

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



中國工商銀行股份有限公司

**INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED**

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

(Stock Code: 1398)

## **2012 INTERIM RESULTS ANNOUNCEMENT**

The Board of Directors of Industrial and Commercial Bank of China Limited (the “Bank”) announces the unaudited interim results of the Bank and its subsidiaries (the “Group”) for the six months ended 30 June 2012. The Board of Directors and the Audit Committee of the Board of Directors of the Bank have reviewed and confirmed the unaudited interim results.

### **1. Important Notice**

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

The 2012 Interim Report of the Bank and the results announcement have been considered and approved at the meeting of the Board of Directors of the Bank held on 30 August 2012. All the Directors attended the meeting.

The 2012 interim financial statements prepared by the Bank in accordance with the Chinese Accounting Standards for Business Enterprises (“PRC GAAP”) and the International Financial Reporting Standards (“IFRSs”) have been reviewed by Ernst & Young Hua Ming and Ernst & Young in accordance with the Chinese and international standards on review engagements, respectively.

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

30 August 2012

Mr. Jiang Jianqing, Legal Representative of the Bank, Mr. Yang Kaisheng, President in charge of finance of the Bank, and Mr. Shen Rujun, General Manager of the Finance and Accounting Department of the Bank, hereby warrant and guarantee that the financial statements contained in the Interim Report are authentic and complete.

## 2. Corporate Information

### 2.1 Basic Information

<b>Stock name</b>	工商銀行 (A Share)	ICBC (H Share)
<b>Stock code</b>	601398	1398
<b>Stock exchange on which shares are listed</b>	Shanghai Stock Exchange (“SSE”)	The Stock Exchange of Hong Kong Limited (“SEHK”)
<b>Registered address and office address</b>	No. 55 Fuxingmennei Avenue, Xicheng District, Beijing, People’s Republic of China	
<b>Postal code</b>	100140	
<b>Internet website</b>	www.icbc.com.cn, www.icbc-ltd.com	
<b>E-mail</b>	ir@icbc.com.cn	

### 2.2 Contact

#### Board Secretary and Company Secretary

<b>Name</b>	Hu Hao
<b>Contact address</b>	No.55 Fuxingmennei Avenue, Xicheng District, Beijing, People’s Republic of China
<b>Telephone</b>	86-10-66108608
<b>Facsimile</b>	86-10-66107571
<b>E-mail</b>	ir@icbc.com.cn

## 3. Financial Highlights

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

### 3.1 Financial Data

	<b>Six months ended 30 June 2012</b>	Six months ended 30 June 2011	Year ended 31 December 2011
<b>Operating results</b> (in RMB millions)			
Net interest income	<b>204,058</b>	174,504	362,764
Net fee and commission income	<b>54,804</b>	53,791	101,550
Operating income	<b>262,828</b>	231,160	470,601
Operating expenses	<b>84,531</b>	73,255	169,613
Impairment losses	<b>19,237</b>	16,881	31,121
Operating profit	<b>159,060</b>	141,024	269,867
Profit before tax	<b>160,212</b>	142,345	272,311
Net profit	<b>123,241</b>	109,575	208,445
Net profit attributable to equity holders of the parent company	<b>123,160</b>	109,481	208,265
Net cash flows from operating activities	<b>821,025</b>	237,491	348,123
<b>Per share data</b> (in RMB yuan)			
Basic earnings per share	<b>0.35</b>	0.31	0.60
Diluted earnings per share	<b>0.35</b>	0.31	0.59
Net cash flows per share from operating activities	<b>2.35</b>	0.68	1.00
	<b>30 June 2012</b>	31 December 2011	31 December 2010
<b>Balance sheet items</b> (in RMB millions)			
Total assets	<b>17,073,050</b>	15,476,868	13,458,622
Total loans and advances to customers	<b>8,424,037</b>	7,788,897	6,790,506
Allowance for impairment losses on loans	<b>211,401</b>	194,878	167,134
Net investment	<b>3,988,381</b>	3,915,902	3,732,268
Total liabilities	<b>16,055,602</b>	14,519,045	12,636,965
Due to customers	<b>13,180,597</b>	12,261,219	11,145,557
Due to banks and other financial institutions	<b>1,604,095</b>	1,341,290	1,048,002
Equity attributable to equity holders of the parent company	<b>1,016,318</b>	956,742	820,430
Share capital	<b>349,322</b>	349,084	349,019
Net asset value per share <sup>(1)</sup> (in RMB yuan)	<b>2.91</b>	2.74	2.35
Net capital base	<b>1,224,368</b>	1,112,463	872,373
Net core capital base	<b>937,124</b>	850,355	709,193
Supplementary capital	<b>297,220</b>	271,830	174,505
Risk-weighted assets <sup>(2)</sup>	<b>9,031,850</b>	8,447,263	7,112,357
<b>Credit rating</b>			
S&P <sup>(3)</sup>	<b>A/Stable</b>	A/Stable	A/Stable
Moody's <sup>(3)</sup>	<b>A1/Stable</b>	A1/Stable	A1/Stable

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

(2) Being risk-weighted assets and market risk capital adjustment. Please refer to the section headed “Discussion and Analysis — Capital Adequacy Ratio”.

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

### 3.2 Financial Indicators

	<b>Six months ended 30 June 2012</b>	Six months ended 30 June 2011	Year ended 31 December 2011
<b>Profitability (%)</b>			
Return on average total assets <sup>(1)</sup>	<b>1.51*</b>	1.55*	1.44
Return on weighted average equity <sup>(2)</sup>	<b>24.31*</b>	25.12*	23.44
Net interest spread <sup>(3)</sup>	<b>2.48*</b>	2.49*	2.49
Net interest margin <sup>(4)</sup>	<b>2.66*</b>	2.60*	2.61
Return on risk-weighted assets <sup>(5)</sup>	<b>2.82*</b>	2.88*	2.68
Ratio of net fee and commission income to operating income	<b>20.85</b>	23.27	21.58
Cost-to-income ratio <sup>(6)</sup>	<b>25.57</b>	25.82	29.91
	<b>30 June 2012</b>	31 December 2011	31 December 2010
<b>Asset quality (%)</b>			
Non-performing loans (“NPL”) ratio <sup>(7)</sup>	<b>0.89</b>	0.94	1.08
Allowance to NPL <sup>(8)</sup>	<b>281.40</b>	266.92	228.20
Allowance to total loans ratio <sup>(9)</sup>	<b>2.51</b>	2.50	2.46
<b>Capital adequacy (%)</b>			
Core capital adequacy ratio <sup>(10)</sup>	<b>10.38</b>	10.07	9.97
Capital adequacy ratio <sup>(10)</sup>	<b>13.56</b>	13.17	12.27
Total equity to total assets ratio	<b>5.96</b>	6.19	6.11
Risk-weighted assets to total assets ratio	<b>52.90</b>	54.58	52.85

Notes: \* indicates annualized ratios.

- (1) Calculated by dividing net profit by the average balance of total assets at the beginning and at the end of the reporting period.
- (2) Calculated by dividing profit attributable to equity holders of the parent company by the weighted average balance of equity attributable to equity holders of the parent company, which is calculated in accordance with the “Rules for the Compilation and Submission of Information Disclosure by Companies that Offer Securities to the Public No. 9 — Computation and Disclosure of Return on Net Assets and Earnings per Share (Revision 2010)” issued by China Securities Regulatory Commission.
- (3) Calculated by the spread between yield on average balance of interest-generating assets and cost on average balance of interest-bearing liabilities.
- (4) Calculated by dividing net interest income by average balance of interest-generating assets.
- (5) Calculated by dividing net profit by the average balance of risk-weighted assets and market risk capital adjustment at the beginning and at the end of the reporting period.
- (6) Calculated by dividing operating expenses (less business tax and surcharges) by operating income.
- (7) Calculated by dividing the balance of NPL by total balance of loans and advances to customers.
- (8) Calculated by dividing allowance for impairment losses on loans and advances by total balance of NPL.
- (9) Calculated by dividing allowance for impairment losses on loans and advances by total balance of loans and advances to customers.
- (10) Please refer to the section headed “Discussion and Analysis — Capital Adequacy Ratio”.

### **3.3 Reconciliation of differences between the financial statements prepared under IFRSs and those prepared in accordance with PRC GAAP**

In respect of the financial statements of the Bank prepared under PRC GAAP and those under IFRSs, net profit for the period attributable to equity holders of the parent company for the six months ended 30 June 2012 and equity attributable to equity holders of the parent company as at 30 June 2012 have no differences.

## **4. Business Overview**

In the first half of 2012, economic operation at home and abroad remained complex. Insisting on the principle of prudent operation and sustainable development, the Bank actively responded to many new difficulties and challenges, and overall maintained healthy business development as evidenced by profit growth, business development, structure optimization, control of risk level and service improvement.

Profit grew in the severe and complex business environment. In the first half of 2012, through accelerated restructuring, deepened reform and innovation, enhancement of operational management, increase of income and reduction of expenditure, the Bank effectively overcame the influence of multiple factors, including China’s economic slowdown, regulatory policy changes and interest rate policy adjustment. Its net profit reached RMB123,241 million, representing an increase of 12.5% over the same period of last year, and continued to stay on top among domestic and foreign banks. Net interest margin (NIM) maintained steady

growth, increasing by 6 basis points to 2.66% over the same period of last year, which remains at a relatively good level. Fee and commission income continued to go up within regulation, accounting for 20.85% of total operating income; the structure of fee-based business income was further optimized, greatly amplifying the sustainability of its development. The internationalization strategy consistently implemented by the Bank has continued to show its effect. In the first half of 2012, profit before tax of overseas institutions increased by 17.6% over the same period of last year, higher than that of domestic institutions. Meanwhile, the Bank's expenditure management and cost control were further enhanced, with a cost-to-income ratio of as low as 25.57%.

The Bank's credit business better served the needs of the real economy and transformation development. In face of the complex and volatile external business environment in the first half of 2012, the Bank placed more emphasis on the adjustment of credit structure and reasonably controlled the credit scale and orientation. In terms of credit scale, RMB loans of domestic branches grew by RMB451,224 million in the first half of 2012, representing an increase of RMB40,357 million or 6.4% over the same period of last year. The loan growth not only provided strong support to the development of the real economy, but also embodied the Bank's consistent prudent credit operation concept. In terms of credit orientation, more than 95% of the Bank's new project loans were extended to a number of significant ongoing or renewed projects; new loans extended to strategic areas such as advanced manufacturing, modern services, cultural industries and strategic emerging sectors in line with China's industry policy and economic restructuring orientation accounted for 105% of the Bank's corporate loan growth; key businesses including trade finance and credit card overdraft maintained rapid growth. The continuous optimization and adjustment of credit structure effectively reduced the degree of loan concentration and the level of use of capital, improved the return on loan risk and enhanced credit sustainability.

Deposits and various new businesses achieved healthy and rapid development. In the first half of 2012, the Bank's domestic deposits increased by RMB1,120,085 million, and the Bank continued to rank first among domestic banks in terms of deposit balance and growth size. In response to the severe challenges of financial disintermediation, interest rate becoming more market-driven and capital supervision reform, the Bank has actively pushed forward innovative development in financial asset services and accelerated its transformation from a large asset holding bank into a large asset management bank. In the first half of 2012, the business balance, accumulated transaction value and income of financial asset services such as asset management, entrusted management, agency transaction, underwriting and advisory services achieved relatively rapid growth. Income of investment banking businesses such as equity financing, restructuring and merger and acquisition grew by 114.2% over the same period of last year. Credit card business income increased by 41.3%, further consolidating the Bank's leading advantage amongst peers. The Bank continued to rank first among banks in terms of the underwriting of corporate bonds. In the first half of 2012, the Bank handled cross-border RMB business of RMB790.1 billion, representing an increase of 94.6% over the same period of last year, and its market share amongst peers in international settlement hit a record high. Paper Precious Metals transaction income maintained a significant leading advantage in the market. Businesses such as asset management, settlement and cash management, pension and private banking also maintained steady growth.

Overall operation was stable and healthy. Since uncertainties in economic operation and pressure of risk prevention and control increased in the first half of 2012, the Bank further strengthened its enterprise risk management and strictly complied with its risk management policies to guarantee its safe and sound operation. Focusing on the implementation of the New Capital Accord, the Bank has continuously reinforced its enterprise risk management system covering credit risk, market risk, liquidity risk and operational risk. The Bank has further refined and improved its credit risk prevention and control measures, optimized its risk early warning system, strengthened the monitoring, analysis and management of key areas and industrial risks, and accelerated the recovery and disposal of non-performing loans. Though non-performing loans increased slightly in some industries and areas due to the economic volatility, the Bank's overall risks were controllable, credit assets maintained good quality, and preparations for preventing and mitigating risks were sufficient. The Bank's non-performing loans ratio was 0.89% at the end of June 2012, representing a decrease of 0.05 percentage points compared to the beginning of this year; allowance to NPL reached 281.40%, representing an increase of 14.48 percentage points over the end of last year; allowance to total loans ratio was 2.51%. The Bank has continued to entrench the uniform monitoring of operational risk and carried out effective management of operational risk. Internal risk exposure indicator dropped to the lowest level and case incidence continued to remain low.

The Bank's services and customer satisfaction continued to improve. The Bank has promoted the activity with the theme "Satisfaction with ICBC", paid particular attention to and studied, in a timely manner, customer needs and society concerns, and improved its services more pertinently and more efficiently. The Bank has set up a financial consumer rights and interests protection department, actively promoting the routinization and standardization of the protection of the financial consumers' rights and interests. The Bank has observed laws and regulations in the course of its operation, and strived to safeguard a sound market environment and fair competition order. The Bank has fully accelerated the innovation of mechanisms, channels, technologies and products, and quickened a new round of outlet optimization and construction that had commenced last year. A number of new outlets and out-of-branch self-service banking facilities came into operation, and development of the service system with mutually complementary physical channels and electronic channels has been accelerated. The Bank has successfully completed the building of a global integrated technology platform to realize global sharing and interconnection with its customers, products, businesses and data resources. The Bank has launched digital TV banking, Medi-banking Card and such other new products tailored to market needs, and endeavored to provide more advanced, more practicable and more convenient financial services for its customers. The Bank has continued to push forward the centralized business process reform, integrated business process re-engineering and optimization and business line, and kept improving new customer service modes. More than 70% of its businesses were completed through electronic channels with lower costs and higher efficiency, further improving the Bank's service capacity and efficiency.

Currently, the recovery of the world economy is slow and faces complex situation, domestic economic growth has slowed down and structural contradictions still stood out. Meanwhile, financial reform has accelerated, and the market environment of the banking industry is experiencing a profound change. All these posed new and higher requirements on the development and enhancement of operational management for commercial banks. In response to the external environment changes, the Bank will adjust its business strategy and improve

the foresight, pertinence and flexibility of its various policies and measures. Besides, adhering to the basic requirement of the principle of “making progress while maintaining stability” adopted earlier this year for the Bank’s work, the Bank will persist in its commitment to restructuring, improvement of profitability, enhancement of risk management, and following the path to innovation. Despite the complex business environment, the Bank strives to maintain the momentum of healthy and steady development of various business lines and to continue to move towards the strategic objective of developing into a world-class modern financial institution.

## **5. Discussion and Analysis**

### **5.1 Income Statement Analysis**

In the first half of 2012, faced with complicated and rigorous operating environment, the Bank aimed at serving the real economy and satisfying the financial needs of its customers, persisted in promoting the transformation of development mode and operation, strengthened product innovation and enhanced service level, and pushed forward sound and steady development of all businesses, resulting in further improvement on cost control and risk management. Net profit reached RMB123,241 million, representing an increase of RMB13,666 million or 12.5% over the same period of last year. Operating income rose by 13.7% to RMB262,828 million, of which, net interest income increased by 16.9% to RMB204,058 million, and non-interest income grew by 3.7% to RMB58,770 million. Operating expenses increased by 15.4% to RMB84,531 million. Cost-to-income ratio declined to 25.57%, maintaining at a lower level. Impairment losses increased by 14.0% to RMB19,237 million. Income tax expense amounted to RMB36,971 million, representing an increase of RMB4,201 million or 12.8%.

#### ***Net Interest Income***

In the first half of 2012, the Bank continued to actively adjust the credit structure, increased the loan yield, optimized the investment portfolio structure, meanwhile, strived to control the liability cost and realized a relatively rapid growth of net interest income. Net interest income increased by RMB29,554 million or 16.9% over the same period of 2011 to RMB204,058 million, accounting for 77.6% of operating income. Interest income increased by RMB81,803 million or 30.0% over the same period of last year to RMB354,522 million, and interest expense increased by RMB52,249 million or 53.2% over the same period of last year to RMB150,464 million.



The table below sets out the average balance of interest-generating assets and interest-bearing liabilities, interest income and expense, as well as average yield and average cost, respectively. Average yield and average cost are annualized.

Item	<i>In RMB millions, except for percentages</i>					
	Six months ended 30 June 2012			Six months ended 30 June 2011		
	Average balance	Interest income/expense	Average yield/cost (%)	Average balance	Interest income/expense	Average yield/cost (%)
<b>Assets</b>						
Loans and advances to customers	8,137,254	255,736	6.29	7,076,342	190,883	5.39
Investment	3,801,637	67,864	3.57	3,635,115	56,751	3.12
Investment in bonds not related to restructuring	3,438,300	63,799	3.71	3,232,985	52,272	3.23
Investment in bonds related to restructuring <sup>(2)</sup>	363,337	4,065	2.24	402,130	4,479	2.23
Due from central banks	2,582,450	20,412	1.58	2,266,068	17,927	1.58
Due from banks and other financial institutions <sup>(3)</sup>	815,285	10,510	2.58	471,709	7,158	3.03
<b>Total interest-generating assets</b>	<b>15,336,626</b>	<b>354,522</b>	<b>4.62</b>	<b>13,449,234</b>	<b>272,719</b>	<b>4.06</b>
Non-interest-generating assets	796,729			674,016		
Allowance for impairment losses	(206,647)			(179,000)		
<b>Total assets</b>	<b>15,926,708</b>			<b>13,944,250</b>		
<b>Liabilities</b>						
Deposits	12,026,736	120,005	2.00	11,148,747	84,222	1.51
Due to banks and other financial institutions <sup>(3)</sup>	1,794,719	25,362	2.83	1,218,612	11,957	1.96
Debt securities issued	248,902	5,097	4.10	121,807	2,036	3.34
<b>Total interest-bearing liabilities</b>	<b>14,070,357</b>	<b>150,464</b>	<b>2.14</b>	<b>12,489,166</b>	<b>98,215</b>	<b>1.57</b>
Non-interest-bearing liabilities	850,909			578,134		
<b>Total liabilities</b>	<b>14,921,266</b>			<b>13,067,300</b>		
<b>Net interest income</b>		<b>204,058</b>			<b>174,504</b>	
<b>Net interest spread</b>			<b>2.48</b>			<b>2.49</b>
<b>Net interest margin</b>			<b>2.66</b>			<b>2.60</b>

- Notes:* (1) The average balances of interest-generating assets and interest-bearing liabilities represent their daily average balances. The average balances of non-interest-generating assets, non-interest-bearing liabilities and allowance for impairment losses represent the average of balances at the beginning and at the end of the reporting period.
- (2) Investment in bonds related to restructuring includes Huarong bonds and special government bonds during the reporting period.
- (3) Due from banks and other financial institutions includes the amount of reverse repurchase agreements, and due to banks and other financial institutions includes the amount of repurchase agreements.

• *Net Interest Spread and Net Interest Margin*

Interest yield continued to increase, net interest spread and net interest margin was 2.48% and 2.66%, representing a decrease of 1 basis point and an increase of 6 basis points, respectively, as compared to the same period of last year, and representing a decrease of 1 basis point and an increase of 5 basis points, respectively, as compared to the whole year of 2011.

The People's Bank of China ("PBOC") lowered the benchmark interest rates on RMB deposits and RMB loans twice in June and July, and meanwhile expanded the fluctuation range for deposit and loan interest rates. As interest rate reduction policy was launched at the late phase of and after the reporting period, its impact on net interest spread and net interest margin during the reporting period was small.

The table below sets out the yield of interest-generating assets, cost of interest-bearing liabilities, net interest spread and net interest margin in the first half of 2012, the first half of 2011 and the whole year of 2011, respectively.

<b>Item</b>	<i>Percentages</i>		
	<b>Six months ended 30 June 2012</b>	Six months ended 30 June 2011	Year ended 31 December 2011
Yield of interest-generating assets	<b>4.62</b>	4.06	4.25
Cost of interest-bearing liabilities	<b>2.14</b>	1.57	1.76
Net interest spread	<b>2.48</b>	2.49	2.49
Net interest margin	<b>2.66</b>	2.60	2.61

## ***Interest Income***

- *Interest Income on Loans and Advances to Customers*

Interest income on loans and advances to customers was RMB255,736 million, representing an increase of RMB64,853 million or 34.0% as compared to the same period of last year, of which, increase due to the growth in scale was RMB33,009 million, accounting for 50.9% of the total increase, and increase due to rise of average yield was RMB31,844 million, accounting for 49.1% of the total increase. The rise of 90 basis points in average yield was mainly because PBOC raised the benchmark interest rate on RMB loans for three times in 2011, and the effective rate level of new loans granted in the first half of 2012 and repriced stock loans was higher than the same period of previous year. In addition, the Bank continuously carried forward credit structure adjustment, resulting in improvement of interest rate management level.

In terms of maturity structure, the average balance of short-term loans was RMB2,699,448 million, interest income derived therefrom was RMB82,122 million, and the average yield was 6.08%. The average balance of medium to long-term loans was RMB5,437,806 million, interest income arising therefrom was RMB173,614 million, and the average yield was 6.39%.

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

*In RMB millions, except for percentages*

<b>Item</b>	<b>Six months ended 30 June 2012</b>			<b>Six months ended 30 June 2011</b>		
	<b>Average balance</b>	<b>Interest income</b>	<b>Average yield (%)</b>	<b>Average balance</b>	<b>Interest income</b>	<b>Average yield (%)</b>
Corporate loans	<b>5,380,460</b>	<b>176,289</b>	<b>6.55</b>	4,844,073	135,258	5.58
Discounted bills	<b>158,371</b>	<b>7,623</b>	<b>9.63</b>	107,792	4,213	7.82
Personal loans	<b>2,039,961</b>	<b>60,990</b>	<b>5.98</b>	1,730,019	44,829	5.18
Overseas and others	<b>558,462</b>	<b>10,834</b>	<b>3.88</b>	394,458	6,583	3.34
<b>Total loans and advances to customers</b>	<b><u>8,137,254</u></b>	<b><u>255,736</u></b>	<b><u>6.29</u></b>	<b><u>7,076,342</u></b>	<b><u>190,883</u></b>	<b><u>5.39</u></b>

In terms of business line, interest income on corporate loans amounted to RMB176,289 million, representing an increase of RMB41,031 million or 30.3% as compared to the same period of last year and accounting for 68.9% of total interest income on loans and advances to customers, mainly due to the rise of 97 basis points in the average yield of corporate loans and the increase of RMB536,387 million in the average balance.

Interest income on discounted bills was RMB7,623 million, representing an increase of RMB3,410 million or 80.9% as compared to the same period of last year, principally due to the increase of RMB50,579 million in the average balance of discounted bills and the rise of 181 basis points in the average yield, which resulted from the increased buying and selling of bills by the Bank at appropriate time based on market supply and demand.

Interest income on personal loans was RMB60,990 million, representing an increase of RMB16,161 million or 36.1% as compared to the same period of last year, mainly due to the increase of RMB309,942 million in the average balance of personal loans and the rise of 80 basis points in the average yield.

Interest income on overseas and other loans was RMB10,834 million, representing an increase of RMB4,251 million or 64.6% as compared to the same period of last year, benefiting from the continuous advancement of the Bank's internationalized and integrated development strategy, as well as the relatively rapid growth in loans from the overseas branches and subsidiaries of the Group.

- *Interest Income on Investment*

Interest income on investment was RMB67,864 million, representing an increase of RMB11,113 million or 19.6% as compared to the same period of last year, of which, interest income on investment in bonds not related to restructuring was RMB63,799 million, representing an increase of RMB11,527 million or 22.1%, mainly because the Bank increased investment in bonds at the high position of yield based on market movement and the yield of new investment in bonds was relatively high, resulting in the rise of 48 basis points in the average yield of bonds not related to restructuring.

Interest income on investment in bonds related to restructuring decreased by RMB414 million or 9.2% to RMB4,065 million as compared to the same period of last year, mainly because the Ministry of Finance of the PRC ("MOF") repaid the Huarong bonds of RMB53.0 billion in the first half of 2012, resulting in a decrease in average balance.

- *Interest Income on Due from Central Banks*

Due from central banks mainly includes the mandatory reserves with central banks and the surplus reserves with central banks. Interest income on due from central banks was RMB20,412 million, representing an increase of RMB2,485 million or 13.9% as compared to the same period of last year, mainly due to the increase in the size of due from central banks resulted from the steady growth in customer deposits of the Bank.

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

Interest income on due from banks and other financial institutions was RMB10,510 million, representing an increase of RMB3,352 million or 46.8% as compared to the same period of last year, mainly because the Bank proactively seized the favorable market opportunity to enhance its capital operations and raise its capital operation yield on the premise of ensuring its liquidity needs, resulting in the increase of RMB343,576 million in the average balance of due from banks and other financial institutions as compared to the same period of last year.

## ***Interest Expense***

- Interest Expense on Deposits*

Interest expense on deposits amounted to RMB120,005 million, representing an increase of RMB35,783 million or 42.5% as compared to the same period of last year, and accounted for 79.8% of total interest expense, mainly due to the accumulated impact of PBOC's increase in the benchmark interest rate on RMB deposits for three times in 2011 and the rise of 49 basis points in the average cost resulted from the increase in the average balance of time deposits. Meanwhile, the Bank proactively expedited the steady growth of deposits, resulting in the increase of RMB877,989 million in the average balance as compared to the same period of last year.

### **ANALYSIS OF AVERAGE DEPOSIT COST BY PRODUCTS**

*In RMB millions, except for percentages*

<b>Item</b>	<b>Six months ended 30 June 2012</b>			<b>Six months ended 30 June 2011</b>		
	<b>Average balance</b>	<b>Interest expense</b>	<b>Average cost (%)</b>	<b>Average balance</b>	<b>Interest expense</b>	<b>Average cost (%)</b>
<b>Corporate deposits</b>						
Time deposits	2,241,789	36,878	3.29	2,001,320	24,365	2.43
Demand deposits <sup>(1)</sup>	3,544,438	15,276	0.86	3,567,215	13,466	0.75
<b>Subtotal</b>	<b>5,786,227</b>	<b>52,154</b>	<b>1.80</b>	<b>5,568,535</b>	<b>37,831</b>	<b>1.36</b>
<b>Personal deposits</b>						
Time deposits	3,476,638	59,297	3.41	3,126,775	39,678	2.54
Demand deposits	2,434,085	5,590	0.46	2,191,831	5,272	0.48
<b>Subtotal</b>	<b>5,910,723</b>	<b>64,887</b>	<b>2.20</b>	<b>5,318,606</b>	<b>44,950</b>	<b>1.69</b>
<b>Overseas and others</b>	<b>329,786</b>	<b>2,964</b>	<b>1.80</b>	<b>261,606</b>	<b>1,441</b>	<b>1.10</b>
<b>Total deposits</b>	<b>12,026,736</b>	<b>120,005</b>	<b>2.00</b>	<b>11,148,747</b>	<b>84,222</b>	<b>1.51</b>

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

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

Interest expense on due to banks and other financial institutions was RMB25,362 million, representing an increase of RMB13,405 million or 112.1% as compared to the same period of last year, mainly due to a relatively large increase in the average level of domestic money market interest rate in the first quarter as compared to the same period of last year, and a drop in the percentage of due to banks and other financial institutions with relatively lower average cost resulted from fluctuation and adjustment of capital market in the first half of 2012, which

resulted in the rise of 87 basis points in the average cost. Meanwhile, average balance increased by RMB576,107 million or 47.3% as compared to the same period of last year.

- *Interest Expense on Debt Securities Issued*

Interest expense on debt securities issued was RMB5,097 million, representing an increase of RMB3,061 million or 150.3% over the same period of last year, mainly attributable to the Bank's issuance of RMB subordinated bonds of RMB38.0 billion, RMB50.0 billion and RMB20.0 billion in June and December 2011 and June 2012, respectively.

### ***Non-Interest Income***

In the first half of 2012, non-interest income of the Bank was RMB58,770 million, representing an increase of RMB2,114 million or 3.7% over the same period of last year.

In response to the changes in market environment, regulatory requirements and customer demands, the Bank carried forward the transformation and development of the fee-based business, proactively developed product and service innovation, cultivated core competitiveness and provided cost-effective service for customers. Meanwhile, the Bank actively implemented the regulatory requirements, substantially protected consumers' interests and consolidated the advantage in customer base. In the first half of 2012, net fee and commission income was RMB54,804 million, representing a growth of RMB1,013 million or 1.9% as compared to the same period of last year, of which, income from bank card business, brand investment banking business, private banking service and enterprise annuity service realized relatively quick growth; fee and commission expense went up by RMB979 million or 32.1%, mainly attributable to the increase in expense on bank card business. During the reporting period, income from the entrusted wealth management services amounted to RMB6,170 million and income from various agency services amounted to RMB3,241 million.

## NET FEE AND COMMISSION INCOME

*In RMB millions, except for percentages*

Item	Six months ended	Six months ended	Increase/ (decrease)	Growth rate (%)
	30 June 2012	30 June 2011		
Investment banking business	14,950	13,155	1,795	13.6
Settlement, clearing business and cash management	13,784	13,582	202	1.5
Bank card business	10,505	8,058	2,447	30.4
Personal wealth management and private banking services	8,886	10,552	(1,666)	(15.8)
Corporate wealth management services	4,792	4,394	398	9.1
Asset custody business	2,806	3,007	(201)	(6.7)
Guarantee and commitment business	1,463	2,925	(1,462)	(50.0)
Trust and agency services	895	746	149	20.0
Others	755	425	330	77.6
<b>Fee and commission income</b>	<b>58,836</b>	56,844	1,992	3.5
<b>Less: Fee and commission expense</b>	<b>4,032</b>	3,053	979	32.1
<b>Net fee and commission income</b>	<b>54,804</b>	<b>53,791</b>	<b>1,013</b>	<b>1.9</b>

Income from investment banking business increased by RMB1,795 million or 13.6% as compared to the same period of last year to RMB14,950 million, mainly attributable to increase in relevant income driven by rapid expansion of brand investment banking business including merger and acquisition and restructuring, equity financing, advisory service for issue of bonds, syndicated arrangement and high-end financial advisory service.

Income from bank card business increased by RMB2,447 million or 30.4% as compared to the same period of last year to RMB10,505 million, mainly due to the increase in the consumption commission income and installment service fee income driven by the growth in bank card consumption.

Income from trust and agency services increased by RMB149 million or 20.0% as compared to the same period of last year to RMB895 million, mainly benefiting from the increase in relevant income driven by the development of entrusted loan business.

According to the macro environmental changes and financial regulatory requirements, the Bank stepped up the support for the development of small and micro enterprises, ceased to charge multiple fees such as commitment fee and treasury management fee, and restricted the charging of financial advisory fee and consultation fee for loans to small and micro enterprises. Meanwhile, the Bank comprehensively streamlined and regularized the management on fee charges, and started to implement the Price List for Services of Industrial and Commercial

Bank of China (2012 Version) from 1 April. During the reporting period, income from asset custody business, guarantee and commitment business, part of personal wealth management and investment banking business decreased as compared to the same period of last year. Affected by decelerated growth in total volume of imports and exports as well as exchange rate fluctuation, the increase of income from settlement and clearing business has slowed down. Due to volatility and adjustment in capital market, income from fund sales, trust and third-party custody business dropped as compared to the same period of last year.

## OTHER NON-INTEREST RELATED GAIN

*In RMB millions, except for percentages*

Item	Six months ended 30 June 2012	Six months ended 30 June 2011	Increase/ (decrease)	Growth rate (%)
Net trading expense	(248)	(21)	(227)	N/A
Net loss on financial assets and liabilities designated at fair value through profit or loss	(1,463)	(224)	(1,239)	N/A
Net gain on financial investments	454	309	145	46.9
Other operating income, net	<u>5,223</u>	<u>2,801</u>	<u>2,422</u>	<u>86.5</u>
<b>Total</b>	<b><u>3,966</u></b>	<b><u>2,865</u></b>	<b><u>1,101</u></b>	<b><u>38.4</u></b>

Other non-interest related gain was RMB3,966 million, representing an increase of RMB1,101 million or 38.4% as compared to the same period of last year, of which, net of other operating income was RMB5,223 million, representing an increase of RMB2,422 million or 86.5% as compared to the same period of last year, mainly resulting from an increase of RMB2,775 million in net gain from foreign exchange and exchange rate products driven by the increase in exchange gains from trading of derivative products by the Bank. Net loss on financial assets and liabilities designated at fair value through profit or loss increased by RMB1,239 million, mainly due to the increase in expenses of financial liabilities designated at fair value through profit or loss.

### *Operating Expenses*

The Bank implemented rigid cost management and control. Operating expenses were RMB84,531 million, representing an increase of RMB11,276 million or 15.4% as compared to the same period of last year, and cost-to-income ratio was reduced to 25.57%, maintaining at a lower level. Among the operating expenses, staff salaries and bonuses increased by 6.4%. Business tax and surcharges increased by 27.6% to RMB17,327 million, mainly driven by the increase in taxable interest income. Other operating expenses increased by 14.9% to RMB13,091 million.



## *Impairment Losses*

Impairment losses on assets increased by RMB2,356 million or 14.0% to RMB19,237 million as compared to the same period of last year, of which, impairment losses on loans increased by RMB2,235 million or 13.3% as compared to the same period of last year to RMB19,029 million, principally because the Bank continuously strengthened risk prevention and control on loans, maintained stable loan quality, and adhered to sound and prudent provisioning policy to enhance its capability of resisting risks at the same time.

## *Income Tax Expense*

Income tax expense increased by RMB4,201 million or 12.8% over the same period of last year to RMB36,971 million. The effective tax rate was 23.1%.

## **5.2 Segment Information**

The Bank's principal operating segments are corporate banking, personal banking and treasury operations. The Bank adopts the Performance Assessment Management System (MOVA) to evaluate the performance of each of its operating segments.

### **SUMMARY OPERATING SEGMENT INFORMATION**

*In RMB millions, except for percentages*

<b>Item</b>	<b>Six months ended 30 June 2012</b>		<b>Six months ended 30 June 2011</b>	
	<b>Amount</b>	<b>Percentage (%)</b>	<b>Amount</b>	<b>Percentage (%)</b>
Corporate banking	<b>145,940</b>	<b>55.5</b>	118,017	51.0
Personal banking	<b>80,564</b>	<b>30.7</b>	80,878	35.0
Treasury operations	<b>35,405</b>	<b>13.5</b>	30,205	13.1
Others	<b>919</b>	<b>0.3</b>	2,060	0.9
<b>Total operating income</b>	<b><u>262,828</u></b>	<b><u>100.0</u></b>	<b><u>231,160</u></b>	<b><u>100.0</u></b>

## SUMMARY GEOGRAPHICAL SEGMENT INFORMATION

*In RMB millions, except for percentages*

Item	Six months ended 30 June 2012		Six months ended 30 June 2011	
	Amount	Percentage	Amount	Percentage
		(%)		(%)
Head Office	24,417	9.3	17,239	7.5
Yangtze River Delta	53,190	20.2	49,333	21.3
Pearl River Delta	34,812	13.3	32,200	13.9
Bohai Rim	52,564	20.0	46,457	20.1
Central China	34,625	13.2	30,708	13.3
Western China	39,969	15.2	34,793	15.0
Northeastern China	14,786	5.6	13,581	5.9
Overseas and others	8,465	3.2	6,849	3.0
<b>Total operating income</b>	<b>262,828</b>	<b>100.0</b>	<b>231,160</b>	<b>100.0</b>

### 5.3 Balance Sheet Analysis

#### *Assets Deployment*

As at the end of June 2012, total assets of the Bank was RMB17,073,050 million, representing an increase of RMB1,596,182 million or 10.3% from the end of the previous year, of which total loans and advances to customers (collectively referred to as “loans”) increased by RMB635,140 million or 8.2%, net investment increased by RMB72,479 million or 1.9%, and cash and balances with central banks increased by RMB265,882 million or 9.6%. In terms of structure, the proportion of net loans, net investment and cash and balances with central banks in the Bank’s total assets decreased slightly over the end of last year; and the proportion of net of due from banks and other financial institutions and reverse repurchase agreements increased slightly.

## ASSETS DEPLOYMENT

*In RMB millions, except for percentages*

Item	At 30 June 2012		At 31 December 2011	
	Amount	Percentage (%)	Amount	Percentage (%)
Total loans and advances to customers	8,424,037	—	7,788,897	—
Less: Allowance for impairment losses on loans	211,401	—	194,878	—
Loans and advances to customers, net	8,212,636	48.1	7,594,019	49.1
Net investment	3,988,381	23.4	3,915,902	25.3
Cash and balances with central banks	3,028,038	17.7	2,762,156	17.8
Due from banks and other financial institutions, net	885,417	5.2	478,002	3.1
Reverse repurchase agreements	532,764	3.1	349,437	2.3
Others	425,814	2.5	377,352	2.4
<b>Total assets</b>	<b>17,073,050</b>	<b>100.0</b>	<b>15,476,868</b>	<b>100.0</b>

### *Loans*

In the first half of 2012, the Bank further adjusted its credit structure, proactively optimized its credit resources allocation, promoted the coordinated development of regional credit in accordance with changes in the macroeconomic environment and financial regulatory requirements as well as the development needs of the real economy. The Bank continued to actively bolster the development of advanced manufacturing, modern services, cultural industries and strategic emerging sectors, intensified support to SMEs, trade finance and reasonable credit demand of individuals, and attached importance to both credit structure adjustment and risk prevention, thus the level of lending was stable and appropriate. At the end of June 2012, loans amounted to RMB8,424,037 million, representing an increase of RMB635,140 million or 8.2% from the end of the previous year, and representing an increase of RMB91,606 million as compared to the same period of last year, of which, RMB-denominated loans of domestic operations increased by RMB451,224 million or 6.4% to RMB7,474,801 million.

## DISTRIBUTION OF LOANS BY BUSINESS LINE

*In RMB millions, except for percentages*

Item	At 30 June 2012		At 31 December 2011	
	Amount	Percentage (%)	Amount	Percentage (%)
<b>Loans of domestic operations</b>	<b>7,821,956</b>	<b>92.9</b>	7,313,436	93.9
Corporate loans	5,545,509	65.9	5,215,605	66.9
Discounted bills	202,833	2.4	106,560	1.4
Personal loans	2,073,614	24.6	1,991,271	25.6
<b>Overseas and others</b>	<b>602,081</b>	<b>7.1</b>	475,461	6.1
<b>Total</b>	<b>8,424,037</b>	<b>100.0</b>	7,788,897	100.0

Corporate loans increased by RMB329,904 million or 6.3%. In terms of maturity, short-term corporate loans increased by RMB287,211 million or 16.3%, and its percentage increased by 3.2 percentage points to 37.0%; medium to long-term corporate loans increased by RMB42,693 million or 1.2%, mainly resulting from the Bank's active adjustment to its loan structure. In terms of product type, working capital loans increased by RMB281,240 million or 14.1%, of which, trade finance increased by RMB123,987 million or 17.0%, mainly because the Bank continued to support the credit demands of enterprises in the production and circulation areas; project loans increased by RMB69,320 million or 2.6%, representing an increase of RMB25,988 million as compared to the same period of last year, mainly granted to national key projects under construction and continuing projects; and property loans decreased by RMB20,656 million or 4.0%.

Discounted bills increased by RMB96,273 million or 90.3%, mainly because the Bank actively adjusted the scale of its discounted bill business in accordance with the bank-wide loan lending schedule to satisfy the need of asset and liability portfolio management.

Based on the macro control policy, the Bank implemented the differentiated housing loan policy, strengthened credit product innovation, enriched the product line of personal credit business and promoted the development of personal credit business. Personal loans increased by RMB82,343 million or 4.1%, of which, personal housing loans increased by RMB25,089 million or 2.1%; personal consumption loans increased by RMB9,120 million or 2.4%; personal business loans increased by RMB18,821 million or 7.1%; and credit card overdrafts increased by RMB29,313 million or 16.5%, mainly due to the rapid development of credit card installment repayment business as well as the continual rapid growth of credit card issuance and consumption volume.

## DISTRIBUTION OF LOANS BY FIVE-TIER CLASSIFICATION

*In RMB millions, except for percentages*

Item	At 30 June 2012		At 31 December 2011	
	Amount	Percentage (%)	Amount	Percentage (%)
Pass	8,100,251	96.16	7,484,060	96.09
Special mention	248,661	2.95	231,826	2.97
Non-performing loans	75,125	0.89	73,011	0.94
Substandard	25,895	0.31	24,092	0.31
Doubtful	39,725	0.47	38,712	0.50
Loss	9,505	0.11	10,207	0.13
<b>Total</b>	<b>8,424,037</b>	<b>100.00</b>	<b>7,788,897</b>	<b>100.00</b>

Loan quality remained stable. As at the end of June 2012, according to the five-tier classification, pass loans amounted to RMB8,100,251 million, representing an increase of RMB616,191 million from the end of the previous year and accounting for 96.16% of total loans. Special mention loans stood at RMB248,661 million, representing an increase of RMB16,835 million and accounting for 2.95% of total loans. NPL balance amounted to RMB75,125 million, up RMB2,114 million, and NPL ratio was 0.89%, down 0.05 percentage points.

## DISTRIBUTION OF LOANS AND NPLS BY BUSINESS LINE

*In RMB millions, except for percentages*

Item	At 30 June 2012				At 31 December 2011			
	Loan	Percentage (%)	NPL	NPL ratio (%)	Loan	Percentage (%)	NPL	NPL ratio (%)
Corporate loans	5,545,509	65.9	59,325	1.07	5,215,605	66.9	59,816	1.15
Discounted bills	202,833	2.4	—	—	106,560	1.4	—	—
Personal loans	2,073,614	24.6	13,220	0.64	1,991,271	25.6	10,686	0.54
Overseas and others	602,081	7.1	2,580	0.43	475,461	6.1	2,509	0.53
<b>Total</b>	<b>8,424,037</b>	<b>100.0</b>	<b>75,125</b>	<b>0.89</b>	<b>7,788,897</b>	<b>100.0</b>	<b>73,011</b>	<b>0.94</b>

The balance of non-performing corporate loans stood at RMB59,325 million, down RMB491 million from the end of the previous year, and NPL ratio was 1.07%, down 0.08 percentage points. The balance of non-performing personal loans stood at RMB13,220 million, up RMB2,534 million, and NPL ratio was 0.64%, up 0.10 percentage points. This is mainly attributable to the increase of non-performing amounts of personal consumption loans, bank card overdrafts and personal business loans due to the decline in operating income or wage income of some borrowers.

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

*In RMB millions, except for percentages*

Item	At 30 June 2012				At 31 December 2011			
	Loan	Percentage (%)	NPL	NPL ratio (%)	Loan	Percentage (%)	NPL	NPL ratio (%)
Manufacturing	1,264,341	22.8	23,289	1.84	1,121,413	21.5	23,432	2.09
Chemicals	194,714	3.5	3,759	1.93	174,423	3.3	3,506	2.01
Machinery	190,490	3.4	2,598	1.36	180,605	3.5	2,328	1.29
Metal processing	164,067	3.0	1,911	1.16	143,597	2.8	1,698	1.18
Iron and steel	128,348	2.3	1,882	1.47	106,396	2.0	1,946	1.83
Textiles and apparels	127,537	2.3	3,115	2.44	114,382	2.2	3,365	2.94
Computer, telecommunications equipment, and other electronic equipment	71,911	1.3	1,465	2.04	56,920	1.1	1,721	3.02
Transportation equipment	71,191	1.3	1,342	1.89	63,189	1.2	1,469	2.32
Non-metallic mineral	59,595	1.1	1,827	3.07	52,047	1.0	1,726	3.32
Petroleum processing, coking and nuclear fuel	49,604	0.9	293	0.59	41,687	0.8	301	0.72
Others	206,884	3.7	5,097	2.46	188,167	3.6	5,372	2.85
Transportation, storage and postal services	1,087,243	19.6	9,839	0.90	1,052,529	20.2	12,173	1.16
Wholesale and retail	629,555	11.4	11,067	1.76	535,270	10.2	8,212	1.53
Production and supply of electricity, heat, gas and water	589,774	10.6	3,544	0.60	587,723	11.3	5,099	0.87
Real estate	499,118	9.0	5,040	1.01	512,178	9.8	4,775	0.93
Water, environment and public utility management	477,588	8.6	1,162	0.24	499,196	9.6	1,102	0.22
Leasing and commercial services	362,555	6.5	996	0.27	349,508	6.7	747	0.21
Mining	215,443	3.9	504	0.23	179,474	3.4	524	0.29
Construction	136,261	2.5	1,322	0.97	115,047	2.2	1,054	0.92
Science, education, culture and sanitation	78,007	1.4	617	0.79	67,673	1.3	693	1.02
Lodging and catering	77,712	1.4	901	1.16	60,849	1.2	907	1.49
Others	127,912	2.3	1,044	0.82	134,745	2.6	1,098	0.81
<b>Total</b>	<b>5,545,509</b>	<b>100.0</b>	<b>59,325</b>	<b>1.07</b>	<b>5,215,605</b>	<b>100.0</b>	<b>59,816</b>	<b>1.15</b>

*Note:* Industries have been adjusted according to the newly issued Industrial Classification for National Economic Activities (GB/T 4754-2011). For details of new industry standards, please refer to the website of the National Bureau of Statistics. The comparative figures are not adjusted retrospectively.

In the first half year of 2012, the Bank actively supported the development of real economy, continuously carried forward credit structure adjustment and strived to meet the financing demands of manufacturing and service industries. Loans to the manufacturing industry increased by RMB142,928 million, and loans to the wholesale and retail industry representing the majority of loans to the service industry increased by RMB94,285 million. The increment of loans to the above two industries accounted for 71.9% of that of new corporate loans. Loans to the water, environment and public utility management industry and the real estate industry decreased by RMB21,608 million and RMB13,060 million, respectively, which was mainly because that the Bank proactively adjusted its credit structure and continued to control the lending to urban construction and implement strict limit management of loans to the real estate industry in accordance with the changes in macroeconomic environment.

A relatively more significant decrease in NPL balance occurred to the industries of transportation, storage and postal services, and production and supply of electricity, heat, gas and water. Affected by a more obvious economic downward trend, prices of steel products and building materials declined, which led to difficulties in sales and fund shortage of related wholesale enterprises. As a result, the NPL balance in relation to the wholesale and retail industry increased due to more defaults in loan repayment.

## CHANGES IN ALLOWANCE FOR IMPAIRMENT LOSSES ON LOANS

*In RMB millions*

	<b>Individually assessed</b>	<b>Collectively assessed</b>	<b>Total</b>
<b>At the beginning of the period</b>	35,409	159,469	194,878
Charge for the period	486	18,543	19,029
Including: Impairment allowances charged	5,021	64,817	69,838
Impairment allowances transferred	57	(57)	—
Reversal of impairment allowances	(4,592)	(46,217)	(50,809)
Accreted interest on impaired loans	(419)	—	(419)
Write-offs	(2,269)	(232)	(2,501)
Recoveries of loans and advances previously written off	388	26	414
<b>At the end of the period</b>	<u>33,595</u>	<u>177,806</u>	<u>211,401</u>

At the end of June 2012, allowance for impairment losses on loans stood at RMB211,401 million, up RMB16,523 million over the end of the previous year. Allowance to NPL increased by 14.48 percentage points to 281.40%, further strengthening its capability of resisting and offsetting risks; and allowance to total loans ratio was 2.51%.

## DISTRIBUTION OF LOANS BY COLLATERAL

*In RMB millions, except for percentages*

<b>Item</b>	<b>At 30 June 2012</b>		<b>At 31 December 2011</b>	
	<b>Amount</b>	<b>Percentage (%)</b>	<b>Amount</b>	<b>Percentage (%)</b>
Loans secured by mortgages	<b>3,446,847</b>	<b>40.9</b>	3,234,332	41.5
Including: Personal housing loans <sup>(1)</sup>	<b>1,201,653</b>	<b>14.3</b>	1,176,564	15.1
Pledged loans	<b>1,011,298</b>	<b>12.0</b>	792,016	10.2
Including: Discounted bills	<b>202,833</b>	<b>2.4</b>	106,560	1.4
Guaranteed loans	<b>1,260,379</b>	<b>15.0</b>	1,201,184	15.4
Unsecured loans	<b>2,705,513</b>	<b>32.1</b>	2,561,365	32.9
<b>Total</b>	<u><b>8,424,037</b></u>	<u><b>100.0</b></u>	<u>7,788,897</u>	<u>100.0</u>

Note: (1) Data of domestic branches.

Loans secured by mortgages stood at RMB3,446,847 million, representing an increase of RMB212,515 million or 6.6% from the end of the previous year. Pledged loans amounted to RMB1,011,298 million, representing an increase of RMB219,282 million or 27.7%, which was mainly due to the increase in discounted bills. Unsecured loans amounted to RMB2,705,513 million, representing an increase of RMB144,148 million or 5.6%.

## OVERDUE LOANS

Overdue periods	<i>In RMB millions, except for percentages</i>			
	At 30 June 2012		At 31 December 2011	
	Amount	% of total	Amount	% of total
3 to 6 months	9,422	0.11	4,475	0.06
6 to 12 months	7,701	0.09	6,539	0.08
Over 12 months	44,927	0.54	47,001	0.60
<b>Total</b>	<b>62,050</b>	<b>0.74</b>	<b>58,015</b>	<b>0.74</b>

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

### *Renegotiated Loans*

Renegotiated loans and advances amounted to RMB8,105 million, representing a decrease of RMB207 million or 2.5% as compared to the end of the previous year. Renegotiated loans and advances overdue for over three months amounted to RMB4,995 million, down RMB729 million.

### *Extended Loans*

The balance of extended loans amounted to RMB16,125 million, representing a decrease of RMB1,092 million from the end of the previous year, of which the NPL balance was RMB3,500 million, a decrease of RMB507 million.

### *Borrower Concentration*

The total amount of loans granted by the Bank to the single largest customer and the top ten single customers accounted for 3.4% and 17.6% of the Bank's net capital, respectively. The total amount of loans granted to the top ten single customers was RMB214,961 million, accounting for 2.6% of the total loans.



## *Investment*

In the first half of 2012, the Bank strictly adhered to the trends in the financial markets, accurately seized favorable opportunities in the market, reasonably arranged the size of its investments, optimized its investment structure, and constantly enhanced its investment portfolio yield level on the basis of guaranteeing its liquidity and controlling risks. At the end of June 2012, net investment amounted to RMB3,988,381 million, representing an increase of RMB72,479 million or 1.9% as compared to the end of last year.

## INVESTMENT

Item	<i>In RMB millions, except for percentages</i>			
	At 30 June 2012		At 31 December 2011	
	Amount	Percentage (%)	Amount	Percentage (%)
<b>Debt instruments</b>	<b>3,984,024</b>	<b>99.9</b>	3,911,633	99.9
Investment in bonds not related to restructuring	<b>3,608,038</b>	<b>90.5</b>	3,402,795	86.9
Investment in bonds related to restructuring	<b>344,996</b>	<b>8.6</b>	397,996	10.2
Other debt instruments	<b>30,990</b>	<b>0.8</b>	110,842	2.8
<b>Equity instruments</b>	<b>4,357</b>	<b>0.1</b>	4,269	0.1
<b>Total</b>	<b><u>3,988,381</u></b>	<b><u>100.0</u></b>	<b><u>3,915,902</u></b>	<b><u>100.0</u></b>

Investments in bonds not related to restructuring amounted to RMB3,608,038 million, representing an increase of RMB205,243 million or 6.0% as compared to the end of last year. Investment in bonds related to restructuring amounted to RMB344,996 million, representing a decrease of RMB53,000 million as compared to the end of last year, because MOF and China Huarong Asset Management Corporation established a jointly-managed fund and the Bank honored Huarong bonds in the amount of RMB53.0 billion in the first half of 2012.

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

*In RMB millions, except for percentages*

Item	At 30 June 2012		At 31 December 2011	
	Amount	Percentage (%)	Amount	Percentage (%)
Government bonds	847,828	23.5	858,194	25.2
Central bank bills	637,016	17.7	682,676	20.1
Policy bank bonds	1,490,589	41.3	1,318,582	38.7
Other bonds	632,605	17.5	543,343	16.0
<b>Total</b>	<b>3,608,038</b>	<b>100.0</b>	<b>3,402,795</b>	<b>100.0</b>

In terms of issuer structure, government bonds reduced by RMB10,366 million or 1.2%, central bank bills decreased by RMB45,660 million or 6.7%, policy bank bonds increased by RMB172,007 million or 13.0%, and other bonds increased by RMB89,262 million or 16.4%, principally because part of central bank bills matured during the reporting period, meanwhile, the Bank moderately reduced its investment scale of government bonds and increased its investment in policy bank bonds and quality unsecured bonds.

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

*In RMB millions, except for percentages*

Remaining maturity	At 30 June 2012		At 31 December 2011	
	Amount	Percentage (%)	Amount	Percentage (%)
Undated <sup>(1)</sup>	388	0.0	391	0.0
Less than 3 months	212,746	5.9	96,420	2.8
3–12 months	609,192	16.9	498,240	14.6
1–5 years	1,783,093	49.4	1,868,781	55.0
Over 5 years	1,002,619	27.8	938,963	27.6
<b>Total</b>	<b>3,608,038</b>	<b>100.0</b>	<b>3,402,795</b>	<b>100.0</b>

Note: (1) Refers to impaired bonds.

In terms of remaining maturity structure, the increase in bonds not related to restructuring within 1-year maturity was mainly because part of central bank bills would become mature soon. Without taking into account such factor, medium to long-term bonds not related to restructuring increased over the end of last year, mainly because the Bank moderately increased its investment in medium to long-term bonds in the first half of 2012 in order to boost its yield level.

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

*In RMB millions, except for percentages*

Item	At 30 June 2012		At 31 December 2011	
	Amount	Percentage (%)	Amount	Percentage (%)
RMB	3,531,856	97.9	3,329,079	97.8
USD	51,927	1.4	52,213	1.6
Other foreign currencies	24,255	0.7	21,503	0.6
<b>Total</b>	<b>3,608,038</b>	<b>100.0</b>	<b>3,402,795</b>	<b>100.0</b>

In terms of currency structure, RMB-denominated bonds not related to restructuring increased by RMB202,777 million or 6.1%; and USD-denominated bonds decreased by the equivalent of RMB286 million, and other foreign currency bonds increased by the equivalent of RMB2,752 million.

## DISTRIBUTION OF INVESTMENT BY HOLDING PURPOSE

*In RMB millions, except for percentages*

Item	At 30 June 2012		At 31 December 2011	
	Amount	Percentage (%)	Amount	Percentage (%)
Financial assets at fair value through profit or loss	131,837	3.3	152,208	3.9
Available-for-sale financial assets	869,836	21.8	840,105	21.5
Held-to-maturity investments	2,525,686	63.3	2,424,785	61.9
Receivables	461,022	11.6	498,804	12.7
<b>Total</b>	<b>3,988,381</b>	<b>100.0</b>	<b>3,915,902</b>	<b>100.0</b>

### *Net of Due from Banks and Other Financial Institutions*

Net of due from banks and other financial institutions was RMB885,417 million, representing an increase of RMB407,415 million or 85.2% from the end of the previous year. The significant increase in due from banks and other financial institutions was mainly because the Bank strengthened the effort in fund operation to enhance the fund use efficiency.

## ***Reverse Repurchase Agreements***

Reverse repurchase agreements were RMB532,764 million, representing an increase of RMB183,327 million or 52.5% from the end of the previous year. This was mainly because the Bank's funds at the end of the reporting period was more sufficient than the end of last year, and the Bank financed a large amount of funds to the market through bonds under reverse repurchase agreements.

## ***Liabilities***

At the end of June 2012, total liabilities of the Bank amounted to RMB16,055,602 million, representing an increase of RMB1,536,557 million or 10.6% from the end of the previous year.

## **LIABILITIES**

<b>Item</b>	<i>In RMB millions, except for percentages</i>			
	<b>At 30 June 2012</b>		<b>At 31 December 2011</b>	
	<b>Amount</b>	<b>Percentage (%)</b>	<b>Amount</b>	<b>Percentage (%)</b>
Due to customers	<b>13,180,597</b>	<b>82.1</b>	12,261,219	84.5
Due to banks and other financial institutions	<b>1,604,095</b>	<b>10.0</b>	1,341,290	9.2
Repurchase agreements	<b>176,975</b>	<b>1.1</b>	206,254	1.4
Debt securities issued	<b>231,731</b>	<b>1.4</b>	204,161	1.4
Others	<b>862,204</b>	<b>5.4</b>	506,121	3.5
<b>Total liabilities</b>	<b><u>16,055,602</u></b>	<b><u>100.0</u></b>	<b><u>14,519,045</u></b>	<b><u>100.0</u></b>

## ***Due to Customers***

Customer deposits are the Bank's main source of fund. In the first half of 2012, the Bank accelerated channel building and customer expansion, and implemented dynamic and differentiated management on deposit interest rates, realizing steady growth in deposits business. At the end of June 2012, the balance of due to customers was RMB13,180,597 million, representing an increase of RMB919,378 million or 7.5% as compared to the end of the previous year. Of which, corporate deposits increased by RMB442,852 million or 7.5%; and personal deposits increased by RMB462,606 million or 7.9%. In terms of maturity structure, demand deposits increased by RMB195,175 million or 3.1%, while time deposits increased by RMB710,283 million or 13.0%.

## DISTRIBUTION OF DUE TO CUSTOMERS BY BUSINESS LINE

*In RMB millions, except for percentages*

Item	At 30 June 2012		At 31 December 2011	
	Amount	Percentage (%)	Amount	Percentage (%)
<b>Deposits of domestic operations</b>	<b>12,845,297</b>	<b>97.5</b>	11,949,927	97.5
Corporate deposits	6,371,601	48.3	5,928,749	48.4
Time deposits	2,533,194	19.2	2,169,089	17.7
Demand deposits	3,838,407	29.1	3,759,660	30.7
Personal deposits	6,306,465	47.9	5,843,859	47.7
Time deposits	3,642,363	27.7	3,296,185	26.9
Demand deposits	2,664,102	20.2	2,547,674	20.8
Other deposits <sup>(1)</sup>	167,231	1.3	177,319	1.4
<b>Overseas and others</b>	<b>335,300</b>	<b>2.5</b>	311,292	2.5
<b>Total</b>	<b>13,180,597</b>	<b>100.0</b>	12,261,219	100.0

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

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

Due to banks and other financial institutions was RMB1,604,095 million, representing an increase of RMB262,805 million or 19.6% as compared to the end of the previous year. To ensure the stable source of fund, the Bank proactively took measures to absorb short-term inter-bank deposits, thereby effectively supporting the development of each asset business.

### *Debt Securities Issued*

Debt securities issued amounted to RMB231,731 million, representing an increase of RMB27,570 million or 13.5% from the end of the previous year. This was mainly because the Bank issued RMB-denominated subordinated bonds in the amount of RMB20.0 billion in June 2012.

## 5.4 Other Financial Information Disclosed Pursuant to Regulatory Requirements

### MAJOR REGULATORY INDICATORS

Item		Regulatory criteria	At	At	At
			30 June 2012	31 December 2011	31 December 2010
Liquidity ratio (%)	RMB	>=25.0	<b>32.7</b>	27.6	31.8
	Foreign currency	>=25.0	<b>80.3</b>	90.6	53.4
Loan-to-deposit ratio (%)	RMB and foreign currency	<=75.0	<b>63.1</b>	63.5	62.0
Percentage of loans to single largest customer (%)		<=10.0	<b>3.4</b>	3.6	3.5
Percentage of loans to top 10 customers (%)			<b>17.6</b>	19.3	22.8
Loan migration rate (%)	Pass		<b>1.4</b>	2.0	2.6
	Special mention		<b>3.9</b>	7.3	4.8
	Substandard		<b>16.3</b>	32.8	43.4
	Doubtful		<b>2.8</b>	4.9	10.9

*Note:* The regulatory indicators in the table are calculated in accordance with related regulatory requirements, definitions and accounting standards applicable to the corresponding period. The comparative figures have not been restated retrospectively.

## 5.5 Capital Adequacy Ratio

The Bank calculates capital adequacy ratio and core capital adequacy ratio in accordance with the Regulations Governing Capital Adequacy of Commercial Banks and related regulations promulgated by China Banking Regulatory Commission (“CBRC”). As at the end of June 2012, capital adequacy ratio of the Bank was 13.56%, representing an increase of 0.39 percentage points from the end of 2011; and core capital adequacy ratio was 10.38%, representing an increase of 0.31 percentage points from the end of 2011, mainly because (1) profit of the Bank maintained stable growth, effectively supplementing the core capital; (2) the Bank issued RMB subordinated bonds of RMB20.0 billion during the reporting period to replenish the supplementary capital; (3) the growth rate of risk-weighted assets was effectively controlled.

## CAPITAL ADEQUACY RATIO

*In RMB millions, except for percentages*

<b>Item</b>	<b>At 30 June 2012</b>	<b>At 31 December 2011</b>
<b>Core capital</b>	<b>968,960</b>	882,300
Share capital	<b>349,322</b>	349,084
Reserves <sup>(1)</sup>	<b>618,508</b>	532,135
Minority interests	<b>1,130</b>	1,081
<b>Supplementary capital</b>	<b>297,220</b>	271,830
General provisions for loan impairment	<b>84,241</b>	77,889
Long term subordinated bonds	<b>187,625</b>	167,655
Convertible bonds	<b>23,675</b>	24,615
Other supplementary capital	<b>1,679</b>	1,671
<b>Total capital base before deductions</b>	<b>1,266,180</b>	1,154,130
<b>Deductions</b>	<b>41,812</b>	41,667
Goodwill	<b>21,860</b>	22,223
Unconsolidated equity investments	<b>19,767</b>	18,957
Others	<b>185</b>	487
<b>Net capital base</b>	<b>1,224,368</b>	1,112,463
<b>Net core capital base</b>	<b>937,124</b>	850,355
<b>Risk-weighted assets and market risk capital adjustment</b>	<b>9,031,850</b>	8,447,263
<b>Core capital adequacy ratio</b>	<b>10.38%</b>	10.07%
<b>Capital adequacy ratio</b>	<b>13.56%</b>	13.17%

*Note:* (1) Mainly includes the valid portion of capital reserve, surplus reserves, general reserve and the valid portion of retained profits.

The First Extraordinary General Meeting of the Bank in 2011 held on 29 November 2011 approved the Proposal on the Issue of Subordinated Bonds of Not Exceeding RMB70.0 Billion before 30 June 2012.

Upon approval by CBRC and PBOC, the Bank issued RMB50.0 billion RMB subordinated bonds in December 2011 and RMB20.0 billion RMB subordinated bonds between 11-13 June 2012 in the national interbank bond market to further expand the Bank's capital base for business development. For details of the subordinated bond issuance, please refer to the Bank's announcements published on the websites of SEHK and SSE.

## 5.6 Outlook

In the second half of 2012, it is predicted that the global economy would maintain a weak growth while the Chinese economy would gradually show some stable growth, and the reform of the Chinese financial system would continue to be implemented steadily. Development opportunities available for the Bank are as follows: Firstly, with the stable economic recovery, there will be more demands for financing to support the development of various businesses of the Bank. Secondly, the counter-cyclical fiscal policy, monetary policy and industry policy will gradually take effect, which will provide a good opportunity for the Bank to expand its business development space and promote business structure restructuring. Thirdly, a number of major projects within the planning framework of the 12th Five-Year Plan have been advanced, providing favorable conditions for the Bank to adjust and optimize its business structure and implement business product innovation. Fourthly, with the increasing pace of Chinese enterprises in “going global”, the cross-border use of RMB has increasingly intensified, which creates good opportunity for the Bank to expand overseas markets and develop cross-border business.

In the second half of 2012, the Bank will also be faced with the following challenges: Firstly, with the faster progress of reform of interest rate to become more market-oriented, the benchmark deposit and lending interest spreads may be further narrowed, restricting the growth of bank profitability, which requires banks to further strengthen their asset-liability management and improve their ability to manage the pricing of their products and services. Secondly, commercial banks face more stringent demands when developing fee-based businesses and promoting product and service innovation. Thirdly, the Regulation Governing Capital of Commercial Banks (Provisional) released by CBRC will further strengthen the capital constraints of commercial banks. Confronted with a policy of tighter capital regulation, the Bank needs to constantly optimize its capital management tools and continue to enhance its capital management standards.

In the first half of 2012, the Bank overcame many challenges to maintain a steady growth of operating results, and laid a good foundation for achieving the annual business objectives. In the second half of the year the Bank will continue, in accordance with the established strategic plan, to progress credit structure adjustment and business innovation, strengthen enterprise risk management and strive to successfully complete its various business objectives, so as to further consolidate and enhance its overall competitiveness in the domestic and overseas markets. Specifically, the Bank will implement the following strategies and measures in the second half of 2012:

Firstly, the Bank will seize the opportunities presented by the implementation of the country’s 12th Five-Year Plan, make steady progress in credit structure adjustment, vigorously expand potential markets in industries such as advanced manufacturing, modern services, cultural industries and strategic emerging sectors, make greater efforts in expanding SME and consumer credit business, continuously push forward credit product innovation, continue to optimize the distribution structure of the industries, regions, customers, types and terms of the Bank’s credit products, and effectively increase the overall yield of credits. Secondly, the Bank will follow the direction of the regulatory polices, actively and steadily promote the innovation and market expansion of its fee-based businesses, further optimize its business and income structure and



enhance its ability to achieve sustainable development. Thirdly, the Bank will strive to adapt to the process of the country's interest rates becoming market-oriented, intensify its studies on the pricing of RMB deposits and loans, and continue to enhance its level of the fine management of its interest rates. Fourthly, the Bank will analyze in depth the new capital regulation's impact on its business development, be well prepared for the implementation of the New Capital Accord as soon as possible, and actively explore long-term strategies and means to strengthen its capital management. Fifthly, the Bank will respond flexibly to changes in the domestic and international macroeconomic environment, intensify its risk monitoring in risk-sensitive areas and continuously strengthen its enterprise risk management, so as to ensure that the quality of its assets can be maintained. Sixthly, the Bank will continue to steadily push forward the globalization process, increase the degree of extension of key domestic product lines to overseas markets, and promote the enhancement of the Bank's cross-border service capabilities.

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

### 6.1 Changes in Share Capital

#### *DETAILS OF CHANGES IN SHARE CAPITAL*

*Unit: Share*

	At 31 December 2011		Increase/ decrease during the reporting period (+, -) Convertible bond to equity	At 30 June 2012	
	Number of shares	Percentage (%)		Number of shares	Percentage (%)
I. Shares subject to restrictions on sales	0	0.0	0	0	0.0
II. Shares not subject to restrictions on sales	349,083,252,791	100.0	237,981,804	349,321,234,595	100.0
1. RMB-denominated ordinary shares	262,289,208,241	75.1	237,981,804	262,527,190,045	75.2
2. Foreign shares listed overseas	86,794,044,550	24.9	0	86,794,044,550	24.8
III. Total number of shares	349,083,252,791	100.0	237,981,804	349,321,234,595	100.0

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

## 6.2 Number of Shareholders and Particulars of Shareholding

As at the end of the reporting period, the Bank had a total number of 973,366 shareholders, including 152,131 holders of H shares and 821,235 holders of A shares.

Particulars of Shareholding of the Top 10 Shareholders of the Bank

*Unit: Share*

Total number of shareholders 973,366 (number of holders of A shares and H shares on the register of shareholders as at 30 June 2012)

Particulars of shareholding of the top 10 shareholders (The following data are based on the register of shareholders as at 30 June 2012)

Name of shareholder	Nature of shareholder	Type of shares	Shareholding percentage (%)	Total number of shares held	Number of shares subject to restrictions on sales	Number of pledged or locked-up shares
Central Huijin Investment Ltd. (“Huijin”)	State-owned	A shares	35.4	123,751,449,674	0	None
MOF	State-owned	A shares	35.3	123,316,451,864	0	None
HKSCC Nominees Limited	Foreign legal person	H shares	24.6	86,009,395,600	0	Unknown
Ping An Life Insurance Company of China, Ltd. — Traditional — Ordinary insurance products	Other domestic entities	A shares	0.8	2,806,269,049	0	None
ICBC Credit Suisse Asset Management Co., Ltd. — ICBC — Asset management for specific customers	Other domestic entities	A shares	0.3	1,053,190,083	0	None
An-Bang Insurance Group Co., Ltd. — Traditional insurance products	Other domestic entities	A shares	0.2	544,890,787	0	None
China Life Insurance Company Limited — Traditional — Ordinary insurance products — 005L — CT001 Hu	Other domestic entities	A shares	0.2	512,225,975	0	None
China Life Insurance Company Limited — Dividend distribution — Personal dividend — 005L — FH002 Hu	Other domestic entities	A shares	0.1	448,834,766	0	None
Sino Life Insurance Co., Ltd. — Traditional — Ordinary insurance products	Other domestic entities	A shares	0.1	386,771,556	0	None
China Pacific Life Insurance Co., Ltd. — Traditional — Ordinary insurance products	Other domestic entities	A shares	0.1	283,287,898	0	None

- Notes:* (1) Particulars of shareholding of H share holders were based on the number of shares set out in the Bank's register of shareholders maintained at the H share registrar.
- (2) Huijin has increased its shareholding in the Bank through on-market purchase on SSE since 10 October 2011. According to the Announcement in relation to Increase in Shareholding of the Bank by Huijin dated 10 October 2011, Huijin intends to continue to increase, in its own capacity, its shareholding in the Bank by acquiring shares from the secondary market within 12 months from 10 October 2011. During the first half of 2012, Huijin increased its holding by 57,323,520 A shares of the Bank accumulatively, accounting for 0.016% of the total shares issued by the Bank as at 30 June 2012.
- (3) Both "China Life Insurance Company Limited — Traditional — Ordinary insurance products — 005L — CT001 Hu" and "China Life Insurance Company Limited — Dividend distribution — Personal dividend — 005L — FH002 Hu" are managed by China Life Insurance Company Limited. Apart from these, the Bank is not aware of any connected relations or concerted action among the afore-mentioned shareholders.

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

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

### 6.4 Convertible Bonds

#### *Particulars of Holding of the Top 10 Holders of the A Share Convertible Bonds*

<b>Name of bond holder</b>	<i>Unit: RMB yuan</i> <b>Nominal value of Bonds Held</b>
Sunshine Life Insurance Co., Ltd. — Participating insurance products	1,240,068,000
China Life Insurance Company Limited — Dividend distribution — Personal dividend — 005L — FH002 Hu	860,451,000
Fullgoal Convertible Bond-type Securities Investment Fund	725,111,000
China Life Insurance Company Limited — Traditional — Ordinary insurance products — 005L — CT001 Hu	684,175,000
Bosera Enhanced Convertible Bond-type Securities Investment Fund	682,318,000
China Life Insurance (Group) Company — Traditional — Ordinary insurance products	666,918,000
An-Bang Insurance Group Co., Ltd. — Traditional insurance products	603,110,000
EverBright Securities Co., Ltd.	473,428,000
CITIC Trust Co., Ltd. — Double Profit No. 10	436,774,000
Union Life Insurance Co., Ltd — Dividend distribution — Personal dividend	410,761,000

*Note:* Pursuant to the Notice on Participation of Convertible Corporate Bonds in Collateralized Bond Repurchase Business and relevant rules of SSE, convertible bonds of the Bank have participated in collateralized bond repurchase since 21 May 2012. The Bank summed up relevant data according to the register of holders of A share convertible bonds at the end of the reporting period provided by China Securities Depository and Clearing Corporation Limited and the information on holders of specific accounts for collateralized bond repurchase of settlement participants.

- *Particulars of Guarantors of Convertible Bonds*

The Bank had no guarantor of convertible bonds.

- *Adjustment of Conversion Price of Convertible Bonds*

On 31 August 2010, the Bank issued A share convertible bonds with an aggregate nominal value of RMB25.0 billion and an initial conversion price of RMB4.20 per share.

In 2010, as approved by domestic and overseas regulatory authorities, the Bank issued 11,262,153,213 A shares to the then existing A shareholders and 3,737,542,588 H shares to H shareholders, respectively. Upon completion of the rights issue of A shares and since 26 November 2010, the conversion price of ICBC Convertible Bonds has been adjusted to RMB4.16 per share from RMB4.20 per share. Upon completion of the rights issue of H shares and since 27 December 2010, the conversion price of ICBC Convertible Bonds has been adjusted to RMB4.15 per share from RMB4.16 per share.

On 31 May 2011, the Annual General Meeting for the Year 2010 of the Bank considered and approved the 2010 ICBC Profit Distribution Plan for payment of cash dividends of RMB1.84 (pre-tax) per ten shares to holders of A shares and H shares whose names appear on the register of shareholders of the Bank after trading hours on 14 June 2011. Pursuant to relevant undertakings in the Prospectus of the Public Offering of A Share Convertible Corporate Bonds of Industrial and Commercial Bank of China Limited and relevant laws and regulations, the conversion price of ICBC Convertible Bonds has been adjusted to RMB3.97 per share from RMB4.15 per share since 15 June 2011.

On 31 May 2012, the Annual General Meeting for the Year 2011 of the Bank considered and approved the 2011 ICBC Profit Distribution Plan for payment of cash dividends of RMB2.03 (pre-tax) per ten shares to holders of A shares and H shares whose names appear on the register of shareholders of the Bank after trading hours on 13 June 2012. Pursuant to relevant undertakings in the Prospectus of the Public Offering of A Share Convertible Corporate Bonds of Industrial and Commercial Bank of China Limited and relevant laws and regulations, the conversion price of ICBC Convertible Bonds has been adjusted to RMB3.77 per share from RMB3.97 per share since 14 June 2012.

- *Conversion of Convertible Bonds*

Conversion period of ICBC Convertible Bonds commenced on 1 March 2011. As at 30 June 2012, a total of 12,018,110 ICBC Convertible Bonds were converted to A shares of the Bank, that is, a total of 302,688,768 converted shares; there are still 237,981,890 ICBC Convertible Bonds trading in the market, accounting for 95.19% of the total number of bonds in issue.

- *Credit Rating of Convertible Bonds*

China Chengxin Securities Appraisal Co., Ltd. traced and analyzed the credit standing of the ICBC Convertible Bonds and issued a credit rating report (Xin Ping Wei Han Zi [2012] Gen Zong No. 006). The Bank was rated AAA with a stable prospect, and the credit rating for the ICBC Convertible Bonds as at the end of the reporting period was AAA.

## **7. Directors, Supervisors and Senior Management**

The composition of the Board of Directors, the Board of Supervisors and the senior management of the Bank is as follows:

The Board of Directors of the Bank comprises 16 directors, including four executive directors, namely Mr. Jiang Jianqing, Mr. Yang Kaisheng, Ms. Wang Lili and Mr. Li Xiaopeng; six non-executive directors, namely Mr. Huan Huiwu, Ms. Wang Xiaoya, Ms. Ge Rongrong, Mr. Li Jun, Mr. Wang Xiaolan and Mr. Yao Zhongli; and six independent non-executive directors, namely Mr. Xu Shanda, Mr. Wong Kwong Shing, Frank, Sir Malcolm Christopher McCarthy, Mr. Kenneth Patrick Chung, Mr. Or Ching Fai and Mr. Hong Yongmiao.

The Board of Supervisors of the Bank comprises seven supervisors, including two shareholder supervisors, namely Mr. Zhao Lin and Ms. Wang Chixi; two external supervisors, namely Ms. Dong Juan and Mr. Meng Yan; and three employee supervisors, namely Mr. Zhang Wei, Mr. Zhu Lifei and Mr. Li Mingtian.

The senior management of the Bank consists of twelve members, namely Mr. Jiang Jianqing, Mr. Yang Kaisheng, Ms. Wang Lili, Mr. Li Xiaopeng, Mr. Luo Xi, Mr. Liu Lixian, Mr. Yi Huiman, Mr. Zhang Hongli, Mr. Wang Xiquan, Mr. Wei Guoxiong, Mr. Lin Xiaoxuan and Mr. Hu Hao.

During the reporting period, the Bank did not implement share incentives. None of the directors, supervisors and members of the senior management held shares, share options or were granted restricted shares of the Bank, which remained unchanged during the reporting period.

## **8. Significant Events**

### **8.1 Compliance with the Code on Corporate Governance Practices (Appendix 14 to the Hong Kong Listing Rules)**

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

### **8.2 Profits and Dividends Distribution**

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

Upon the approval by shareholders at the Annual General Meeting for the Year 2011 on 31 May 2012, the Bank has distributed cash dividends totaling approximately RMB70.9 billion, or RMB2.03 (pre-tax) per ten shares, for the period from 1 January 2011 to 31 December 2011 to the shareholders whose names appeared on the register of shareholders after trading hours on 13 June 2012. The Bank will not distribute interim dividends for 2012, nor will it convert any reserves to share capital.

### **8.3 Use of Proceeds from Fundraising Activities**

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

### **8.4 Material Legal Proceedings and Arbitration**

The Bank was involved in several legal proceedings in the ordinary course of business. Most of these legal proceedings were initiated by the Bank for recovering non-performing loans. In addition, some legal proceedings arose from customer disputes. As at 30 June 2012, the amount of pending proceedings which the Bank and/or its subsidiaries acted as defendant totaled RMB1,967 million. The Bank does not expect any material adverse effect from the abovementioned pending legal proceedings on the Bank's business, financial position or operating results.

### **8.5 Material Asset Acquisition, Sale and Merger**

#### ***Acquisition of Shares in The Bank of East Asia (U.S.A.) National Association***

On 21 January 2011, the Bank, The Bank of East Asia, Limited ("BEA") and East Asia Holding Company, Inc. (a wholly-owned subsidiary of BEA in the United States, through which BEA held 100% equity interest in The Bank of East Asia (U.S.A.) National Association) entered into a share sale agreement on the acquisition of 80% of the shares of The Bank of East Asia (U.S.A.) National Association. The transaction was approved by CBRC in March 2011 and by the Federal Reserve System in May 2012. On 6 July 2012, transfer of equity interest and funds was completed, the Bank became a controlling shareholder of The Bank of East Asia (U.S.A.) National Association.

#### ***Acquisition of Shares in Standard Bank Argentina S.A.***

On 5 August 2011, the Bank, Standard Bank London Holdings Plc (referred to as "Standard Bank London"), Holding W-S De Inversiones S.A. (together with Standard Bank London referred to as the "sellers") and the sellers' guarantors Standard Bank, Sielecki family members and Wertheim family members entered into a memorandum of agreement on the acquisition of 80% of the shares of each of Standard Bank Argentina S.A., Standard Investments S.A. Sociedad Gerente de Fondos Comunes de Inversión and Inversora Diagonal Sociedad Anónima. The transaction was approved by CBRC in September 2011. As at the end of the reporting period, the transaction was still subject to the approvals of relevant overseas regulatory authorities.

### ***Investment in AXA-Minmetals Assurance Co., Ltd.***

On 28 October 2010, the Board of Directors of the Bank approved the investment by the Bank in AXA-Minmetals Assurance Co., Ltd. On the same day, the Bank, AXA CHINA (a subsidiary of AXA Group) and China Minmetals Corporation entered into relevant agreement on the purchase of equity interest in AXA-Minmetals Assurance Co., Ltd. The transaction has been approved by regulatory authorities, and completion of the transaction took place on 5 July 2012. AXA-Minmetals Assurance Co., Ltd. was renamed ICBC-AXA Assurance Co., Ltd. on 6 July 2012, in which the Bank holds 60% equity interest.

## **8.6 Material Related Party Transactions**

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

## **8.7 Material Contracts and Performance of Obligations thereunder**

### ***Material Trust, Sub-contract and Lease***

During the reporting period, the Bank had not held on trust to a material extent or entered into any material sub-contract or lease arrangement in respect of assets of other corporations that needed to be disclosed, and no other corporation had held on trust to a material extent or entered into any material sub-contract or lease arrangement in respect of the Bank's assets that needed to be disclosed.

### ***Material Guarantees***

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

### ***Material Events Concerning Entrusting Other Persons for Cash Management***

No such matters concerning entrusting other persons for cash management occurred in the Bank during the reporting period.

## **8.8 Occupation of Fund by Controlling Shareholders and Other Related Parties**

None of the controlling shareholders or other related parties of the Bank occupied any fund of the Bank.

## **8.9 Commitments Made by the Bank or its Shareholders Holding 5% Shares or Above**

During the reporting period, the Bank and its shareholders holding 5% shares or above did not make any new commitments. As at 30 June 2012, all of the commitments made by shareholders were properly fulfilled.

#### **8.10 Commitments Made by the Shareholders Holding 5% Shares or Above in Relation to Additional Shares Subject to Restrictions on Sales**

None.

#### **8.11 Sanctions Imposed on the Bank and its Directors, Supervisors and Members of the Senior Management**

During the reporting period, neither the Bank nor any of its directors, supervisors and members of the senior management was subject to any investigation, administrative penalty and criticism in a circulated notice by CSRC, public reprimand by the stock exchanges or punishment by other regulatory authorities that had material impact on the operation of the Bank.

#### **8.12 Purchase, Sale or Redemption of Shares**

During the reporting period, neither the Bank nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Bank.

#### **8.13 Securities Transactions of Directors and Supervisors**

The Bank has adopted a set of codes of conduct concerning the securities transactions by directors and supervisors which is not less stringent than the standards set out in the Model Code for Securities Transaction by Directors of Listed Issuers, Appendix 10 to the Hong Kong Listing Rules. After making enquiries to all directors and supervisors of the Bank, the Bank is satisfied that during the reporting period, all directors and supervisors have complied with the provisions of the aforesaid codes of conduct.



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

As at 30 June 2012, the following director and supervisor are regarded to possess the interests as defined in Part XV of the Securities and Futures Ordinance of Hong Kong for the shares held by their spouses:

Name	Capacity	Amount of A/H shares held (share)	Nature of Interests	Approximate percentage of issued A/H shares of the Bank	Approximate percentage of total issued shares of the Bank
Or Ching Fai ( <i>Director</i> )	Spouse's interests	1,316,040 (H shares)	Long position	Approximate 0.001516% of issued H shares of the Bank	0.000377%
Zhu Lifei ( <i>Supervisor</i> )	Spouse's interests	18,000 (A shares)	Long position	Approximate 0.000007% of issued A shares of the Bank	0.000005%

Save as disclosed above, as at 30 June 2012, none of the directors or supervisors of the Bank had any interests or short positions in the shares, underlying shares or debentures of the Bank or any of its associated corporations (as defined in Part XV of the Securities and Futures Ordinance of Hong Kong) which have to be notified to the Bank and SEHK under Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance of Hong Kong (including interests or short positions therein that they shall be deemed to have pursuant to such provisions of the Securities and Futures Ordinance of Hong Kong), or any interests or short positions which have to be recorded in the register under Section 352 of the Securities and Futures Ordinance of Hong Kong, or any interests or short positions which have to be notified to the Bank and SEHK pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Hong Kong Listing Rules.

## 8.15 Review of the Interim Financial Report

The 2012 interim financial statements prepared by the Bank in accordance with PRC GAAP and IFRSs have been reviewed by Ernst & Young Hua Ming and Ernst & Young in accordance with Chinese and international standards on review engagements, respectively.

The interim financial report has been reviewed by the Audit Committee of the Board of Directors.

## 8.16 Warning and Explanation on the Prediction that the Accumulated Net Profits from the Beginning of the Year to the End of the Next Reporting Period May be Negative or Have Substantial Changes Compared to the Same Period of Last Year

Not applicable.

## 8.17 Other Major Events

### SECURITIES INVESTMENT

S/N	Stock (Fund) code	Stock name	Holding at the end of the period (10,000 shares/ units)	Initial investment cost (RMB yuan)	Book value at the end of the period (RMB yuan)	Book value at the beginning of the period (RMB yuan)	Accounting item
1	966 (Hong Kong, China)	CHINA TAIPING	2,688.55	95,490,974	274,942,898	313,127,343	Available-for-sale financial assets
2	485105	ICBCCS Enhanced Income Bond Fund A	14,186.32	150,000,000	156,872,283	146,487,899	Available-for-sale financial assets
3	601998	CNCB	3,103.44	167,223,692	124,137,600	125,378,976	Available-for-sale financial assets
4	1299 (Hong Kong, China)	AIA	539.80	92,556,985	116,655,660	105,949,007	Trading financial assets
5	2468 (Hong Kong, China)	TRONY SOLAR	16,852.94	158,445,854	85,185,501	38,999,561	Available-for-sale financial assets
6	MY (U.S.)	Mingyang Wind Power	1,098.54	341,450,000	78,514,159	152,971,630	Available-for-sale financial assets
7	871 (Hong Kong, China)	XIANGYU DREDG	4,590.00	121,752,858	77,086,477	68,866,065	Available-for-sale financial assets
8	486001	ICBC Credit Suisse China Chance Global Allocation Stock Fund	49.00	39,652,562	38,349,406	—	Trading financial assets
9	2099 (Hong Kong, China)	CHINA GOLD INTL	164.01	63,034,600	33,227,297	25,605,995	Available-for-sale financial assets
10	485107	ICBC Credit Suisse Credit Enhance Dividend Bond Securities Investment Fund A	3,000.86	30,000,000	32,880,423	29,957,585	Available-for-sale financial assets
<b>Total</b>			—	<u>1,259,607,525</u>	<u>1,017,851,704</u>	<u>1,007,344,061</u>	—

Notes: (1) The share and fund investments listed in the table represent the securities investment recognized by the Bank as available-for-sale and trading financial assets as at the end of the reporting period, including the investments in shares issued by other listed companies and open-ended fund or close-ended fund (top 10 in terms of book value at the end of the period).

(2) The shares in CHINA TAIPING and AIA and the ICBC Credit Suisse China Chance Global Allocation Stock Fund were held by Industrial and Commercial Bank of China (Asia) Limited (“ICBC (Asia)”), a controlling subsidiary of the Bank; the ICBCCS Enhanced Income Bond Fund A and the ICBC Credit Suisse Credit Enhance Dividend Bond Securities Investment Fund A were held by ICBC Credit Suisse Asset Management Co., Ltd., a controlling subsidiary of the Bank; and the shares in TRONY SOLAR, Mingyang Wind Power, XIANGYU DREDG and CHINA GOLD INTL were held by ICBC International Holdings Limited, a controlling subsidiary of the Bank.

## SHARES IN UNLISTED FINANCIAL INSTITUTIONS

Company	Initial investment cost (RMB yuan)	Number of shares held (10,000 shares)	Shareholding percentage (%)	Book value at the end of the period (RMB yuan)
China UnionPay Co., Ltd.	146,250,000	11,250.00	3.84	146,250,000
Xiamen International Bank	102,301,500	N/A	18.75	102,301,500
Guangdong Development Bank	56,522,225	2,722.29	0.18	56,522,225
Joint Electronic Teller Services Limited	8,208,370	0.0024	0.03	7,371,748
Bangkok BTMU Ltd.	4,272,984	20.00	10.00	4,045,538
Huarong Xiangjiang Bank	3,500,000	353.64	0.09	3,617,582
Luen Fung Hang Insurance Co., Ltd.	1,518,440	2.40	6.00	1,373,206
Guilin Bank	420,000	136.81	0.15	1,289,934
Bank of Nanchang	300,000	39.00	0.03	522,646
<b>Total</b>	<u>323,293,519</u>	—	—	<u>323,294,379</u>

*Note:* The shares in Joint Electronic Teller Services Limited were held by ICBC (Asia) and Industrial and Commercial Bank of China (Macau) Limited (“ICBC (Macau)”), controlling subsidiaries of the Bank; shares in Bangkok BTMU Ltd. were held by Industrial and Commercial Bank of China (Thai) Public Company Limited, a controlling subsidiary of the Bank; and shares in Luen Fung Hang Insurance Co., Ltd. were held by ICBC (Macau), a controlling subsidiary of the Bank.

## 9. Financial Report

### 9.1 Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows

## 9.1.1 Unaudited Interim Consolidated Income Statement

(In RMB millions, unless otherwise stated)

	<b>Six months ended 30 June</b>	
	<b>2012</b>	<b>2011</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Interest income	354,522	272,719
Interest expense	(150,464)	(98,215)
<b>NET INTEREST INCOME</b>	<b>204,058</b>	<b>174,504</b>
Fee and commission income	58,836	56,844
Fee and commission expense	(4,032)	(3,053)
<b>NET FEE AND COMMISSION INCOME</b>	<b>54,804</b>	<b>53,791</b>
Net trading expense	(248)	(21)
Net loss on financial assets and liabilities designated at fair value through profit or loss	(1,463)	(224)
Net gain on financial investments	454	309
Other operating income, net	5,223	2,801
<b>OPERATING INCOME</b>	<b>262,828</b>	<b>231,160</b>
Operating expenses	(84,531)	(73,255)
Impairment losses on:		
Loans and advances to customers	(19,029)	(16,794)
Others	(208)	(87)
<b>OPERATING PROFIT</b>	<b>159,060</b>	<b>141,024</b>
Share of profits of associates and jointly-controlled entities	1,152	1,321
<b>PROFIT BEFORE TAX</b>	<b>160,212</b>	<b>142,345</b>
Income tax expense	(36,971)	(32,770)
<b>PROFIT FOR THE PERIOD</b>	<b>123,241</b>	<b>109,575</b>
Attributable to:		
Equity holders of the parent company	123,160	109,481
Non-controlling interests	81	94
	<b>123,241</b>	<b>109,575</b>
<b>EARNINGS PER SHARE</b>		
— Basic (RMB yuan)	<b>0.35</b>	<b>0.31</b>
— Diluted (RMB yuan)	<b>0.35</b>	<b>0.31</b>

## 9.1.2 Unaudited Interim Consolidated Statement of Comprehensive Income

*(In RMB millions, unless otherwise stated)*

	<b>Six months ended 30 June</b>	
	<b>2012</b>	2011
	<b>(unaudited)</b>	(unaudited)
Profit for the period	<u>123,241</u>	<u>109,575</u>
Other comprehensive income (after-tax, net):		
Net gain/(loss) on available-for-sale financial assets	7,126	(4,752)
Net gain on cash flow hedges	93	102
Share of other comprehensive income of associates and jointly-controlled entities	(77)	138
Foreign currency translation differences	(687)	(2,812)
Others	<u>13</u>	<u>11</u>
Subtotal of other comprehensive income for the period	<u>6,468</u>	<u>(7,313)</u>
Total comprehensive income for the period	<u><u>129,709</u></u>	<u><u>102,262</u></u>
Total comprehensive income attributable to:		
Equity holders of the parent company	129,619	102,182
Non-controlling interests	<u>90</u>	<u>80</u>
	<u><u>129,709</u></u>	<u><u>102,262</u></u>

### 9.1.3 Unaudited Interim Consolidated Statement of Financial Position

(In RMB millions, unless otherwise stated)

	<b>30 June 2012 (unaudited)</b>	31 December 2011 (audited)
<b>ASSETS</b>		
Cash and balances with central banks	<b>3,028,038</b>	2,762,156
Due from banks and other financial institutions	<b>885,417</b>	478,002
Financial assets held for trading	<b>27,603</b>	30,822
Financial assets designated at fair value through profit or loss	<b>104,234</b>	121,386
Derivative financial assets	<b>14,484</b>	17,460
Reverse repurchase agreements	<b>532,764</b>	349,437
Loans and advances to customers	<b>8,212,636</b>	7,594,019
Financial investments	<b>3,856,544</b>	3,763,694
Investments in associates and jointly-controlled entities	<b>32,313</b>	32,750
Property and equipment	<b>120,510</b>	119,028
Deferred income tax assets	<b>21,348</b>	21,938
Other assets	<b>237,159</b>	186,176
<b>TOTAL ASSETS</b>	<b><u>17,073,050</u></b>	<b><u>15,476,868</u></b>
<b>LIABILITIES</b>		
Due to central banks	<b>437</b>	100
Financial liabilities designated at fair value through profit or loss	<b>394,471</b>	171,973
Derivative financial liabilities	<b>13,387</b>	12,617
Due to banks and other financial institutions	<b>1,604,095</b>	1,341,290
Repurchase agreements	<b>176,975</b>	206,254
Certificates of deposit	<b>57,309</b>	41,426
Due to customers	<b>13,180,597</b>	12,261,219
Income tax payable	<b>29,920</b>	51,535
Deferred income tax liabilities	<b>169</b>	103
Debt securities issued	<b>231,731</b>	204,161
Other liabilities	<b>366,511</b>	228,367
<b>TOTAL LIABILITIES</b>	<b><u>16,055,602</u></b>	<b><u>14,519,045</u></b>
<b>EQUITY</b>		
Equity attributable to equity holders of the parent company		
Share capital	<b>349,322</b>	349,084
Equity component of convertible bonds	<b>2,842</b>	2,954
Reserves	<b>298,866</b>	291,370
Retained profits	<b>365,288</b>	313,334
	<b><u>1,016,318</u></b>	<b><u>956,742</u></b>
Non-controlling interests	<b>1,130</b>	1,081
<b>TOTAL EQUITY</b>	<b><u>1,017,448</u></b>	<b><u>957,823</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>17,073,050</u></b>	<b><u>15,476,868</u></b>

## 9.1.4 Unaudited Interim Consolidated Statement of Changes in Equity

(In RMB millions, unless otherwise stated)

Attributable to equity holders of the parent company

	Reserves													Total equity
	Equity component	Issued share capital	of convertible bonds	Capital reserve	Surplus reserve	General reserve	Investment revaluation reserve	Foreign currency translation reserve	Cash flow hedge reserve	Other reserves	Subtotal	Retained profits	Non-controlling interests	
Balance as at 1 January 2012	349,084	2,954	132,096	74,420	104,301	(3,999)	(10,792)	(3,893)	(763)	291,370	313,334	956,742	1,081	957,823
Profit for the period	—	—	—	—	—	—	—	—	—	—	123,160	123,160	81	123,241
Other comprehensive income	—	—	13	—	—	7,119	(689)	93	(77)	6,459	—	6,459	9	6,468
— Change in fair value of available-for-sale investments, net of tax	—	—	—	—	—	7,119	—	—	—	7,119	—	7,119	7	7,126
— Cash flow hedges, net of tax	—	—	—	—	—	—	—	93	—	93	—	93	—	93
— Share of other comprehensive income of associates and jointly-controlled entities	—	—	—	—	—	—	—	—	(77)	(77)	—	(77)	—	(77)
— Exchange differences on translation of foreign operations	—	—	—	—	—	—	(689)	—	—	(689)	—	(689)	2	(687)
— Others	—	—	13	—	—	—	—	—	—	13	—	13	—	13
Total comprehensive income	—	—	13	—	—	7,119	(689)	93	(77)	6,459	123,160	129,619	90	129,709
Dividend — 2011 final	—	—	—	—	—	—	—	—	—	—	(70,912)	(70,912)	—	(70,912)
Appropriation to surplus reserve (i)	—	—	—	77	—	—	—	—	—	77	(77)	—	—	—
Appropriation to general reserve (ii)	—	—	—	—	217	—	—	—	—	217	(217)	—	—	—
Conversion of convertible bonds	238	—	743	—	—	—	—	—	—	743	—	981	—	981
Dividends to non-controlling shareholders	—	—	—	—	—	—	—	—	—	—	—	—	(41)	(41)
Conversion of equity component of convertible bonds	—	(112)	—	—	—	—	—	—	—	—	—	(112)	—	(112)
Balance as at 30 June 2012 (unaudited)	<u>349,322</u>	<u>2,842</u>	<u>132,852</u>	<u>74,497</u>	<u>104,518</u>	<u>3,120</u>	<u>(11,481)</u>	<u>(3,800)</u>	<u>(840)</u>	<u>298,866</u>	<u>365,288</u>	<u>1,016,318</u>	<u>1,130</u>	<u>1,017,448</u>

(i) Includes the appropriation made by overseas branches and subsidiaries in the amount of RMB2 million and RMB75 million, respectively.

(ii) Includes the appropriation made by subsidiaries in the amount of RMB217 million.

Attributable to equity holders of the parent company

	Reserves													Total equity
	Equity component	Issued share capital	of convertible bonds	Capital reserve	Surplus reserve	General reserve	Investment revaluation reserve	Foreign currency translation reserve	Cash flow hedge reserve	Other reserves	Subtotal	Retained profits	Non-controlling interests	
Balance as at 1 January 2011	349,019	2,985	131,923	53,782	93,071	(6,303)	581	(4,248)	(1,537)	267,269	201,157	820,430	1,227	821,657
Profit for the period	—	—	—	—	—	—	—	—	—	—	109,481	109,481	94	109,575
Other comprehensive income	—	—	11	—	—	(4,752)	(2,798)	102	138	(7,299)	—	(7,299)	(14)	(7,313)
— Change in fair value of available-for-sale investments, net of tax	—	—	—	—	—	(4,752)	—	—	—	(4,752)	—	(4,752)	—	(4,752)
— Cash flow hedges, net of tax	—	—	—	—	—	—	—	102	—	102	—	102	—	102
— Share of other comprehensive income of associates and jointly-controlled entities	—	—	—	—	—	—	—	—	138	138	—	138	—	138
— Exchange differences on translation of foreign operations	—	—	—	—	—	—	(2,798)	—	—	(2,798)	—	(2,798)	(14)	(2,812)
— Others	—	—	11	—	—	—	—	—	—	11	—	11	—	11
Total comprehensive income	—	—	11	—	—	(4,752)	(2,798)	102	138	(7,299)	109,481	102,182	80	102,262
Dividend — 2010 final	—	—	—	—	—	—	—	—	—	—	(64,220)	(64,220)	—	(64,220)
Appropriation to surplus reserve (i)	—	—	—	111	—	—	—	—	—	111	(111)	—	—	—
Appropriation to general reserve (ii)	—	—	—	—	137	—	—	—	—	137	(137)	—	—	—
Conversion of convertible bonds	1	—	3	—	—	—	—	—	—	3	—	4	—	4
Change in shareholdings in subsidiaries	—	—	(5)	—	—	—	—	—	—	(5)	—	(5)	(14)	(19)
Dividends to non-controlling shareholders	—	—	—	—	—	—	—	—	—	—	—	—	(69)	(69)
Balance as at 30 June 2011 (unaudited)	<u>349,020</u>	<u>2,985</u>	<u>131,932</u>	<u>53,893</u>	<u>93,208</u>	<u>(11,055)</u>	<u>(2,217)</u>	<u>(4,146)</u>	<u>(1,399)</u>	<u>260,216</u>	<u>246,170</u>	<u>858,391</u>	<u>1,224</u>	<u>859,615</u>

(i) Includes the appropriation made by overseas branches and subsidiaries in the amount of RMB17 million and RMB94 million, respectively.

(ii) Includes the appropriation made by subsidiaries in the amount of RMB137 million.



(In RMB millions, unless otherwise stated)

Attributable to equity holders of the parent company

	Equity component		Reserves									Non-controlling interests	Total equity	
	Issued share capital	of convertible bonds	Capital reserve	Surplus reserve	General reserve	Investment revaluation reserve	Foreign currency translation reserve	Cash flow hedge reserve	Other reserves	Subtotal	Retained profits			Total
Balance as at 1 January 2011	349,019	2,985	131,923	53,782	93,071	(6,303)	581	(4,248)	(1,537)	267,269	201,157	820,430	1,227	821,657
Profit for the year	—	—	—	—	—	—	—	—	—	—	208,265	208,265	180	208,445
Other comprehensive income	—	—	43	—	—	2,304	(11,373)	355	774	(7,897)	—	(7,897)	(54)	(7,951)
— Change in fair value of available-for-sale investments, net of tax	—	—	—	—	—	2,304	—	—	—	2,304	—	2,304	(11)	2,293
— Cash flow hedges, net of tax	—	—	—	—	—	—	—	355	—	355	—	355	—	355
— Share of other comprehensive income of associates and jointly-controlled entities	—	—	—	—	—	—	—	—	774	774	—	774	—	774
— Exchange differences on translation of foreign operations	—	—	—	—	—	—	(11,373)	—	—	(11,373)	—	(11,373)	(43)	(11,416)
— Others	—	—	43	—	—	—	—	—	—	43	—	43	—	43
Total comprehensive income	—	—	43	—	—	2,304	(11,373)	355	774	(7,897)	208,265	200,368	126	200,494
Dividend — 2010 final	—	—	—	—	—	—	—	—	—	—	(64,220)	(64,220)	—	(64,220)
Appropriation to surplus reserve (i)	—	—	—	20,638	—	—	—	—	—	20,638	(20,638)	—	—	—
Appropriation to general reserve (ii)	—	—	—	—	11,230	—	—	—	—	11,230	(11,230)	—	—	—
Conversion of convertible bonds	65	—	200	—	—	—	—	—	—	200	—	265	—	265
Capital injection by non-controlling shareholders	—	—	—	—	—	—	—	—	—	—	—	—	31	31
Change in shareholdings in subsidiaries	—	—	(70)	—	—	—	—	—	—	(70)	—	(70)	(234)	(304)
Dividends to non-controlling shareholders	—	—	—	—	—	—	—	—	—	—	—	—	(69)	(69)
Conversion of equity component of convertible bonds	—	(31)	—	—	—	—	—	—	—	—	—	(31)	—	(31)
Balance as at 31 December 2011 (audited)	<u>349,084</u>	<u>2,954</u>	<u>132,096</u>	<u>74,420</u>	<u>104,301</u>	<u>(3,999)</u>	<u>(10,792)</u>	<u>(3,893)</u>	<u>(763)</u>	<u>291,370</u>	<u>313,334</u>	<u>956,742</u>	<u>1,081</u>	<u>957,823</u>

(i) Includes the appropriation made by overseas branches and subsidiaries in the amount of RMB41 million and RMB250 million, respectively.

(ii) Includes the appropriation made by subsidiaries in the amount of RMB227 million.

## 9.1.5 Unaudited Interim Consolidated Statement of Cash Flows

(In RMB millions, unless otherwise stated)

	<b>Six months ended 30 June</b>	
	<b>2012</b>	<b>2011</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	<b>160,212</b>	142,345
Adjustments for:		
Share of profits of associates and jointly-controlled entities	<b>(1,152)</b>	(1,321)
Depreciation	<b>6,471</b>	5,983
Amortisation	<b>807</b>	687
Amortisation of financial investments	<b>(2,388)</b>	(4,384)
Impairment losses on loans and advances to customers	<b>19,029</b>	16,794
Impairment losses on assets other than loans and advances to customers	<b>208</b>	87
Unrealised foreign exchange loss	<b>3,100</b>	4,013
Interest expense on debt securities issued	<b>4,788</b>	1,935
Accreted interest on impaired loans	<b>(419)</b>	(240)
Gain on disposal of available-for-sale financial assets, net	<b>(431)</b>	(277)
Net trading gain on equity investments	<b>(14)</b>	(23)
Net loss on financial assets and liabilities designated at fair value through profit or loss	<b>1,463</b>	224
Net gain on disposal of property and equipment and other assets (other than repossessed assets)	<b>(318)</b>	(350)
Dividend income	<b>(23)</b>	(32)
	<b>191,333</b>	165,441
Net decrease/(increase) in operating assets:		
Due from central banks	<b>(63,988)</b>	(392,913)
Due from banks and other financial institutions	<b>(16,014)</b>	(68,726)
Financial assets held for trading	<b>3,340</b>	(23,499)
Financial assets designated at fair value through profit or loss	<b>17,810</b>	(94,641)
Reverse repurchase agreements	<b>(17,716)</b>	2,116
Loans and advances to customers	<b>(634,563)</b>	(562,595)
Other assets	<b>(20,361)</b>	(25,897)
	<b>(731,492)</b>	(1,166,155)
Net increase/(decrease) in operating liabilities:		
Financial liabilities designated at fair value through profit or loss	<b>232,333</b>	124,328
Due to central banks	<b>337</b>	49
Due to banks and other financial institutions	<b>261,850</b>	240,071
Repurchase agreements	<b>(29,279)</b>	(22,987)
Certificates of deposit	<b>12,724</b>	18,638
Due to customers	<b>917,409</b>	909,994
Other liabilities	<b>26,046</b>	10,892
	<b>1,421,420</b>	1,280,985
Net cash flows from operating activities before tax	<b>881,261</b>	280,271
Income tax paid	<b>(60,236)</b>	(42,780)
Net cash flows from operating activities	<b>821,025</b>	237,491

	<b>Six months ended 30 June</b>	
	<b>2012</b>	2011
	<b>(unaudited)</b>	(unaudited)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment and other assets	<b>(10,779)</b>	(3,871)
Proceeds from disposal of property and equipment and other assets (other than repossessed assets)	<b>592</b>	1,080
Purchases of financial investments	<b>(508,695)</b>	(808,119)
Proceeds from sale and redemption of financial investments	<b>428,403</b>	947,076
Investments in associates and jointly-controlled entities	<b>(13)</b>	(3)
Dividends received	<b>783</b>	809
	<hr/>	<hr/>
Net cash flows from investing activities	<b>(89,709)</b>	136,972
	<hr/>	<hr/>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of subordinated bonds	<b>20,000</b>	38,000
Proceeds from issuance of other debt securities	<b>8,028</b>	2,926
Interest paid on debt securities	<b>(273)</b>	(83)
Acquisition of non-controlling interests	<b>—</b>	(18)
Dividends paid on ordinary shares	<b>—</b>	(1,323)
Dividends paid to non-controlling shareholders	<b>(20)</b>	(34)
	<hr/>	<hr/>
Net cash flows from financing activities	<b>27,735</b>	39,468
	<hr/>	<hr/>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents at beginning of the period	<b>848,308</b>	528,971
Effect of exchange rate changes on cash and cash equivalents	<b>(18)</b>	(2,111)
	<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS</b>		
<b>AT END OF THE PERIOD</b>	<b><u>1,607,341</u></b>	<u>940,791</u>
	<hr/>	<hr/>
<b>NET CASH FLOWS FROM OPERATING</b>		
<b>ACTIVITIES INCLUDE:</b>		
Interest received	<b>327,669</b>	259,733
Interest paid	<b>(120,986)</b>	(87,897)
	<hr/>	<hr/>

## 9.2 Significant Accounting Policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2011, except for the adoption of the following revised International Financial Reporting Standards ("IFRSs", including International Accounting Standards ("IASs")) as of 1 January 2012. The principal effects of adopting these revised IFRSs are as follows:

### *IAS 12 — Deferred Tax: Recovery of Underlying Assets (Amendment)*

This amendment clarifies the determination of deferred tax on investment property measured at fair value. The amendment introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, it introduces the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in IAS 16 should always be measured on a sale basis of the asset. Effective implementation date is for annual periods beginning on or after 1 January 2012. The amendment had no effect on the financial position or performance of the Group.

### *IFRS 7 — Disclosures: Transfers of financial assets (Amendment)*

The IASB issued an amendment to IFRS 7 that enhances disclosures for financial assets. These disclosures relate to assets transferred (as defined under IAS 39). If the assets transferred are not derecognised entirely in the financial statements, an entity has to disclose information that enables users of financial statements to understand the relationship between those assets which are not derecognised and their associated liabilities. If those assets are derecognised entirely, but the entity retains a continuing involvement, disclosures have to be provided that enable users of financial statements to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognised assets. Effective implementation date is for annual periods beginning on or after 1 July 2011. Disclosures for any period prior to the date of initial application are not required.

The Group has not adopted any other standard, interpretation or amendment that was issued but is not yet effective.

### 9.3 Notes to Unaudited Interim Condensed Consolidated Financial Statements

*(In RMB millions, unless otherwise stated)*

#### 9.3.1 Net Interest Income

	Six months ended 30 June	
	2012	2011
	(unaudited)	(unaudited)
Interest income on:		
Loans and advances to customers		
— Corporate loans and advances	186,914	141,720
— Personal loans	61,139	44,927
— Discounted bills	7,683	4,236
Bond investments	67,864	56,751
Due from central banks	20,412	17,927
Due from banks and other financial institutions	10,510	7,158
	<u>354,522</u>	<u>272,719</u>
Interest expense on:		
Due to customers	(120,005)	(84,222)
Due to banks and other financial institutions	(25,362)	(11,957)
Debt securities issued	(5,097)	(2,036)
	<u>(150,464)</u>	<u>(98,215)</u>
Net interest income	<u><u>204,058</u></u>	<u><u>174,504</u></u>

### 9.3.2 Net Fee and Commission Income

	Six months ended 30 June	
	2012	2011
	(unaudited)	(unaudited)
Investment banking business	14,950	13,155
Settlement, clearing business and cash management	13,784	13,582
Bank card business	10,505	8,058
Personal wealth management and private banking services	8,886	10,552
Corporate wealth management services	4,792	4,394
Asset custody business	2,806	3,007
Guarantee and commitment business	1,463	2,925
Trust and agency services	895	746
Others	755	425
	<hr/>	<hr/>
Fee and commission income	58,836	56,844
Fee and commission expense	(4,032)	(3,053)
	<hr/>	<hr/>
Net fee and commission income	<u>54,804</u>	<u>53,791</u>

### 9.3.3 Net Trading Expense

	Six months ended 30 June	
	2012	2011
	(unaudited)	(unaudited)
Debt securities	879	384
Equity investments	14	23
Derivatives and others	(1,141)	(428)
	<hr/>	<hr/>
	<u>(248)</u>	<u>(21)</u>

### 9.3.4 Net Loss on Financial Assets and Liabilities Designated at Fair Value through Profit or Loss

	Six months ended 30 June	
	2012	2011
	(unaudited)	(unaudited)
Financial assets	4,072	998
Financial liabilities	(5,535)	(1,222)
	<hr/>	<hr/>
	<u>(1,463)</u>	<u>(224)</u>

### 9.3.5 Net Gain on Financial Investments

	Six months ended 30 June	
	2012 (unaudited)	2011 (unaudited)
Dividend income from unlisted investments	20	29
Dividend income from listed investments	3	3
Dividend income	<u>23</u>	<u>32</u>
Gain on disposal of available-for-sale financial assets, net	<u>431</u>	<u>277</u>
	<u><u>454</u></u>	<u><u>309</u></u>

### 9.3.6 Other Operating Income, Net

	Six months ended 30 June	
	2012 (unaudited)	2011 (unaudited)
Gain from foreign exchange and foreign exchange products, net	3,624	849
Leasing income	847	641
Net gain on disposal of property and equipment, repossessed assets and others	427	644
Sundry bank charge income	56	91
Others	<u>269</u>	<u>576</u>
	<u><u>5,223</u></u>	<u><u>2,801</u></u>

### 9.3.7 Operating Expenses

	<b>Six months ended 30 June</b>	
	<b>2012</b>	<b>2011</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Staff costs:		
Salaries and bonuses	<b>28,792</b>	27,069
Staff benefits	<b>8,361</b>	6,242
Contributions to defined contribution schemes	<b>5,156</b>	4,338
	<u><b>42,309</b></u>	<u>37,649</u>
 Premises and equipment expenses:		
Depreciation	<b>6,471</b>	5,983
Minimum lease payments under operating leases in respect of land and buildings	<b>2,519</b>	2,211
Repairs and maintenance charges	<b>881</b>	754
Utility expenses	<b>1,126</b>	999
	<u><b>10,997</b></u>	<u>9,947</u>
 Amortisation	<b>807</b>	687
Other administrative expenses	<b>9,763</b>	8,605
Business tax and surcharges	<b>17,327</b>	13,574
Others	<b>3,328</b>	2,793
	<u><b>84,531</b></u>	<u>73,255</u>

### 9.3.8 Impairment Losses on Assets other than Loans and Advances to Customers

	<b>Six months ended 30 June</b>	
	<b>2012</b>	<b>2011</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Charge/(reversal) of impairment losses on:		
Due from banks and other financial institutions	<b>128</b>	12
Financial investments:		
Held-to-maturity investments	<b>1</b>	(20)
Available-for-sale financial assets	<b>(79)</b>	(422)
Investments in associates and jointly-controlled entities	<b>—</b>	348
Other assets	<b>158</b>	169
	<u><b>208</b></u>	<u>87</u>



### 9.3.9 Income Tax Expense

(a) Income tax

	<b>Six months ended 30 June</b>	
	<b>2012</b>	<b>2011</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Current income tax expense:		
Mainland China	<b>37,694</b>	32,743
Hong Kong and Macau	<b>494</b>	399
Overseas	<b>420</b>	235
	<b>38,608</b>	33,377
Adjustments in respect of current income tax of prior years	<b>13</b>	(2,672)
	<b>38,621</b>	30,705
Deferred income tax expense	<b>(1,650)</b>	2,065
	<b>36,971</b>	32,770

(b) Reconciliation between income tax and accounting profit

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

	<b>Six months ended 30 June</b>	
	<b>2012</b>	<b>2011</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Profit before tax	<u>160,212</u>	<u>142,345</u>
Tax at the PRC statutory income tax rate	40,053	35,586
Effects of different applicable rates of tax prevailing in other countries/regions	(97)	(119)
Non-deductible expenses	966	644
Non-taxable income	(3,949)	(3,271)
Profits and losses attributable to associates and jointly-controlled entities	(288)	(328)
Adjustment in respect of current and deferred income tax of prior years	13	164
Others	<u>273</u>	<u>94</u>
Tax expense at the Group's effective income tax rate	<u>36,971</u>	<u>32,770</u>

9.3.10 Dividends

	<b>Six months ended 30 June</b>	
	<b>2012</b>	<b>2011</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Dividends on ordinary shares declared and paid:		
Final dividend for 2011: RMB0.203 per share (2010: RMB0.184 per share)	<u>70,912</u>	<u>64,220</u>

### 9.3.11 Earnings Per Share

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

	<b>Six months ended 30 June</b>	
	<b>2012</b>	<b>2011</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Earnings:		
Profit for the period attributable to ordinary equity holders of the parent company	<u>123,160</u>	<u>109,481</u>
Shares:		
Weighted average number of ordinary shares in issue (in million shares)	<u>349,245</u>	<u>349,020</u>
Basic earnings per share (RMB yuan)	<u>0.35</u>	<u>0.31</u>

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

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

	<b>Six months ended 30 June</b>	
	<b>2012</b>	<b>2011</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Earnings:		
Profit for the period attributable to ordinary equity holders of the parent company	123,160	109,481
Add: Interest expense on convertible bonds (net of tax)	317	320
Profit used to determine diluted earnings per share	<u>123,477</u>	<u>109,801</u>
Shares:		
Weighted average number of ordinary shares outstanding (in million shares)	349,245	349,020
Add: Weighted average number of ordinary shares assuming conversion of all dilutive shares (in million shares)	<u>6,313</u>	<u>6,296</u>
Weighted average number of ordinary shares for diluted earnings per share (in million shares)	<u>355,558</u>	<u>355,316</u>
Diluted earnings per share (RMB yuan)	<u>0.35</u>	<u>0.31</u>

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

### 9.3.12 Derivative Financial Instruments

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

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

The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable and willing parties in an arm's length transaction.

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

	30 June 2012 (unaudited)					Fair values	
	Notional amounts with remaining life of				Total	Assets	Liabilities
	Within three months	Over three months but within one year	Over one year but within five years	Over five years			
Exchange rate contracts:							
Forward and swap contracts	638,321	595,814	40,543	3,660	1,278,338	8,508	(6,268)
Option contracts purchased	13,076	14,274	369	1	27,720	175	—
Option contracts written	9,189	4,327	369	—	13,885	—	(143)
	<u>660,586</u>	<u>614,415</u>	<u>41,281</u>	<u>3,661</u>	<u>1,319,943</u>	<u>8,683</u>	<u>(6,411)</u>
Interest rate contracts:							
Swap contracts	84,294	163,971	174,714	29,042	452,021	4,700	(5,529)
Forward contracts	3,925	5,183	3,036	—	12,144	100	(100)
	<u>88,219</u>	<u>169,154</u>	<u>177,750</u>	<u>29,042</u>	<u>464,165</u>	<u>4,800</u>	<u>(5,629)</u>
Commodity derivatives and others	257,738	10,563	1,999	7	270,307	1,001	(1,347)
	<u>1,006,543</u>	<u>794,132</u>	<u>221,030</u>	<u>32,710</u>	<u>2,054,415</u>	<u>14,484</u>	<u>(13,387)</u>

## 31 December 2011 (audited)

	Notional amounts with remaining life of				Total	Fair values	
	Within three months	Over three months but within one year	Over one year but within five years	Over five years		Assets	Liabilities
Exchange rate contracts:							
Forward and swap contracts	524,925	363,218	27,207	5,768	921,118	11,968	(6,728)
Option contracts purchased	1,673	18,135	1,182	—	20,990	175	—
Option contracts written	1,787	1,753	1,182	—	4,722	—	(30)
	<u>528,385</u>	<u>383,106</u>	<u>29,571</u>	<u>5,768</u>	<u>946,830</u>	<u>12,143</u>	<u>(6,758)</u>
Interest rate contracts:							
Swap contracts	79,186	153,760	226,366	32,654	491,966	4,635	(5,726)
Forward contracts	2,823	1,714	5,129	—	9,666	131	(131)
	<u>82,009</u>	<u>155,474</u>	<u>231,495</u>	<u>32,654</u>	<u>501,632</u>	<u>4,766</u>	<u>(5,857)</u>
Commodity derivatives and others	26,800	879	—	—	27,679	551	(2)
	<u>637,194</u>	<u>539,459</u>	<u>261,066</u>	<u>38,422</u>	<u>1,476,141</u>	<u>17,460</u>	<u>(12,617)</u>

**Cash flow hedges**

The Group's cash flow hedges consist of currency swap contracts and interest rate swap contracts that are used to protect against exposures to variability of future cash flows arising from floating rate foreign currency denominated assets and floating rate foreign currency denominated liabilities during the period/year.

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

## 30 June 2012 (unaudited)

	Notional amounts with remaining life of				Total	Fair values	
	Within three months	Over three months but within one year	Over one year but within five years	Over five years		Assets	Liabilities
Interest rate swap contracts	<u>50</u>	<u>1,525</u>	<u>2,725</u>	<u>3,352</u>	<u>7,652</u>	<u>387</u>	<u>(118)</u>

31 December 2011 (audited)

	Notional amounts with remaining life of				Fair values		
	Within three months	Over three months but within one year	Over one year but within five years	Over five years	Total	Assets	Liabilities
Currency swap contracts	328	—	—	—	328	—	—
Interest rate swap contracts	734	93	3,716	3,339	7,882	286	(126)
	<u>1,062</u>	<u>93</u>	<u>3,716</u>	<u>3,339</u>	<u>8,210</u>	<u>286</u>	<u>(126)</u>

There was no ineffectiveness recognised in the income statement that arose from the cash flow hedge for the current period (six months ended 30 June 2011: Nil).

### Fair value hedges

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

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

	<b>Six months ended 30 June</b>	
	<b>2012</b>	2011
	<b>(unaudited)</b>	(unaudited)
Gain/(loss) arising from fair value hedges, net:		
— Hedging instruments	<b>29</b>	111
— Hedged items attributable to the hedged risk	<b>(30)</b>	(109)
	<u><b>(1)</b></u>	<u>2</u>

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

30 June 2012 (unaudited)							
	Notional amounts with remaining life of				Fair values		
	Within three months	Over three months but within one year	Over one year but within five years	Over five years	Total	Assets	Liabilities
Currency swap contracts	—	—	444	—	444	9	(25)
Interest rate swap contracts	625	1,588	7,424	6,151	15,788	18	(811)
	<u>625</u>	<u>1,588</u>	<u>7,868</u>	<u>6,151</u>	<u>16,232</u>	<u>27</u>	<u>(836)</u>

  

31 December 2011 (audited)							
	Notional amounts with remaining life of				Fair values		
	Within three months	Over three months but within one year	Over one year but within five years	Over five years	Total	Assets	Liabilities
Currency swap contracts	—	181	596	—	777	4	(61)
Interest rate swap contracts	508	1,700	8,520	4,311	15,039	—	(882)
	<u>508</u>	<u>1,881</u>	<u>9,116</u>	<u>4,311</u>	<u>15,816</u>	<u>4</u>	<u>(943)</u>

The credit risk weighted amounts in respect of the above derivatives of the Group as at the end of the reporting period are as follows:

	30 June 2012 (unaudited)	31 December 2011 (audited)
Currency derivatives	10,384	7,717
Interest rate derivatives	3,621	3,406
Commodity derivatives and others	1,935	938
	<u>15,940</u>	<u>12,061</u>

The credit risk weighted amounts represent the counterparty credit risk associated with derivative transactions and are calculated with reference to the guidelines issued by the CBRC. The amounts calculated are dependent on, among other factors, the creditworthiness of the customers and the maturity characteristics of each type of contracts. The credit risk weighted amounts differ from the carrying amount or the maximum exposure to credit risk.

### 9.3.13 Financial Investments

	<b>30 June 2012 (unaudited)</b>	31 December 2011 (audited)
Receivables	461,022	498,804
Held-to-maturity investments	2,525,686	2,424,785
Available-for-sale financial assets	869,836	840,105
	<u>3,856,544</u>	<u>3,763,694</u>

### 9.3.14 Components of Other Comprehensive Income

	<b>Six months ended 30 June</b>	
	<b>2012 (unaudited)</b>	2011 (unaudited)
Available-for-sale financial assets:		
Changes in fair value recorded in other comprehensive income/(loss)	9,558	(6,079)
Less: Transfer to the income statement arising from disposal/impairment	(145)	(79)
Income tax effect	(2,287)	1,406
	<u>7,126</u>	<u>(4,752)</u>
Cash flow hedges:		
Gain during the period	109	117
Less: Income tax effect	(16)	(15)
	<u>93</u>	<u>102</u>
Share of other comprehensive income of associates and jointly-controlled entities	(77)	138
Foreign currency translation differences	(687)	(2,812)
Others	16	13
Less: Income tax effect	(3)	(2)
	<u>13</u>	<u>11</u>
	<u>6,468</u>	<u>(7,313)</u>



### 9.3.15 Commitments and Contingent Liabilities

#### (a) Capital commitments

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

	<b>30 June 2012 (unaudited)</b>	31 December 2011 (audited)
Authorised, but not contracted for	<b>2,300</b>	2,297
Contracted, but not provided for	<b>13,822</b>	13,696
	<b><u>16,122</u></b>	<u>15,993</u>

#### (b) Operating lease commitments

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

	<b>30 June 2012 (unaudited)</b>	31 December 2011 (audited)
Within one year	<b>3,945</b>	3,617
After one year but not more than five years	<b>8,686</b>	8,457
After five years	<b>1,649</b>	1,528
	<b><u>14,280</u></b>	<u>13,602</u>

#### (c) Credit commitments

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

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

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

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

	<b>30 June 2012 (unaudited)</b>	31 December 2011 (audited)
Bank acceptances	<b>343,454</b>	300,437
Guarantees issued		
Financing letters of guarantees	<b>31,409</b>	46,299
Non-financing letters of guarantees	<b>213,773</b>	179,439
Sight letters of credit	<b>56,517</b>	70,258
Usance letters of credit and other commitments	<b>364,792</b>	326,626
Loan commitments		
With an original maturity of under one year	<b>165,599</b>	150,685
With an original maturity of one year or over	<b>488,736</b>	519,112
Undrawn credit card limit	<b>442,853</b>	383,736
	<b><u>2,107,133</u></b>	<u>1,976,592</u>
	<b>30 June 2012 (unaudited)</b>	31 December 2011 (audited)
Credit risk weighted amount of credit commitments	<b><u>844,037</u></b>	<u>801,639</u>

The credit risk weighted amount refers to the amount computed in accordance with the rules promulgated by the CBRC. The risk weights are determined in accordance with the credit status of the counterparties, the maturity profile and other factors. The risk weights ranged from 0% to 100% for credit commitments.

(d) Legal proceedings

As at 30 June 2012, there were a number of legal proceedings outstanding against the Bank and/or its subsidiaries with a claimed amount of RMB1,967 million (31 December 2011: RMB1,978 million).

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

(e) Redemption commitments of government bonds

As an underwriting agent of the Government, the Bank underwrites certain PRC government bonds and sells the bonds to the general public, in which the Bank is obliged to redeem these bonds at the discretion of the holders at any time prior to maturity. The redemption price for the bonds is based on the nominal value of the bonds plus any interest accrued up to the redemption date. As at 30 June 2012, the Bank had underwritten and sold bonds with an accumulated amount of RMB110,105 million (31 December 2011: RMB156,366 million) to the general public, and these government bonds have not yet matured nor been redeemed. Management expects that the amount of redemption of these government bonds through the Bank prior to maturity will not be material.

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

(f) Underwriting obligations

As at 30 June 2012, the Group had no unexpired securities underwriting obligations (31 December 2011: Nil).

### 9.3.16 Segment Information

(a) Operating segments

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

*Corporate banking*

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

*Personal banking*

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

### *Treasury operations*

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

### *Others*

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

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

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

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

	Corporate banking	Personal banking	Treasury operations	Others	Total
<b>Six months ended 30 June 2012</b>					
<b>(unaudited)</b>					
External net interest income/(expense)	139,489	(5,242)	69,811	—	204,058
Internal net interest income/(expense)	(29,025)	66,384	(37,359)	—	—
Net fee and commission income	35,190	19,420	194	—	54,804
Other income, net	286	2	2,759	919	3,966
Operating income	145,940	80,564	35,405	919	262,828
Operating expenses	(40,849)	(33,729)	(7,924)	(2,029)	(84,531)
Impairment losses on:					
Loans and advances to customers	(13,177)	(5,852)	—	—	(19,029)
Others	(147)	(2)	(49)	(10)	(208)
Operating profit/(loss)	91,767	40,981	27,432	(1,120)	159,060
Share of profits and losses of associates and jointly-controlled entities	—	—	—	1,152	1,152
Profit before tax	91,767	40,981	27,432	32	160,212
Income tax expense					(36,971)
Profit for the period					<u>123,241</u>
Other segment information:					
Depreciation	2,815	2,290	1,256	110	6,471
Amortisation	383	250	163	11	807
Capital expenditure	3,945	3,164	1,743	148	9,000
<b>As at 30 June 2012 (unaudited)</b>					
Segment assets	<u>6,311,721</u>	<u>2,130,341</u>	<u>8,519,459</u>	<u>111,529</u>	<u>17,073,050</u>
Including: Investments in associates and jointly-controlled entities	—	—	—	32,313	32,313
Property and equipment	45,161	36,609	19,928	18,812	120,510
Other non-current assets	12,798	7,133	4,689	6,689	31,309
Segment liabilities	<u>6,988,111</u>	<u>6,493,077</u>	<u>2,438,115</u>	<u>136,299</u>	<u>16,055,602</u>
Other segment information:					
Credit commitments	<u>1,664,280</u>	<u>442,853</u>	—	—	<u>2,107,133</u>

	Corporate banking	Personal banking	Treasury operations	Others	Total
Six months ended 30 June 2011 (unaudited)					
External net interest income/(expense)	107,178	(782)	68,108	—	174,504
Internal net interest income/(expense)	(24,264)	62,591	(38,327)	—	—
Net fee and commission income	34,538	19,068	185	—	53,791
Other income, net	565	1	239	2,060	2,865
Operating income	118,017	80,878	30,205	2,060	231,160
Operating expenses	(34,196)	(29,425)	(6,765)	(2,869)	(73,255)
Impairment losses on:					
Loans and advances to customers	(9,235)	(7,559)	—	—	(16,794)
Others	(99)	—	430	(418)	(87)
Operating profit/(loss)	74,487	43,894	23,870	(1,227)	141,024
Share of profits and losses of associates and jointly-controlled entities	—	—	—	1,321	1,321
Profit before tax	74,487	43,894	23,870	94	142,345
Income tax expense					(32,770)
Profit for the period					<u>109,575</u>
Other segment information:					
Depreciation	2,814	2,396	634	139	5,983
Amortisation	345	223	105	14	687
Capital expenditure	3,532	2,971	809	174	7,486
As at 31 December 2011 (audited)					
Segment assets	<u>5,742,727</u>	<u>2,046,297</u>	<u>7,581,726</u>	<u>106,118</u>	<u>15,476,868</u>
Including: Investments in associates and jointly-controlled entities	—	—	—	32,750	32,750
Property and equipment	44,316	36,486	20,200	18,026	119,028
Other non-current assets	12,746	7,829	4,276	6,749	31,600
Segment liabilities	<u>6,519,080</u>	<u>6,013,448</u>	<u>1,953,920</u>	<u>32,597</u>	<u>14,519,045</u>
Other segment information:					
Credit commitments	<u>1,592,856</u>	<u>383,736</u>	<u>—</u>	<u>—</u>	<u>1,976,592</u>

(b) Geographical information

The Group operates principally in Mainland China, and also has branches and subsidiaries operating outside Mainland China (including: Hong Kong, Macau, Singapore, Frankfurt, Luxembourg, Seoul, Busan, Tokyo, London, Almaty, Jakarta, Moscow, Doha, Dubai, Abu Dhabi, Sydney, Toronto, Kuala Lumpur, Hanoi, Bangkok, New York, Karachi, Mumbai, Phnom Penh, Vientiane and Islamabad).

The distribution of the geographical areas is as follows:

Mainland China (Head Office and domestic branches):

Head Office (“HO”): the HO business division (including institutions directly controlled by the HO and their offices);

Yangtze River Delta: including Shanghai, Jiangsu, Zhejiang, Ningbo and Suzhou;

Pearl River Delta: including Guangdong, Shenzhen, Fujian and Xiamen;

Bohai Rim: including Beijing, Tianjin, Hebei, Shandong and Qingdao;

Central China: including Shanxi, Henan, Hubei, Hunan, Anhui, Jiangxi and Hainan;

Western China: including Chongqing, Sichuan, Guizhou, Yunnan, Guangxi, Shaanxi, Gansu, Qinghai, Ningxia, Xinjiang, Inner Mongolia and Tibet; and

Northeastern China: including Liaoning, Heilongjiang, Jilin and Dalian.

Overseas and others: branches located outside Mainland China, domestic and overseas subsidiaries, and investments in associates and jointly-controlled entities.

## Mainland China (HO and domestic branches)

	Head Office	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central China	Western China	Northeastern China	Overseas and others	Eliminations	Total
<b>Six months ended 30 June 2012</b>										
<b>(unaudited)</b>										
External net interest income	78,061	31,627	19,215	16,421	18,861	26,400	8,017	5,456	—	204,058
Internal net interest income/(expense)	(59,114)	9,088	6,352	25,769	7,309	6,215	4,462	(81)	—	—
Net fee and commission income	1,506	13,012	9,219	9,962	8,565	7,602	2,619	2,355	(36)	54,804
Other income/(expense), net	4,000	(537)	26	412	(110)	(248)	(312)	735	—	3,966
Operating income	24,453	53,190	34,812	52,564	34,625	39,969	14,786	8,465	(36)	262,828
Operating expenses	(7,249)	(15,018)	(10,243)	(15,025)	(13,564)	(14,788)	(5,964)	(2,716)	36	(84,531)
Impairment losses on:										
Loans and advances to customers	(2,196)	(5,154)	(2,603)	(2,374)	(2,437)	(3,019)	(811)	(435)	—	(19,029)
Others	(95)	(8)	—	(105)	7	(2)	(3)	(2)	—	(208)
Operating profit	14,913	33,010	21,966	35,060	18,631	22,160	8,008	5,312	—	159,060
Share of profits and losses of associates and jointly-controlled entities	—	—	—	—	—	—	—	1,152	—	1,152
Profit before tax	14,913	33,010	21,966	35,060	18,631	22,160	8,008	6,464	—	160,212
Income tax expense										(36,971)
Profit for the period										<u>123,241</u>
Other segment information:										
Depreciation	735	1,036	709	914	1,068	1,182	500	327	—	6,471
Amortisation	339	106	57	59	107	109	28	2	—	807
Capital expenditure	2,219	693	602	834	712	992	352	2,596	—	9,000

## Mainland China (HO and domestic branches)

	Head Office	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central China	Western China	Northeastern China	Overseas and others	Eliminations	Total
<b>As at 30 June 2012 (unaudited)</b>										
Assets by geographical area	8,084,436	3,249,753	2,193,192	3,820,003	2,074,991	2,375,876	919,710	1,208,817	(6,875,076)	17,051,702
Including: Investments in associates and jointly-controlled entities	—	—	—	—	—	—	—	32,313	—	32,313
Property and equipment	10,375	21,528	11,563	16,783	16,739	18,586	9,087	15,849	—	120,510
Other non-current assets	7,404	5,734	2,197	3,841	4,917	4,214	1,658	1,344	—	31,309
Unallocated assets										21,348
Total assets										<u>17,073,050</u>
Liabilities by geographical area	7,265,631	3,227,184	2,177,210	3,787,793	2,059,468	2,358,805	910,108	1,114,390	(6,875,076)	16,025,513
Unallocated liabilities										30,089
Total liabilities										<u>16,055,602</u>
Other segment information:										
Credit commitments	450,218	436,497	353,544	336,852	127,191	152,211	57,030	193,590	—	2,107,133



	Mainland China (HO and domestic branches)							Overseas and others	Eliminations	Total
	Head Office	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central China	Western China	Northeastern China			
Six months ended 30 June 2011 (unaudited)										
External net interest income	67,392	27,348	16,642	14,913	15,238	21,300	7,151	4,520	—	174,504
Internal net interest income/(expense)	(53,693)	8,532	6,276	21,699	7,506	6,010	3,723	(53)	—	—
Net fee and commission income	1,499	13,532	9,526	9,769	7,869	7,348	2,593	1,728	(73)	53,791
Other income/(expense), net	2,114	(79)	(244)	76	95	135	114	654	—	2,865
Operating income	17,312	49,333	32,200	46,457	30,708	34,793	13,581	6,849	(73)	231,160
Operating expenses	(5,343)	(13,427)	(9,370)	(13,528)	(11,636)	(12,634)	(5,174)	(2,216)	73	(73,255)
Impairment losses on:										
Loans and advances to customers	(1,560)	(2,946)	(2,586)	(3,252)	(2,657)	(3,174)	(286)	(333)	—	(16,794)
Others	89	(17)	(1)	(35)	47	(5)	(76)	(89)	—	(87)
Operating profit	10,498	32,943	20,243	29,642	16,462	18,980	8,045	4,211	—	141,024
Share of profits and losses of associates and jointly-controlled entities	—	—	—	—	—	—	—	1,321	—	1,321
Profit before tax	10,498	32,943	20,243	29,642	16,462	18,980	8,045	5,532	—	142,345
Income tax expense										(32,770)
Profit for the period										<u>109,575</u>
Other segment information:										
Depreciation	644	968	670	872	987	1,089	480	273	—	5,983
Amortisation	240	100	48	59	99	97	28	16	—	687
Capital expenditure	610	480	367	397	444	655	146	4,387	—	7,486
Mainland China (HO and domestic branches)										
	Head Office	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central China	Western China	Northeastern China	Overseas and others	Eliminations	Total
As at 31 December 2011 (audited)										
Assets by geographical area	7,363,929	2,960,832	2,037,404	3,499,724	1,865,008	2,150,030	845,818	926,709	(6,194,524)	15,454,930
Including: Investments in associates and jointly-controlled entities	—	—	—	—	—	—	—	32,750	—	32,750
Property and equipment	9,218	22,004	11,828	17,063	17,370	18,941	9,393	13,211	—	119,028
Other non-current assets	7,396	5,820	2,224	3,934	5,009	4,277	1,644	1,296	—	31,600
Unallocated assets										21,938
Total assets										<u>15,476,868</u>
Liabilities by geographical area	6,698,446	2,901,326	1,999,210	3,440,828	1,837,114	2,113,992	831,310	839,705	(6,194,524)	14,467,407
Unallocated liabilities										51,638
Total liabilities										<u>14,519,045</u>
Other segment information:										
Credit commitments	394,265	434,989	343,562	311,307	118,215	142,619	56,967	174,668	—	1,976,592

## 10. Issue of Results Announcement and Interim Report

This announcement will be released on the HKExnews website of the SEHK (www.hkexnews.hk) and the websites of the Bank (www.icbc.com.cn, www.icbc-ltd.com) simultaneously. The 2012 Interim Report prepared in accordance with IFRSs will be released on the HKExnews website of the SEHK (www.hkexnews.hk) and the websites of the Bank (www.icbc.com.cn, www.icbc-ltd.com), and will be dispatched to holders of H shares of the Bank. The 2012 Interim Report and its abstract prepared in accordance with PRC GAAP will be released simultaneously on the websites of the SSE (www.sse.com.cn) and the Bank (www.icbc.com.cn, www.icbc-ltd.com).

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

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

30 August 2012

*As at the date of this announcement, the Board of Directors of the Bank comprises Mr. Jiang Jianqing, Mr. Yang Kaisheng, Ms. Wang Lili and Mr. Li Xiaopeng as executive directors; Mr. Huan Huiwu, Ms. Wang Xiaoya, Ms. Ge Rongrong, Mr. Li Jun, Mr. Wang Xiaolan and Mr. Yao Zhongli as non-executive directors; and Mr. Xu Shanda, Mr. Wong Kwong Shing, Frank, Sir Malcolm Christopher McCarthy, Mr. Kenneth Patrick Chung, Mr. Or Ching Fai and Mr. Hong Yongmiao as independent non-executive directors.*