPs, the fair value of which is determined based on the income approach. The majority of derivatives is classified as level 2 and valued using income approach. For the valuation of financial instruments classified as level 2, all significant inputs are observable market data.

The financial asset at fair value through profit or loss classified as level 3 is the underlying assets of principal guaranteed WMPs. These financial assets are valued using income approach and market approach, which incorporate the non-observable assumptions including discount rate.

For the six months ended 30 June 2015 and for the year ended 31 December 2014, there were no significant transfers between level 1 and level 2 of the fair value hierarchy of the Group and the Bank.

(Expressed in millions of RMB, unless otherwise stated)

60 Risk Management (continued)

(5) Fair value of financial instruments (continued)

(c) Financial instruments measured at fair value (continued)

(ii) Movements of fair value of financial instruments in level 3 of the fair value hierarchy

The following table shows a reconciliation from the opening balances to the ending balances for fair value measurement in level 3 of the fair value hierarchy:

Group

	Six months ended 30 June 2015									
	Financial assets designated as at fair value through profit or loss				Available-for-sale financial assets					
	Debt securities	Equity instruments and funds	Other debt instruments	Positive fair value of derivatives	Debt securities	Equity instruments and funds	Total assets	Financial liabilities designated as at fair value through profit or loss	Negative fair value of derivatives	Total liabilities
As at 1 January 2015	967	1,951	169,916	1,299	3,672	4,797	182,602	(817)	(1,288)	(2,105)
Total gains or losses:										
In profit or loss	(98)	100	2,835	(149)	(108)	(2)	2,578	(5)	155	150
In other comprehensive income	–	–	–	–	43	41	84	–	–	–
Purchases	186	2,794	259,017	1	973	942	263,913	(41)	–	(41)
Sales and settlements	(589)	(2,736)	(329,941)	–	(498)	(1,744)	(335,508)	489	–	489
As at 30 June 2015	466	2,109	101,827	1,151	4,082	4,034	113,669	(374)	(1,133)	(1,507)

	2014									
	Financial assets designated as at fair value through profit or loss				Available-for-sale financial assets					
	Debt securities	Equity instruments and funds	Other debt instruments	Positive fair value of derivatives	Debt securities	Equity instruments and funds	Total assets	Financial liabilities designated as at fair value through profit or loss	Negative fair value of derivatives	Total liabilities
As at 1 January 2014	1,644	3,945	–	989	4,213	4,041	14,832	(2,560)	(989)	(3,549)
Total gains or losses:										
In profit or loss	(208)	(50)	16,407	307	438	(29)	16,865	224	(307)	(83)
In other comprehensive income	–	–	–	–	(328)	(97)	(425)	–	–	–
Purchases	18	6,824	1,494,792	11	2,406	2,683	1,506,734	–	–	–
Sales and settlements	(487)	(8,768)	(1,341,283)	(8)	(3,057)	(1,801)	(1,355,404)	2,559	8	2,567
Transfer in	–	–	–	–	–	–	–	(1,040)	–	(1,040)
As at 31 December 2014	967	1,951	169,916	1,299	3,672	4,797	182,602	(817)	(1,288)	(2,105)

(Expressed in millions of RMB, unless otherwise stated)

60 Risk Management (continued)

(5) Fair value of financial instruments (continued)

(c) Financial instruments measured at fair value (continued)

(ii) Movements of fair value of financial instruments in level 3 of the fair value hierarchy (continued)

Bank

	Six months ended 30 June 2015						
			Available-for-sale financial assets				
	Financial assets designated as at fair value through profit or loss	Positive fair value of derivatives	Debt securities	Equity instruments and funds	Total assets	Negative fair value of derivatives	Total liabilities
As at 1 January 2015	169,916	1,288	1,219	1	172,424	(1,288)	(1,288)
Total gains or losses:							
In profit or loss	2,835	(155)	–	–	2,680	155	155
In other comprehensive income	–	–	2	–	2	–	–
Purchases	259,017	–	–	–	259,017	–	–
Sales and settlements	(329,941)	–	–	–	(329,941)	–	–
As at 30 June 2015	101,827	1,133	1,221	1	104,182	(1,133)	(1,133)

	2014						
			Available-for-sale financial assets				
	Financial assets designated as at fair value through profit or loss	Positive fair value of derivatives	Debt securities	Equity instruments and funds	Total assets	Negative fair value of derivatives	Total liabilities
As at 1 January 2014	–	989	2,754	19	3,762	(989)	(989)
Total gains or losses:							
In profit or loss	16,407	307	395	(19)	17,090	(307)	(307)
In other comprehensive income	–	–	(392)	–	(392)	–	–
Purchases	1,494,792	–	–	1	1,494,793	–	–
Sales and settlements	(1,341,283)	(8)	(1,538)	–	(1,342,829)	8	8
As at 31 December 2014	169,916	1,288	1,219	1	172,424	(1,288)	(1,288)

(Expressed in millions of RMB, unless otherwise stated)

60 Risk Management (continued)

(5) Fair value of financial instruments (continued)

(c) Financial instruments measured at fair value (continued)

(ii) Movements of fair value of financial instruments in level 3 of the fair value hierarchy (continued)

In Level 3 of the fair value hierarchy, total gains or losses included in profit or loss for the year in the above table are presented in net trading gain, net gain arising from investment securities and impairment losses of the statement of comprehensive income.

Gains or losses on level 3 financial assets and liabilities included in the statement of comprehensive income comprise:

Group

	Six months ended 30 June 2015			Six months ended 30 June 2014		
	Realised	**Unrealised**	**Total**	Realised	Unrealised	Total
Total gains	**3,258**	**(530)**	**2,728**	351	60	411

Bank

	Six months ended 30 June 2015			Six months ended 30 June 2014		
	Realised	**Unrealised**	**Total**	Realised	Unrealised	Total
Total gains	**2,835**	**–**	**2,835**	228	11	239

(d) Financial instruments not measured at fair value

(i) Financial assets

The Group's financial assets not measured at fair value mainly include cash and deposits with central banks, deposits and placements with banks and non-bank financial institutions, financial assets held under resale agreements, loans and advances to customers, held-to-maturity investments and receivables.

Deposits with central banks, deposits and placements with banks and non-bank financial institutions and financial assets held under resale agreements

Deposits with central banks, deposits and placements with banks and non-bank financial institutions and financial assets held under resale agreements are mainly priced at market interest rates and mature within one year. Accordingly, the carrying values approximate the fair values.

Loans and advances to customers

Majority of the loans and advances to customers are repriced at least annually to the market rate. Accordingly, their carrying values approximate the fair values.

Investments

The following table shows the carrying values and the fair values of the receivables and held-to-maturity investments which are not presented in the statement of financial position at their fair values.

(Expressed in millions of RMB, unless otherwise stated)

60 Risk Management (continued)

(5) Fair value of financial instruments (continued)

(d) Financial instruments not measured at fair value (continued)

(i) *Financial assets (continued)*

Group

	30 June 2015					31 December 2014				
	Carrying value	Fair value	Level 1	Level 2	Level 3	Carrying value	Fair value	Level 1	Level 2	Level 3
Receivables	180,282	170,137	–	149,569	20,568	170,801	166,117	–	149,821	16,296
Held-to-maturity investments	2,507,181	2,549,150	3,277	2,544,354	1,519	2,298,663	2,323,985	2,159	2,320,374	1,452
Total	2,687,463	2,719,287	3,277	2,693,923	22,087	2,469,464	2,490,102	2,159	2,470,195	17,748

Bank

	30 June 2015					31 December 2014				
	Carrying value	Fair value	Level 1	Level 2	Level 3	Carrying value	Fair value	Level 1	Level 2	Level 3
Receivables	160,036	149,890	–	149,569	321	154,576	149,880	–	149,558	322
Held-to-maturity investments	2,502,655	2,544,625	2,993	2,541,632	–	2,294,723	2,320,021	2,159	2,317,862	–
Total	2,662,691	2,694,515	2,993	2,691,201	321	2,449,299	2,469,901	2,159	2,467,420	322

(ii) *Financial liabilities*

The Group's financial liabilities not measured at fair value mainly include borrowings from central banks, deposits and placements from banks and non-bank financial institutions, financial assets sold under repurchase agreements, deposits from customers, and debt securities issued. The fair value of subordinated bonds and the eligible Tier 2 capital bonds issued as at 30 June 2015 was RMB184,344 million and RMB177,150 million (the Group and the Bank as at 31 December 2014: RMB168,614 million and RMB161,397 million), and carrying value was RMB179,061 million and RMB172,172 million (the Group and the Bank as at 31 December 2014: RMB166,816 million and RMB159,849 million) and the carrying values of other financial liabilities approximated their fair values as at the end of the reporting period. The Group use observable inputs to measure the fair values of subordinated bonds and eligible Tier 2 capital bonds issued, and classified as the Level 2 of the fair value hierarchy.

(6) Offsetting financial assets and financial liabilities

Certain financial assets and financial liabilities of the Group are subject to enforceable master netting arrangements or similar agreements. The agreement between the Group and the counterparty generally allows for net settlement of the relevant financial assets and financial liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and financial liabilities will be settled on a gross basis. However, each party to the master netting arrangements or similar agreements will have the option to settle all such amounts on a net basis in the event of default of the other party. These financial assets and financial liabilities of the Group are not offset in accordance with IFRS.

As at 30 June 2015, the amount of the financial assets and financial liabilities subject to enforceable master netting arrangements or similar agreements are not material to the Group.

60 Risk Management (continued)

(7) Insurance risk

The risk under an insurance contract is the possibility that the insured event occurs and the uncertainty in the resulting claim amount. The characteristic of an insurance contract inherently decides randomness and unpredictability of the underlying insurance risk. For insurance contracts where the theory of probability is applied to pricing and provisioning of insurance contract liabilities, the principal risk that the Group faces is that the actual claims and benefit payments exceed the carrying amount of the insurance contract liabilities.

The Group manages the uncertainty of insurance risk through its underwriting strategy and policies to diversify the underwriting risks, adequate reinsurance arrangements, and enhanced underwriting control and claim control.

The Group makes related assumptions for the insurance risks and recognizes insurance contract liabilities accordingly. Insurance risk may be elevated by the uncertainty of insurance risk assumptions including assumptions of mortality, expenses and interest rates.

(8) Capital management

The Group has implemented a comprehensive capital management policy, covering the management of regulatory capital, economic capital and accounting capital, mainly including management of capital adequacy ratio, capital planning, capital raising and economic capital.

Capital adequacy ratio is a reflection of the Group's ability to maintain a stable operation and resist adverse risks. In accordance with CBRC's "Measures for Capital Management of Commercial Banks (trial)" and relevant regulations, commercial banks should meet the minimum capital requirements from 1 January 2013. The Common Equity Tier 1 ratio should be at or above a minimum of 5%, Tier 1 ratio at or above a minimum of 6% and total capital ratio at or above a minimum of 8%. Systemically important domestic banks should also meet the 1% additional capital requirement, with their Common Equity Tier 1 capital. Meanwhile, in accordance with CBRC's "Notice of relevant transitional arrangement for implementation of Measures for Capital Management of Commercial Banks (trial)", a capital conservation buffer will be introduced progressively during the transitional period, which will be raised through Common Equity Tier 1 capital. If a countercyclical buffer is required or the Pillar 2 capital requirement is raised by the regulator to a specific commercial bank, the minimum requirements should be met within the transitional period.

The Group timely monitors, analyses and reports capital adequacy ratios, assesses if the capital management objectives have been met and exercises effective management of capital adequacy ratio. The Group adopts various measures such as controlling asset growth, adjusting the structure of risk assets, increasing internal capital supply and raising capital through external channels, to ensure that the Common Equity Tier 1 ratio, Tier 1 ratio and total capital ratio of the Group and the Bank are in full compliance with regulatory requirements and meet internal management requirements. This helps to insulate against potential risks as well as support healthy business developments. The Group now fully complies with all regulatory requirements in this respect.

The Group's capital planning has taken the regulatory requirements, the Group's development strategy and risk appetite into consideration, and based on those factors the Group projects the capital usage and need.

The capital raising management of the Group involves reasonable utilisation of various capital instruments to ensure that both external regulatory and internal capital management objectives are met, taking in account capital planning and operating environment. This helps to optimise the Group's capital structure.

In April 2014, CBRC has officially approved the implementation of the advanced approach of capital management by the Bank. In this approach, the Bank has elected to use foundation internal rating based ("IRB") approach for corporate risk exposure which is compliant with regulatory requirements, IRB approach for retail risk exposure, internal models approach for market risk and standardised approach for operational risk exposure.

(Expressed in millions of RMB, unless otherwise stated)

60 Risk Management (continued)

(8) Capital management (continued)

The Group's capital adequacy ratio calculated in accordance with the "Measures for Capital Management of Commercial Banks (trial)" issued by the CBRC as at the end of the reporting period are as follows:

	Note	30 June 2015	31 December 2014
Common Equity Tier 1 ratio	(a)(b)(c)	**12.35%**	12.12%
Tier 1 ratio	(a)(b)(c)	**12.35%**	12.12%
Total capital ratio	(a)(b)(c)	**14.70%**	14.87%
Common Equity Tier 1 capital			
– Qualifying common share capital		**250,011**	250,011
– Capital reserve	(d)	**142,976**	139,761
– Surplus reserve		**130,515**	130,515
– General reserve		**185,908**	169,478
– Retained earnings		**596,732**	556,756
– Non-controlling interest given recognition in Common Equity Tier 1 capital		**4,293**	4,456
– Others	(e)	**(7,245)**	(6,262)
Deductions for Common Equity Tier 1 capital			
– Goodwill	(f)	**2,351**	2,501
– Other intangible assets (excluding land use right)	(f)	**1,349**	1,592
– Cash-flow hedge reserve		**(12)**	(10)
– Investments in common equity of financial institutions being controlled but outside the scope of consolidation		**3,902**	3,902
Additional Tier 1 capital			
– Non-controlling interest given recognition in Additional Tier 1 capital		**162**	37
Tier 2 capital			
– Directly issued qualifying Tier 2 instruments including related stock surplus		**146,170**	149,839
– Provisions in Tier 2	(g)	**98,111**	127,878
– Non-controlling interest given recognition in Tier 2 capital		**2,080**	2,444
Common Equity Tier 1 capital after deduction	(h)	**1,295,600**	1,236,730
Tier 1 capital after deduction	(h)	**1,295,762**	1,236,767
Total capital after deduction	(h)	**1,542,123**	1,516,928
Risk-weighted assets	(i)	**10,490,649**	10,203,643

(Expressed in millions of RMB, unless otherwise stated)

60 Risk Management (continued)

(8) Capital management (continued)

Notes:

(a) Since the Half Year report of 2014, the Group has elected the advanced approach to calculate capital adequacy ratio and implemented the parallel period rules.

(b) The Common Equity Tier 1 ratio is calculated by dividing the Common Equity Tier 1 Capital after deduction by risk-weighted assets. Tier 1 ratio is calculated by dividing the Tier 1 Capital after deduction by risk-weighted assets. Total Capital ratio is calculated by dividing the Total capital after deduction by risk-weighted assets.

(c) The scope for calculating capital adequacy ratio of the Group includes all the domestic branches and subsidiaries in the financial sector (excluding CCB Life).

(d) Capital reserve includes investment revaluation reserve.

(e) Others mainly include foreign exchange reserve.

(f) Both balances of goodwill and other intangible assets (excluding land use right) are the net amounts after deducting relevant deferred tax liabilities.

(g) Since the Half Year report of 2014, eligible excessive loan provisions was measured based on the advanced approach and implemented parallel period rules.

(h) Common Equity Tier 1 capital after deduction is calculated by netting off the corresponding deduction items from the Common Equity Tier 1 capital. Tier 1 capital after deduction is calculated by netting off the corresponding deduction items from the Tier 1 capital. Total capital after deduction is calculated by netting off the corresponding deduction items from the total capital.

(i) At 30 June 2015, according to the rules of advanced approach, risk-weighted assets include credit risk-weighted assets, market risk-weighted assets, operational risk-weighted assets and excessive risk-weighted assets due to the application of capital floor.

61 Events after the reporting period

There are no significant events after the reporting period.

62 Comparative figures

Certain comparative figures have been adjusted to confirm with the presentation and disclosures in the current period.

63 Ultimate parent

As stated in Note 1, the immediate and ultimate parent of the Group is Huijin and CIC respectively.

64 Possible impact of amendments, new standards and interpretations issued but not yet effective

Up to the date of issue of the financial statements, the IASB has issued the following amendments, new standards and interpretations which are not yet effective for the period ended 30 June 2015 and which have not been adopted in the financial statements.

Standards	**Effective for annual period beginning on or after**
IFRS 9, "Financial Instruments"	1 January 2018
IFRS 14, "Regulatory Deferral Accounts"	1 January 2016
IFRS 15, "Revenue from Contracts with Customers"	1 January 2017
Amendment to IFRS 11, "Joint Arrangement"	1 January 2016
Amendments to IAS 16 and IAS 38 on clarification of acceptable methods of depreciation and amortisation	1 January 2016
Amendment to IAS 27, "Separate Financial Statement"	1 January 2016
Amendments to IFRS 10, "Consolidated Financial Statements" and IAS 28, "Investments in Associates"	1 January 2016
Annual improvements 2014	1 January 2016

The Group is in the process of making an assessment on the impact of these new and revised IFRSs upon initial application.

(Expressed in millions of RMB unless otherwise stated)

The following information of the Group does not form part of the audited financial statements, and is included herein for information purposes only.

1 Difference between the financial statements prepared under IFRS and those prepared in accordance with PRC GAAP

China Construction Bank Corporation (the "Bank") prepares consolidated financial statements, which include the financial statements of the Bank and its subsidiaries (collectively the "Group"), in accordance with International Financial Reporting Standards ("IFRS") and its interpretations promulgated by the International Accounting Standards Board and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

As a financial institution incorporated in the People's Republic of China (the "PRC") and listed in the Shanghai Stock Exchange, the Group also prepares its consolidated financial statements for the six months ended 30 June 2015 in accordance with the Accounting Standards for Business Enterprises and other relevant regulations issued by the regulatory bodies of the PRC (collectively "PRC GAAP and regulations").

There is no difference in the net profit for the six months ended 30 June 2015 or total equity as at 30 June 2015 between the Group's consolidated financial statements prepared under IFRS and those prepared under PRC GAAP and regulations respectively.

2 Liquidity coverage ratio

	Second quarter of 2015	First quarter of 2015
Liquidity coverage ratio	**126.47%**	129.98%

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

3 Currency concentrations

	30 June 2015			
	USD (RMB equivalent)	**HKD (RMB equivalent)**	**Others (RMB equivalent)**	**Total**
Spot assets	**957,963**	**187,807**	**160,688**	**1,306,458**
Spot liabilities	**(873,853)**	**(210,197)**	**(138,368)**	**(1,222,418)**
Forward purchases	**1,155,270**	**64,539**	**202,297**	**1,422,106**
Forward sales	**(1,231,666)**	**(10,704)**	**(212,676)**	**(1,455,046)**
Net options position	**749**	**–**	**(153)**	**596**
Net long position	**8,463**	**31,445**	**11,788**	**51,696**
Net structural position	**(23)**	**1,698**	**(6,766)**	**(5,091)**

	31 December 2014			
	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	Total
Spot assets	741,109	186,089	120,360	1,047,558
Spot liabilities	(713,853)	(207,223)	(141,626)	(1,062,702)
Forward purchases	778,919	46,628	91,559	917,106
Forward sales	(802,482)	(19,482)	(60,739)	(882,703)
Net options position	747	–	(152)	595
Net long position	4,440	6,012	9,402	19,854
Net structural position	4,506	1,619	(1,479)	4,646

(Expressed in millions of RMB unless otherwise stated)

3 Currency concentrations (continued)

The net option position is calculated using the delta equivalent approach required by the Hong Kong Monetary Authority (the "HKMA"). The net structural position of the Group includes the structural positions of the Bank's overseas branches, banking subsidiaries and other subsidiaries substantially involved in foreign exchange. Structural assets and liabilities include:

– investments in property and equipment, net of accumulated depreciation;

– capital and statutory reserves of overseas branches; and

– investments in overseas subsidiaries and related companies.

4 International claims

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

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

International claims have been disclosed by country or geographical area. A country or geographical area is reported where it constitutes 10% or more of the aggregate amount of international claims, after taking into account any risk transfers. Risk transfers are only made if claims are guaranteed by a party in a country which is different from that of the counterparty or if claims are on an overseas branch of a bank whose head office is located in another country.

	30 June 2015				
	Banks	**Public sector entities**	**Non-bank private institutions**	**Others**	**Total**
Asia Pacific	**2,819,157**	**4,102,400**	**1,391,918**	**42,447**	**8,355,922**
– of which attributed to Hong Kong	**11,187**	**27,152**	**123,701**	**3,386**	**165,426**
Europe	**15,922**	**1,389**	**9,551**	**1,380**	**28,242**
North and South America	**17,165**	**55,384**	**47,707**	**34**	**120,290**
Total	**2,852,244**	**4,159,173**	**1,449,176**	**43,861**	**8,504,454**

	31 December 2014				
	Banks	Public sector entities	Non-bank private institutions	Others	Total
Asia Pacific	2,136,939	3,963,143	1,044,674	61,771	7,206,527
– of which attributed to Hong Kong	9,175	22,270	179,552	2,789	213,786
Europe	9,553	2,831	9,451	1,432	23,267
North and South America	6,181	38,347	48,386	5	92,919
Total	2,152,673	4,004,321	1,102,511	63,208	7,322,713

(Expressed in millions of RMB unless otherwise stated)

5 Overdue loans and advances to customers by geographical sector

	30 June 2015	31 December 2014
Yangtze River Delta	**42,921**	33,320
Pearl River Delta	**22,003**	11,151
Western	**15,796**	7,555
Central	**14,432**	9,413
Bohai Rim	**13,174**	7,833
Northeastern	**9,576**	4,923
Head office	**4,331**	3,246
Overseas	**2,165**	1,370
Total	**124,398**	78,811

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

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

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

6 Non-bank Mainland China exposure

The Bank is a commercial bank incorporated in Mainland China with its banking business primarily conducted in Mainland China. As at 30 June 2015, substantial amounts of the Bank's exposures arose from businesses with Mainland China entities or individuals. Analyses of various types of exposures by counterparty have been disclosed in the respective notes to the financial statements.

Appendix: Composition of Capital

In accordance with the *regulatory requirements for the disclosure of information on capital composition of commercial banks* issued by CBRC, the following table shows the Group's composition of capital, minimum regulatory capital requirements, as well as their connections with the balance sheets under the scope of regulatory consolidation.

	(In millions of RMB, except percentages)	Code	As at 30 June 2015	As at 31 December 2014
Common Equity Tier 1 capital:				
1	Qualifying common share capital	n	**250,011**	250,011
2	Retained earnings		**913,155**	856,749
2a	Surplus reserve	r	**130,515**	130,515
2b	General reserve	s	**185,908**	169,478
2c	Undistributed profits	t	**596,732**	556,756
3	Accumulated other comprehensive income and disclosed reserves		**135,731**	133,499
3a	Capital reserve	o+q	**142,976**	139,761
3b	Others	u	**(7,245)**	(6,262)
4	Amount given recognition in Common Equity Tier 1 capital (Only applicable to unlisted companies, while banks of joint-stock companies to be completed with "0")		**N/A**	N/A
5	Minority interest given recognition in Common Equity Tier 1 capital	v	**4,293**	4,456
6	Common Equity Tier 1 capital before regulatory adjustments		**1,303,190**	1,244,715
Common Equity Tier 1 capital: Regulatory adjustments				
7	Prudent valuation adjustment		**–**	–
8	Goodwill (excluding deferred tax liabilities)	k	**2,351**	2,501
9	Other intangible assets (excluding land use rights) (excluding deferred tax liabilities)	j	**1,349**	1,592
10	Net deferred tax assets relying on future profits and arising from operating losses		**–**	–
11	Cash-flow hedge reserves	p	**(12)**	(10)
12	Gaps of loan loss provisions		**–**	–
13	Gains from sales of asset securitisation		**–**	–
14	Unrealised profit/loss arising from the changes in own credit risk on fair values of liability		**–**	–
15	Net defined-benefit pension assets (excluding deferred tax liabilities)		**–**	–
16	Directly or indirectly investments in own shares		**–**	–
17	Reciprocal cross-holdings in common equity		**–**	–
18	Non-significant investments in capital of financial institutions outside the scope of regulatory consolidation (amount above 10% threshold)		**–**	–
19	Significant investments in capital of financial institutions outside the scope of regulatory consolidation (amount above 10% threshold)		**–**	–
20	Mortgage-servicing rights		**N/A**	N/A
21	Other deferred tax assets relying on the Bank's future profitability (amount above 10% threshold)		**–**	–
22	Significant investments in the capital of financial institutions outside the scope of regulatory consolidation and other deferred tax assets that rely on the Bank's future profitability after all regulatory adjustments (amount exceeding the 15% threshold)		**–**	–
23	of which: significant investments in the capital of financial institutions		**–**	–
24	of which: Mortgage-servicing rights		**N/A**	N/A
25	of which: Other deferred tax assets that rely on the Bank's future profitability		**–**	–
26a	Investments in common equity of financial institutions being controlled but outside the scope of regulatory consolidation	h	**3,902**	3,902
26b	Gaps of common equity of financial institutions being controlled but outside the scope of regulatory consolidation		**–**	–
26c	Total regulatory adjustments to Common Equity Tier 1 capital		**–**	–
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions		**–**	–
28	**Total regulatory adjustments in Common Equity Tier 1 capital**		**7,590**	7,985
29	**Common Equity Tier 1 capital after regulatory adjustments**		**1,295,600**	1,236,730
Additional Tier 1 capital:				
30	Directly issued qualifying Additional Tier 1 capital instruments including related stock surplus		**–**	–
31	of which: classified as equity		**–**	–
32	of which: classified as liabilities		**–**	–
33	of which: Instruments not given recognition in Additional Tier 1 capital after the transition period		**–**	–
34	Minority interest given recognition in Additional Tier 1 capital	w	**162**	37
35	of which: Portions not given recognition in Additional Tier 1 capital after the transition period		**–**	–
36	**Additional Tier 1 capital before regulatory adjustments**		**162**	37

	(In millions of RMB, except percentages)	Code	As at 30 June 2015	As at 31 December 2014
Additional Tier 1 capital: regulatory adjustments				
37	Direct or indirect investments in own Additional Tier 1 instruments		**–**	–
38	Reciprocal cross-holdings in Additional Tier 1 instruments		**–**	–
39	Non-significant investments in Additional Tier 1 capital of financial institutions outside the scope of regulatory consolidation (amount above 10% threshold)		**–**	–
40	Significant investments in Additional Tier 1 capital of financial institutions outside the scope of regulatory consolidation		**–**	–
41a	Investments in Additional Tier 1 capital of financial institutions being controlled but outside the scope of regulatory consolidation		**–**	–
41b	Gaps of Additional Tier 1 capital of financial institutions being controlled but outside the scope of regulatory consolidation		**–**	–
41c	Other deductions from Additional Tier 1 capital		**–**	–
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions		**–**	–
43	**Total regulatory adjustments to Additional Tier 1 capital**		**–**	–
44	**Additional Tier 1 capital after regulatory adjustments**		**162**	37
45	**Tier 1 capital after regulatory adjustments (Common Equity Tier 1 capital after regulatory adjustments + Additional Tier 1 capital after regulatory adjustments)**		**1,295,762**	1,236,767
Tier 2 capital:				
46	Directly issued qualifying Tier 2 instruments plus stock surplus	m	**146,170**	149,839
47	of which: Portions not given recognition in Tier 2 capital after the transition period		**111,884**	127,868
48	Minority interest given recognition in Tier 2 capital	x	**2,080**	2,444
49	of which: Portions not given recognition after the transition period		**301**	–
50	Provisions in Tier 2	–(b+d)	**98,111**	127,878
51	**Tier 2 capital before regulatory adjustments**		**246,361**	280,161
Tier 2 capital: regulatory adjustments				
52	Direct or indirect investments in the Bank's Tier 2 instruments		**–**	–
53	Reciprocal cross-holdings in Tier 2 instruments		**–**	–
54	Non-significant investments in Tier 2 capital of financial institutions outside the scope of regulatory consolidation (amount above 10% threshold)		**–**	–
55	Significant investments in the Tier 2 capital of financial institutions outside the scope of regulatory consolidation		**–**	–
56a	Investments in Tier 2 capital of financial institutions being controlled but outside the scope of regulatory consolidation		**–**	–
56b	Gaps of Tier 2 capital of financial institutions being controlled but outside the scope of regulatory consolidation		**–**	–
56c	Other deductions from Tier 2 capital		**–**	–
57	**Total regulatory adjustments in Tier 2 capital**		**–**	–
58	**Tier 2 capital after regulatory adjustments**		**246,361**	280,161
59	**Total capital after regulatory adjustments (Tier 1 capital after regulatory adjustments +Tier 2 capital after regulatory adjustments)**		**1,542,123**	1,516,928
60	**Total risk-weighted assets**		**10,490,649**	10,203,643
Capital adequacy ratios and reserve capital requirements				
61	**Common Equity Tier 1 ratio**		**12.35%**	12.12%
62	**Tier 1 ratio**		**12.35%**	12.12%
63	**Total Capital ratio**		**14.70%**	14.87%
64	Specific buffer requirements		**0.90%**	0.90%
65	of which: capital conservation buffer requirements		**0.90%**	0.90%
66	of which: countercyclical buffer requirements		**0.00%**	0.00%
67	of which: Additional buffer requirements of Global Systemically Important Banks		**0.00%**	0.00%
68	Common Equity Tier 1 capital available to meet buffers as a percentage of risk-weighted assets		**7.35%**	7.12%
Domestic minimum regulatory capital requirements				
69	Common Equity Tier 1 ratio		**5.00%**	5.00%
70	Tier 1 ratio		**6.00%**	6.00%
71	Total Capital ratio		**8.00%**	8.00%
Amounts below the threshold deductions				
72	Non-significant investments in the capital of other financial institutions outside of the scope of regulatory consolidation	e+f+g	**40,675**	42,881
73	Significant investments in the capital of other financial institutions outside of the scope of regulatory consolidation	i	**214**	190
74	Mortgage-servicing rights (net of deferred tax liabilities)		**N/A**	N/A
75	Other deferred tax assets relying on the Bank's future profitability (net of deferred tax liabilities)	l	**39,708**	39,389

(In millions of RMB, except percentages)		Code	As at 30 June 2015	As at 31 December 2014
Limit of provisions in Tier 2 capital				
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to regulatory weight approach (prior to the application of cap)	–a	**3,651**	1,186
77	Provisions eligible for inclusion in Tier 2 capital under regulatory weight approach	–b	**3,651**	1,186
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal rating-based approach (prior to the application of cap)	–c	**132,539**	131,526
79	Provisions eligible for inclusion in Tier 2 capital under internal rating-based approach	–d	**94,460**	126,692
Capital instruments subject to phase-out arrangements				
80	Amount given recognition in current-period Common Equity Tier 1 capital due to transitional arrangements		**–**	–
81	Amount not given recognition in current-period Common Equity Tier 1 capital due to transitional arrangements		**–**	–
82	Amount given recognition in current-period Additional Tier 1 capital due to transitional arrangements		**–**	–
83	Amount not given recognition in current-period Additional Tier 1 capital due to transitional arrangements		**–**	–
84	Amount given recognition in current-period Tier 2 capital due to transitional arrangements		**111,884**	127,868
85	Amount not given recognition in current-period Tier 2 capital due to transitional arrangements		**26,003**	10,010

The following table shows the balance sheet of the accounting and regulatory consolidations.

(In millions of RMB)	As at 30 June 2015 Balance sheet of the accounting consolidation	As at 30 June 2015 Balance sheet of the regulatory consolidation
Assets		
Cash and deposits with central banks	2,617,781	2,617,737
Deposits with banks and non-bank financial institutions	632,183	628,000
Precious metals	90,786	90,786
Placements with banks and non-bank financial institutions	303,425	306,828
Financial assets at fair value through profit or loss	182,851	179,565
Positive fair value of derivatives	21,889	21,767
Financial assets held under resale agreements	495,858	495,491
Interest receivable	100,388	99,608
Loans and advances to customers	9,889,596	9,888,186
Available-for-sale financial assets	931,818	912,235
Held-to-maturity investments	2,507,181	2,503,803
Receivables	180,282	160,036
Investments to subsidiaries	–	4,829
Interests in associates and jointly controlled entities	3,758	1,973
Fixed assets	148,979	147,968
Land use rights	15,490	15,490
Intangible assets	1,784	1,349
Goodwill	2,546	2,351
Deferred tax assets	39,555	39,708
Other assets	53,036	52,562
Total assets	**18,219,186**	**18,170,272**
Liabilities		
Borrowings from central banks	40,099	40,099
Deposits from banks and non-bank financial institutions	1,733,895	1,733,895
Placements from banks and non-bank financial institutions	313,734	318,086
Financial liabilities at fair value through profit or loss	205,209	205,487
Negative fair value of derivatives	16,939	16,635
Financial assets sold under repurchase agreements	8,495	6,942
Deposits from customers	13,696,977	13,701,250
Accrued staff costs	32,160	31,705
Taxes payable	40,809	40,630
Interest payable	198,692	198,981
Provisions	7,634	7,630
Debt securities issued	426,306	421,975
Deferred tax liabilities	519	421
Other liabilities	185,268	141,614
Total liabilities	**16,906,736**	**16,865,350**
Equity		
Share capital	250,011	250,011
Capital reserve	135,835	135,809
Investment revaluation reserve	7,600	7,167
Surplus reserve	130,515	130,515
General reserve	185,926	185,908
Retained earnings	598,917	596,732
Exchange reserve	(7,374)	(7,245)
Total equity attributable to equity shareholders of the Bank	1,301,430	1,298,897
Minority interests	11,020	6,025
Total equity	**1,312,450**	**1,304,922**

The following table shows the information related to the expanded balance sheet under regulatory scope of consolidation.

(In millions of RMB)	As at 30 June 2015 Balance sheet of the regulatory consolidation	Code
Assets		
Cash and deposits with central banks	2,617,737	
Deposits with banks and non-bank financial institutions	628,000	
Precious metals	90,786	
Placements with banks and non-bank financial institutions	306,828	
Financial assets at fair value through profit or loss	179,565	
Positive fair value of derivatives	21,767	
Financial assets held under resale agreements	495,491	
Interest receivable	99,608	
Loans and advances to customers	9,888,186	
of which: Provisions eligible actual accrued subject to the regulatory weight approach	(3,651)	a
of which: Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the regulatory weight approach	(3,651)	b
of which: Provisions eligible actual accrued subject to subject to the internal rating-based approach	(132,539)	c
of which: Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the internal rating-based approach	(94,460)	d
Available-for-sale financial assets	912,235	
of which: non-significant investments in the capitals of other financial institutions outside of the scope of regulatory consolidation	4,348	e
Held-to-maturity investments	2,503,803	
of which: non-significant investments in the capitals of other financial institutions outside of the scope of regulatory consolidation	4,636	f
Receivables	160,036	
of which: non-significant investments in the capitals of other financial institutions outside of the scope of regulatory consolidation	31,691	g
Investments to subsidiaries	4,829	
of which: investments in common equity of financial institutions being controlled but outside the scope of regulatory consolidation	3,902	h
Interests in associates and jointly controlled entities	1,973	
of which: significant investments in the Common Equity Tier 1 capital of other financial institutions outside of the scope of regulatory consolidation	214	i
Fixed assets	147,968	
Land use rights	15,490	
Intangible assets	1,349	j
Goodwill	2,351	k
Deferred tax assets	39,708	l
Other assets	52,562	
Total assets	**18,170,272**	
Liabilities		
Borrowings from central banks	40,099	
Deposits from banks and non-bank financial institutions	1,733,895	
Placements from banks and non-bank financial institutions	318,086	
Financial liabilities at fair value through profit or loss	205,487	
Negative fair value of derivatives	16,635	
Financial assets sold under repurchase agreements	6,942	
Deposits from customers	13,701,250	
Accrued staff costs	31,705	
Taxes payable	40,630	
Interest payable	198,981	
Provisions	7,630	
Debt securities issued	421,975	
of which: Tier 2 capital instruments and its premium	146,170	m
Deferred tax liabilities	421	
Other liabilities	141,614	
Total liabilities	**16,865,350**	
Equity		
Share capital	250,011	n
Capital reserve	135,809	o
of which: deferred hedging reserves	(12)	p
Investment revaluation reserve	7,167	q
Surplus reserve	130,515	r
General reserve	185,908	s
Retained earnings	596,732	t
Exchange reserve	(7,245)	u
Total equity attributable to equity shareholders of the Bank	1,298,897	
Minority interests	6,025	
of which: minority interest given recognition in Common Equity Tier 1 capital	4,293	v
of which: minority interest given recognition in Additional Tier 1 capital	162	w
of which: minority interest given recognition in Tier 2 capital[1]	2,080	x
Total equity	**1,304,922**	

1. According to regulatory requirements, the eligible Tier 2 instruments issued by the wholly owned subsidiaries are not included in the Group's Tier 2 capital and its premium, but included in the interests of minority shareholders. The treatment is different from the accounting policy.

Main features of eligible regulatory capital instruments

The following table shows the information related to main features of various kinds of eligible regulatory capital instruments issued by the Group.

No.	Main features of eligible regulatory capital instruments	H Share	A Share	Rights issues	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument
1	Issuer	CCB	CCB	CCB	CCB	CCB	CCB
2	Identifier code	0939.HK	601939.SH	0939.HK, 601939.SH	ISIN:CND100007Z10	ISIN:HK0000223849	ISIN:XS1227820187
3	Governing law(s)	Hong Kong SAR law	Chinese law	Chinese/Hong Kong SAR law	Chinese law	Hong Kong SAR law	British law
	Regulatory treatment						
4	of which: transitional rules under the *Capital Rules for Commercial Banks (Provisional)*	Common Equity Tier 1 capital	Common Equity Tier 1 capital	Common Equity Tier 1 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
5	of which: post-transitional rules under the *Capital Rules for Commercial Banks (Provisional)*	Common Equity Tier 1 capital	Common Equity Tier 1 capital	Common Equity Tier 1 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
6	of which: eligible at the Bank/Group level	the Bank and Group level	the Bank and Group level	the Bank and Group level	the Bank and Group level	the Bank and Group level	the Bank and Group level
7	Instrument type	Equity instrument	Equity instrument	Equity instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument
8	Amount recognised in regulatory capital (In millions of RMB, as at the latest reporting date)	72,550	57,119	61,159	19,979	1,993	12,313
9	Par value of instrument	RMB30,459 million	RMB9 billion	RMB16,322 million	RMB20 billion	RMB2 billion	USD2 billion
10	Accounting classification	Share capital and capital reserve	Share capital and capital reserve	Share capital and capital reserve	Debt securities issued	Debt securities issued	Debt securities issued
11	Original date of issuance	27 October 2005	25 September 2007	19 November 2010, 16 December 2010	15 August 2014	12 November 2014	13 May 2015
12	Perpetual or dated	Perpetual	Perpetual	Perpetual	Dated	Dated	Dated
13	of which: original maturity date	No maturity	No maturity	No maturity	18 August 2029	12 November 2024	13 May 2025
14	Issuer call subject to regulatory approval	No	No	No	Yes	Yes	Yes
15	of which: optional call date, contingent call dates and redemption amount	N/A	N/A	N/A	18 August 2024, all redeemed	12 November 2019, all redeemed	13 May 2020, all redeemed
16	of which: subsequent call dates, if applicable	N/A	N/A	N/A	N/A	N/A	N/A
	Coupons/dividends						
17	of which: fixed or floating dividend/coupon	Floating	Floating	Floating	Fixed	Fixed for the first five years while floating for the consecutive five years.	The interest rate is fixed for the first five years, and is based on the interest rate at the coupon rate reset date for the consecutive five years.
18	of which: coupon rate and any related index	N/A	N/A	N/A	5.98%	Fixed rate of 4.90% for the first five years while resetting (plus 1.538% on the CNHHibor) for the consecutive five years.	The interest rate is fixed at 3.875% for the first five years, and is reset based on the five-year U.S. government bond benchmark rate plus the initial interest spread (2.425%) at the coupon rate reset date for the consecutive five years.
19	of which: existence of a dividend brake mechanism	N/A	N/A	N/A	No	No	No
20	of which: fully discretionary, partially discretionary or mandatory	Fully discretionary	Fully discretionary	Fully discretionary	Mandatory	Mandatory	Mandatory
21	of which: existence of redemption incentive mechanism	No	No	No	No	No	No
22	of which: noncumulative or cumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative
23	Convertible or non-convertible	N/A	N/A	N/A	Non-convertible	Non-convertible	Non-convertible

No.	Main features of eligible regulatory capital instruments	H Share	A Share	Rights issues	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument
24	of which: if convertible, specify conversion trigger (s)	N/A	N/A	N/A	N/A	N/A	N/A
25	of which: if convertible, specify if it is fully or partially	N/A	N/A	N/A	N/A	N/A	N/A
26	of which: if convertible, specify conversion rate	N/A	N/A	N/A	N/A	N/A	N/A
27	of which: if convertible, specify if it is mandatory or optional conversion	N/A	N/A	N/A	N/A	N/A	N/A
28	of which: if convertible, specify instrument type convertible into	N/A	N/A	N/A	N/A	N/A	N/A
29	of which: if convertible, specify issuer of instrument it converts into	N/A	N/A	N/A	N/A	N/A	N/A
30	Write-down feature	N/A	N/A	N/A	Yes	Yes	Yes
31	of which: if write-down, specify write-down trigger(s)	N/A	N/A	N/A	Write-down is triggered at the earlier of followings: (1) CBRC determines issuer cannot survive if no write-down is conducted; (2) related authorities confirm that issuer cannot survive if public capital injection or equivalent support will not be offered.	Write-down is triggered at the earlier of followings: (1) CBRC determines issuer cannot survive if no write-down is conducted; (2) related authorities confirm that issuer cannot survive if public capital injection or equivalent support will not be offered.	Write-down is triggered at the earlier of followings: (1) CBRC determines issuer cannot survive if no write-down is conducted; (2) related authorities confirm that issuer cannot survive if public capital injection or equivalent support will not be offered.
32	of which: if write-down, specify if it is full or partial	N/A	N/A	N/A	Full	Full	Full
33	of which: if write-down, specify if it is permanent or temporary	N/A	N/A	N/A	Permanent	Permanent	Permanent
34	of which: if temporary write-down, specify the description of write-up mechanism	N/A	N/A	N/A	N/A	N/A	N/A
35	Hierarchy of claims in liquidation (specify instrument type immediately senior to instrument)	the lowest priority of all claims	the lowest priority of all claims	the lowest priority of all claims	the lower priority behind the depositor and general creditor, the same priority with other Tier 2 debt	the lower priority behind the depositor and general creditor, the same priority with other Tier 2 debt	the lower priority behind the depositor and general creditor, the same priority with other Tier 2 debt
36	Non-eligible transitioned features	No	No	No	No	No	No
37	of which: if yes, specify non-eligible features	N/A	N/A	N/A	N/A	N/A	N/A

We have included in this report certain forward-looking statements with respect to our financial position, operating results and business development. We use words such as “will”, “may”, “expect”, “try”, “strive”, and similar expressions to identify forward-looking statements. These statements are based on current plans, estimates and projections. Although we believe that the expectations reflected in these forward-looking statements are reasonable, we can give no assurance that those expectations will prove to have been correct, and you are cautioned not to place undue reliance on such statements. Readers are cautioned that a number of factors could cause actual results to differ, in some instances materially, from those anticipated or implied in forward-looking statements. These factors include, among others: changes in general economic conditions in the markets in which the Group operates, changes in the government’s adjustments and control policies and in laws and regulations, and factors specific to the Group.

These forward-looking statements in this report do not constitute a substantive commitment by the Group to its investors. Investors should be aware of the investment risks. During the reporting period, we proactively took measures to effectively manage various risks. For more information, please refer to “Management Discussion and Analysis” in the “Risk Management”.