中国建设银行
China Construction Bank

Half-Year Report 2017

China Construction Bank Corporation

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

Stock Code: 939 (Ordinary H-share)
4606 (Offshore Preference Share)

Contents

We have included in this report certain forward-looking statements with respect to our financial position, operating results and business development. These statements are based on current plans, estimates and projections. Although we believe that the expectations reflected in these forward-looking statements are reasonable, these statements do not constitute a substantive commitment to investors. Please be fully aware of the risks and understand the differences between plans, projections and commitments.

The main risks faced by the Group include credit risk, liquidity risk, market risk, operational risk, reputational risk and country risk. We proactively took measures to manage various risks effectively. For more information, please refer to "Risk Management" in the "Management Discussion and Analysis".

Definitions

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

"AML"	Anti-money laundering
"Bank"	China Construction Bank Corporation
"Baowu Steel Group"	China Baowu Steel Group Corporation Limited
"Basis Point"	Measurement unit of changes in interest rate or exchange rate, 1% of one percentage point
"Board"	Board of directors
"CBRC"	China Banking Regulatory Commission
"CCB Asia"	China Construction Bank (Asia) Corporation Limited
"CCB Brasil"	China Construction Bank (Brasil) Banco Múltiplo S/A
"CCB Europe"	China Construction Bank (Europe) S.A.
"CCB Financial Leasing"	CCB Financial Leasing Corporation Limited
"CCB Futures"	CCB Futures Co., Ltd.
"CCB Indonesia"	PT Bank China Construction Bank Indonesia Tbk
"CCB International"	CCB International (Holdings) Limited
"CCB Life"	CCB Life Insurance Company Limited
"CCB London"	China Construction Bank (London) Limited
"CCB Malaysia"	China Construction Bank (Malaysia) Berhad
"CCB New Zealand"	China Construction Bank (New Zealand) Limited
"CCB Pension"	CCB Pension Management Co., Ltd.
"CCB Principal Asset Management"	CCB Principal Asset Management Co., Ltd.
"CCB Property & Casualty"	CCB Property & Casualty Insurance Co., Ltd.
"CCB Russia"	China Construction Bank (Russia) Limited Liability Company
"CCB Trust"	CCB Trust Co., Ltd.
"CSRC"	China Securities Regulatory Commission
"Financial Services for Housing Reform"	A general term for credit activities of money collection, financing, etc., in connection with the reform of housing system
"Group"	China Construction Bank Corporation and its subsidiaries
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited

"Huijin"	Central Huijin Investment Ltd.
"IFRS"	International Financial Reporting Standards
"Listing Rules of Hong Kong Stock Exchange"	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"M&A"	Mergers and acquisitions
"MOF"	Ministry of Finance of the People's Republic of China
"NPLs"	Non-performing loans
"PBC"	People's Bank of China
"PRC GAAP"	*Accounting Standards for Business Enterprises* promulgated by the MOF on 15 February 2006 and other relevant requirements
"RMB"	Renminbi
"SFO"	Securities and Futures Ordinance
"Sino-German Bausparkasse"	Sino-German Bausparkasse Co., Ltd.
"State Grid"	State Grid Corporation of China
"STM"	Smart teller machine
"WMPs"	Wealth management products
"Yangtze Power"	China Yangtze Power Co., Limited

Important Notice

The Board and the board of supervisors of the Bank and its directors, supervisors and senior management warrant that the information contained in this half-year report is truthful, accurate and complete and there are no false presentations or misleading statements contained in, or material omissions from, this report, and that they assume severally and jointly legal liability.

The *Half-year Report 2017* and the results announcement have been reviewed and approved at the Board meeting of the Bank held on 30 August 2017. A total of 14 directors of the Bank attended the meeting in person.

As approved by the 2016 annual general meeting, the Bank distributed the 2016 cash dividend of RMB0.278 per share (including tax), totalling RMB2,667 million, on 30 June 2017 to all of its holders of A-shares whose names appeared on the register of members after the closing of the stock market on 29 June 2017. It distributed the 2016 cash dividend of RMB0.278 per share (including tax), totalling RMB66,836 million, on 20 July 2017 to all of its holders of H-shares whose names appeared on the register of members after the closing of the stock market on 29 June 2017. The Bank would not declare 2017 interim dividend nor would it propose any capitalisation of capital reserve into share capital during the reporting period.

The Group's 2017 half-year financial statements prepared under PRC GAAP have been reviewed by PricewaterhouseCoopers Zhong Tian LLP and the Group's 2017 half-year financial statements prepared under IFRS have been reviewed by PricewaterhouseCoopers.

Mr. Wang Zuji, vice chairman and president of the Bank, Mr. Xu Yiming, chief financial officer, and Mr. Fang Qiuyue, general manager of finance & accounting department, hereby warrant the truthfulness, accuracy and completeness of the financial statements in this half-year report.

1 Financial Highlights

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

(Expressed in millions of RMB unless otherwise stated)	**For the six months ended 30 June 2017**	For the six months ended 30 June 2016	For the six months ended 30 June 2015
For the period			
Net interest income	**217,854**	210,990	224,619
Net fee and commission income	**68,080**	67,190	63,645
Operating income	**303,133**	295,679	297,817
Profit before tax	**172,093**	169,878	169,207
Net profit	**139,009**	133,903	132,244
Net profit attributable to equity shareholders of the Bank	**138,339**	133,410	131,895
Per share (In RMB)			
Basic and diluted earnings per share	**0.55**	0.53	0.53
Profitability indicators (%)			
Annualised return on average assets[1]	**1.30**	1.41	1.51
Annualised return on average equity	**17.09**	17.80	20.18
Net interest spread	**2.03**	2.15	2.48
Net interest margin	**2.14**	2.32	2.67
Net fee and commission income to operating income	**22.46**	22.72	21.37
Cost-to-income ratio[2]	**22.31**	22.24	23.23

1. Calculated by dividing net profit by the average of total assets at the beginning and end of the period and then annualised.
2. Operating expenses (after deduction of taxes and surcharges) divided by operating income.

(Expressed in millions of RMB unless otherwise stated)	**As at 30 June 2017**	As at 31 December 2016	As at 31 December 2015
As at the end of the period			
Gross loans and advances to customers	**12,507,021**	11,757,032	10,485,140
Allowances for impairment losses on loans	**(302,291)**	(268,677)	(250,617)
Total assets	**21,692,067**	20,963,705	18,349,489
Deposits from customers	**16,274,393**	15,402,915	13,668,533
Total liabilities	**20,047,465**	19,374,051	16,904,406
Total Equity	**1,644,602**	1,589,654	1,445,083
Total equity attributable to equity shareholders of the Bank	**1,628,445**	1,576,500	1,434,020
Share capital	**250,011**	250,011	250,011
Common Equity Tier 1 capital after deductions[1]	**1,600,450**	1,549,834	1,408,127
Additional Tier 1 capital after deductions[1]	**19,761**	19,741	19,720
Tier 2 capital after regulatory adjustment[1]	**210,304**	214,340	222,326
Total capital after deductions[1]	**1,830,515**	1,783,915	1,650,173
Risk-weighted assets[1]	**12,622,157**	11,937,774	10,722,082
Per share (In RMB)			
Net assets per share	**6.50**	6.28	5.78
Capital adequacy indicators (%)			
Common Equity Tier 1 ratio[1]	**12.68**	12.98	13.13
Tier 1 ratio[1]	**12.84**	13.15	13.32
Total capital ratio[1]	**14.50**	14.94	15.39
Total equity to total assets	**7.58**	7.58	7.88
Asset quality indicators (%)			
Non-performing loan (NPL) ratio	**1.51**	1.52	1.58
Allowances to NPLs	**160.15**	150.36	150.99
Allowances to total loans	**2.42**	2.29	2.39

1. Calculated in accordance with the *Capital Rules for Commercial Banks (Provisional)*. The advanced capital measurement approaches and relevant rules in the transition period are applied in the calculation of capital adequacy ratios.

2 Corporate Information

Legal name and abbreviation in Chinese	中國建設銀行股份有限公司 (abbreviated as “中國建設銀行”)
Legal name and abbreviation in English	CHINA CONSTRUCTION BANK CORPORATION (abbreviated as “CCB”)
Legal representative	Wang Hongzhang
Authorised representatives	Wang Zuji Ma Chan Chi
Secretary to the Board	Chen Caihong
Representative of securities affairs	Xu Manxia
Contact address	No. 25, Financial Street, Xicheng District, Beijing
Contact telephone	86-10-66215533
Facsimile	86-10-66218888
Email address	ir@ccb.com
Company secretary	Ma Chan Chi
Qualified accountant	Yuen Yiu Leung
Registered address, office address and postcode	No. 25, Financial Street, Xicheng District, Beijing 100033
Internet website	www.ccb.com
Principal place of business in Hong Kong	28/F, CCB Tower, 3 Connaught Road Central, Central, Hong Kong
Newspapers for information disclosure	China Securities Journal and Shanghai Securities News
Website of the Shanghai Stock Exchange for publishing the half-year report prepared in accordance with PRC GAAP	www.sse.com.cn
“HKEXnews” website of Hong Kong Exchanges and Clearing Limited for publishing the half-year report prepared in accordance with IFRS	www.hkexnews.hk
Place where copies of this half-year report are kept	Board of Directors Office of the Bank
Listing stock exchanges, stock abbreviations and stock codes	A-share: Shanghai Stock Exchange Stock abbreviation: 建設銀行 Stock code: 601939 H-share: The Stock Exchange of Hong Kong Limited Stock abbreviation: CCB Stock code: 939 Offshore preference share: The Stock Exchange of Hong Kong Limited Stock abbreviation: CCB 15USDPREF Stock code: 4606

Certified public accountants	PricewaterhouseCoopers Zhong Tian LLP Address: 11/F, PricewaterhouseCoopers Centre, 2 Corporate Avenue, 202 Hu Bin Road, Huangpu District, Shanghai Signing accountants: Ye Shaokuan and Wu Weijun PricewaterhouseCoopers Address: 22/F, Prince's Building, Central, Hong Kong
Legal advisor as to PRC laws	Haiwen & Partners Address: 20/F, Fortune Financial Centre, 5 Dongsanhuan Central Road, Chaoyang District, Beijing
Legal advisor as to Hong Kong laws	Clifford Chance Address: 27/F, Jardine House, One Connaught Place, Central, Hong Kong
A-share registrar	China Securities Depository and Clearing Corporation Limited, Shanghai Branch Address: 34/F, China Insurance Building, 166 East Lujiazui Road, Pudong New District, Shanghai
H-share registrar	Computershare Hong Kong Investor Services Limited Address: Rooms 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

3 Management Discussion and Analysis

3.1 Financial Review

In the first half of the year, the global economy continued to recover on the whole. The US economy experienced twists and turns in its recovery, while the Eurozone and Japan saw continued economic improvements. The emerging market economies showed rapid growth as a whole while the pressures of adjustment and transformation persisted.

In the first half of the year, China's economy maintained steady and rapid growth, with overall stable growth of investment, and fast growth of import and export. The employment was stable with signs of improvement, and major indicators were better than expected. In the first half of the year, GDP increased by 6.9% over the same period last year. The consumer price index rose by 1.4%. The financial market remained sound and stable on the whole. The money market interest rates rose generally and the market liquidity was basically stable.

The PBC continued to implement prudent and neutral monetary policy with macro-prudential management further strengthened. The CBRC issued a series of regulatory documents intensively, and carried out multiple targeted rectification missions. With the regulatory impact of financial "de-leveraging", China's banking industry gradually entered into a "de-leveraging" operating cycle. In the first half of the year, the banking industry was overall stable with more reasonable growth rate of assets, and the risks were within control on the whole. The support to the real economy was further enhanced.

In light of the changing situations, the Group adhered to prudent operation in strict compliance with regulatory requirements, and accelerated its transformation and development, which led to steady growth of assets and liabilities, sound growth momentum in profitability, gradual improvement in asset quality, and a high level of capital adequacy ratio.

3.1.1 Statement of Comprehensive Income Analysis

In the first half of 2017, the Group recorded profit before tax of RMB172,093 million and net profit of RMB139,009 million, up by 1.30% and 3.81% respectively over the same period last year, maintaining steady growth in profitability. Key factors affecting the Group's profitability included the following: First, net interest income increased by RMB6,864 million, or 3.25%, compared to the same period last year, mainly because the impact of the PBC's consecutive interest rate cuts had been substantially absorbed and the increase of interest-bearing assets brought the positive growth of net interest income; Second, the Group actively expanded its customer base, strengthened product innovation and continued to improve its comprehensive service ability, with its net fee and commission income up by RMB890 million, or 1.32%, over the same period last year; Third, the Group continued to improve its cost management and optimised its expenses structure. Cost-to-income ratio was 22.31%, up by 0.07 percentage points, roughly at par with the same period last year. In addition, the Group made prudent and sufficient provisions for impairment losses on loans and advances to customers. The impairment loss was RMB60,510 million, up by 29.82% compared to the same period last year.

The following table sets forth the composition of the Group's Statement of Comprehensive Income and the changes during the respective periods.

(In millions of RMB, except percentages)	**Six months ended 30 June 2017**	Six months ended 30 June 2016	Change (%)
Net interest income	**217,854**	210,990	3.25
Net non-interest income	**85,279**	84,689	0.70
– Net fee and commission income	**68,080**	67,190	1.32
Operating income	**303,133**	295,679	2.52
Operating expenses	**(70,547)**	(79,116)	(10.83)
Impairment losses	**(60,510)**	(46,610)	29.82
Share of profit/(loss) of associates and joint ventures	**17**	(75)	(122.67)
Profit before tax	**172,093**	169,878	1.30
Income tax expenses	**(33,084)**	(35,975)	(8.04)
Net profit	**139,009**	133,903	3.81

Net interest income

In the first half of 2017, the Group's net interest income amounted to RMB217,854 million, an increase of RMB6,864 million, or 3.25%, over the same period last year. The net interest income accounted for 71.87% of the operating income.

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

	Six months ended 30 June 2017			Six months ended 30 June 2016		
(In millions of RMB, except percentages)	**Average balance**	**Interest income/ expense**	**Average yield/ cost (%)**	Average balance	Interest income/ expense	Average yield/ cost (%)
Assets						
Gross loans and advances to customers	**12,372,606**	**248,682**	**4.05**	10,822,281	239,817	4.46
Debt securities investments	**4,496,371**	**83,126**	**3.73**	4,041,210	74,943	3.73
Deposits with central banks	**2,817,957**	**21,057**	**1.51**	2,552,945	19,261	1.52
Deposits and placements with banks and non-bank financial institutions	**615,842**	**7,718**	**2.53**	710,147	9,903	2.80
Financial assets held under resale agreements	**200,563**	**2,906**	**2.92**	190,933	2,487	2.62
Total interest-earning assets	**20,503,339**	**363,489**	**3.58**	18,317,516	346,411	3.80
Total allowances for impairment losses	**(290,078)**			(257,486)		
Non-interest-earning assets	**1,762,520**			1,229,089		
Total assets	**21,975,781**	**363,489**		19,289,119	346,411	
Liabilities						
Deposits from customers	**15,895,456**	**105,936**	**1.34**	14,144,091	106,835	1.52
Deposits and placements from banks and non-bank financial institutions	**1,921,249**	**21,999**	**2.31**	1,745,309	18,047	2.08
Debt securities issued	**497,673**	**8,853**	**3.59**	377,421	7,600	4.05
Borrowings from central banks	**456,968**	**6,721**	**2.97**	118,102	1,604	2.73
Financial assets sold under repurchase agreements	**119,876**	**2,126**	**3.58**	105,103	1,335	2.55
Total interest-bearing liabilities	**18,891,222**	**145,635**	**1.55**	16,490,026	135,421	1.65
Non-interest-bearing liabilities	**1,429,330**			1,067,961		
Total liabilities	**20,320,552**	**145,635**		17,557,987	135,421	
Net interest income		**217,854**			210,990	
Net interest spread			**2.03**			2.15
Net interest margin			**2.14**			2.32

In the first half of 2017, as affected by the different decrease rates between deposit interest rates and loan interest rates, the impact of the price and tax separation following the BT to VAT reform and the change in the asset and liability structure, the Group's yield on interest-earning assets decreased at a higher rate than the cost of interest-bearing liabilities. As a result, the net interest spread and net interest margin dropped by 12 basis points and 18 basis points to 2.03% and 2.14% respectively, compared to the same period last year. In view of the challenges arising from the complex market environment, the Group will continue to implement the strategy of pursuing development with balanced volume and prices, flexibly adopt the pricing strategy that combines standardisation and differentiation, and improve the effectiveness of pricing management in targeted areas.

The following table sets forth the effects of the movement of the average balances and average interest rates of the Group's assets and liabilities on the changes in interest income and expenses in the first half of 2017 as compared with the same period last year.

(In millions of RMB)	Volume factor[1]	Interest rate factor[1]	Change in interest income/expense
Assets			
Gross loans and advances to customers	32,665	(23,800)	8,865
Debt securities investments	8,392	(209)	8,183
Deposits with central banks	1,978	(182)	1,796
Deposits and placements with banks and non-bank financial institutions	(1,252)	(933)	(2,185)
Financial assets held under resale agreements	130	289	419
Change in interest income	41,913	(24,835)	17,078
Liabilities			
Deposits from customers	12,623	(13,522)	(899)
Deposits and placements from banks and non-bank financial institutions	1,912	2,040	3,952
Financial assets sold under repurchase agreements	205	586	791
Debt securities issued	2,212	(959)	1,253
Borrowings from central banks	4,970	147	5,117
Change in interest expense	21,922	(11,708)	10,214
Change in net interest income	19,991	(13,127)	6,864

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

Net interest income increased by RMB6,864 million over the same period last year. In this amount, an increase of RMB19,991 million was due to the movement of average balances of assets and liabilities, and a decrease of RMB13,127 million was due to the movements of average yields or costs.

Interest income

In the first half of 2017, the Group's interest income increased by RMB17,078 million or 4.93% over the same period last year to RMB363,489 million. In this amount, the proportions of interest income from loans and advances to customers, investments in debt securities, deposits with the central bank, deposits and placements with banks and non-bank financial institutions, and interest income from financial assets held under resale agreements were 68.42%, 22.87%, 5.79%, 2.12% and 0.80% respectively.

Interest income from loans and advances to customers

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

	Six months ended 30 June 2017			Six months ended 30 June 2016		
(In millions of RMB, except percentages)	**Average balance**	**Interest income**	**Average yield (%)**	Average balance	Interest income	Average yield (%)
Corporate loans and advances	**6,200,817**	**130,085**	**4.23**	5,847,255	138,091	4.75
Short-term loans	**2,265,680**	**46,109**	**4.10**	2,207,775	50,523	4.60
Medium to long-term loans	**3,935,137**	**83,976**	**4.30**	3,639,480	87,568	4.84
Personal loans and advances	**4,589,883**	**96,943**	**4.22**	3,651,802	81,228	4.45
Discounted bills	**304,127**	**4,080**	**2.71**	456,687	7,488	3.30
Overseas operations and subsidiaries	**1,277,779**	**17,574**	**2.77**	866,537	13,010	3.02
Gross loans and advances to customers	**12,372,606**	**248,682**	**4.05**	10,822,281	239,817	4.46

Interest income from loans and advances to customers increased by RMB8,865 million, or 3.70% over the same period last year, to RMB248,682 million, mainly because the impact of the PBC's consecutive interest rate cuts had been substantially absorbed. The average balance of loans and advances to customers increased by 14.33% over the same period last year, leading to the growth of interest income from loans and advances to customers.

Interest income from debt securities investments

Interest income from debt securities investments grew by RMB8,183 million or 10.92% to RMB83,126 million over the same period last year. This was mainly because the average balance of debt securities investments increased.

Interest income from deposits with central banks

Interest income from deposits with central banks amounted to RMB21,057 million, an increase of RMB1,796 million or 9.32% from the same period last year. This was mainly because the average balance of deposits with central banks increased by 10.38% over the same period last year.

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

Interest income from deposits and placements with banks and non-bank financial institutions decreased by RMB2,185 million, or 22.06% from the same period last year, to RMB7,718 million. This was mainly because the average balance of deposits and placements with banks and non-bank financial institutions decreased by 13.28% and the average yield decreased by 27 basis points over the same period last year.

Interest income from financial assets held under resale agreements

Interest income from financial assets held under resale agreements increased by RMB419 million, or 16.85% over the same period last year, to RMB2,906 million. This was primarily because the average yield of financial assets held under resale agreements increased by 30 basis points and the average balance increased by 5.04% over the same period last year.

Interest expense

In the first half of 2017, the Group's interest expense was RMB145,635 million, an increase of RMB10,214 million, or 7.54% over the same period last year.

Interest expense on deposits from customers

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

	Six months ended 30 June 2017			Six months ended 30 June 2016		
(In millions of RMB, except percentages)	**Average balance**	**Interest expense**	**Average cost (%)**	Average balance	Interest expense	Average cost (%)
Corporate deposits	**8,268,795**	**51,021**	**1.24**	7,190,592	49,484	1.38
Demand deposits	**5,237,678**	**16,959**	**0.65**	4,385,470	14,588	0.67
Time deposits	**3,031,117**	**34,062**	**2.25**	2,805,122	34,896	2.49
Personal deposits	**7,139,504**	**50,803**	**1.43**	6,640,165	54,325	1.65
Demand deposits	**3,062,763**	**4,624**	**0.30**	2,678,428	4,068	0.31
Time deposits	**4,076,741**	**46,179**	**2.27**	3,961,737	50,257	2.54
Overseas operations and subsidiaries	**487,157**	**4,112**	**1.70**	313,334	3,026	1.94
Total deposits from customers	**15,895,456**	**105,936**	**1.34**	14,144,091	106,835	1.52

Interest expense on deposits from customers decreased by RMB899 million, or 0.84% to RMB105,936 million over the same period last year, mainly because the average cost of deposits from customers decreased by 18 basis points to 1.34% over the same period last year.

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

Interest expense on deposits and placements from banks and non-bank financial institutions was RMB21,999 million, an increase of RMB3,952 million, or 21.90%, over the same period last year. This was largely because the average cost increased by 23 basis points over the same period last year, and the average balance of deposits and placements from banks and non-bank financial institutions increased by 10.08% driven by the increase in placements from financial institutions with overseas operations.

Interest expense on financial assets sold under repurchase agreements

Interest expense on financial assets sold under repurchase agreements increased by RMB791 million or 59.25% to RMB2,126 million over the same period last year. This was primarily because the average cost of financial assets sold under repurchase agreements increased by 103 basis points and the average balance increased by 14.06% over the same period last year.

Net non-interest income

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

(In millions of RMB, except percentages)	**Six months ended 30 June 2017**	Six months ended 30 June 2016	Change (%)
Fee and commission income	**74,166**	70,907	4.60
Fee and commission expense	**(6,086)**	(3,717)	63.73
Net fee and commission income	**68,080**	67,190	1.32
Other net non-interest income	**17,199**	17,499	(1.71)
Total net non-interest income	**85,279**	84,689	0.70

In the first half of 2017, the Group's net non-interest income reached RMB85,279 million, an increase of RMB590 million, or 0.70% over the same period last year.

Net fee and commission income

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

(In millions of RMB, except percentages)	**Six months ended 30 June 2017**	Six months ended 30 June 2016	Change (%)
Fee and commission income	**74,166**	70,907	4.60
Bank card fees	**20,110**	17,785	13.07
Wealth management service fees	**12,381**	11,324	9.33
Agency service fees	**10,221**	12,738	(19.76)
Settlement and clearing fees	**7,442**	7,130	4.38
Commission on trust and fiduciary activities	**6,610**	6,244	5.86
Consultancy and advisory fees	**6,593**	7,318	(9.91)
Electronic banking service fees	**6,484**	4,594	41.14
Guarantee fees	**1,714**	1,574	8.89
Credit commitment fees	**836**	1,264	(33.86)
Others	**1,775**	936	89.64
Fee and commission expense	**(6,086)**	(3,717)	63.73
Net fee and commission income	**68,080**	67,190	1.32

In the first half of 2017, the Group's net fee and commission income increased by RMB890 million, or 1.32%, over the same period last year, to RMB68,080 million. The ratio of net fee and commission income to operating income decreased by 0.26 percentage points to 22.46% over the same period last year.

Bank card fees grew by 13.07% to RMB20,110 million, mainly because the growth rate of income from credit card exceeded 20%.

Wealth management service fees increased by 9.33% to RMB12,381 million. It was mainly because the Group launched differentiated WMPs that effectively met the needs of various customers and achieved stable growth in sales.

Agency service fees decreased by 19.76% to RMB10,221 million. It was mainly because the fees from agency insurance services and agency fund sales fell due to market and other factors.

Settlement and clearing fees increased by 4.38% to RMB7,442 million. In this amount, RMB settlement income fell from the same period last year as a result of regulatory policies change and increased benefits to the personal customers, including fee reductions and concessions. Income from other settlement businesses grew due to the Group's continued efforts in product innovation, which delivered convenient and comprehensive services to customers.

Commission on trust and fiduciary activities rose by 5.86% to RMB6,610 million. In this amount, custodial income grew driven by the continued growth of assets under custody, and commission from syndicated loans achieved fast growth.

Consultancy and advisory fees decreased by 9.91% to RMB6,593 million, mainly because the Group increased exemptions and reductions in service fees for corporate customers in line with state policies to support the development of real economy.

Income from electronic banking services increased by 41.14% to RMB6,484 million. It was mainly because the Group spared no effort in building an Internet-based financial eco-system, fuelling the rapid increase in the number of customers and the volume of transactions.

In the second half of the year, the Group will perform in-depth analyses of the market and customer needs, diligently identify and take advantage of business development opportunities, strengthen product innovation, enhance its comprehensive service capability, and strive to maintain the stable growth of fee and commission income.

Other net non-interest income

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

(In millions of RMB, except percentages)	**Six months ended 30 June 2017**	Six months ended 30 June 2016	Change (%)
Net trading gain	**2,842**	1,696	67.57
Dividend income	**980**	1,405	(30.25)
Net (loss)/gain arising from investment securities	**(1,632)**	7,337	(122.24)
Other net operating income	**15,009**	7,061	112.56
Other net non-interest income	**17,199**	17,499	(1.71)

Other net non-interest income of the Group was RMB17,199 million, a decrease of RMB300 million, or 1.71%, from the same period last year. In this amount, net trading gain was RMB2,842 million, an increase of RMB1,146 million over the same period last year, mainly driven by the increase in income from precious metal leasing; net loss arising from investment securities was RMB1,632 million, mainly because the change in equity due to certain investments in available-for-sale debt-type public funds was included during the reporting period, and the base number was relatively high due to the disposal of certain profitable debt securities during the same period last year; other net operating income was RMB15,009 million, an increase of RMB7,948 million over the same period last year, mainly because the foreign exchange gain increased due to the increase of foreign exchange transaction volume and the evaluation gain from foreign exchange derivative transactions.

Operating expenses

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

(In millions of RMB, except percentages)	**Six months ended 30 June 2017**	Six months ended 30 June 2016
Staff costs	**41,984**	39,972
Premises and equipment expenses	**14,011**	13,708
Taxes and surcharges	**2,907**	13,359
Others	**11,645**	12,077
Total operating expenses	**70,547**	79,116
Cost-to-income ratio (%)	**22.31**	22.24

In the first half of 2017, the Group enhanced cost management and optimised expenses structure. Cost-to-income ratio was 22.31%, an increase of 0.07 percentage points over the same period last year, remaining basically stable. The Group's operating expenses were RMB70,547 million, a year-on-year decrease of RMB8,569 million, or 10.83%. In this amount, staff costs were RMB41,984 million, a year-on-year increase of RMB2,012 million, or 5.03%. Premises and equipment expenses were RMB14,011 million, an increase of RMB303 million, or 2.21% over the same period last year. Tax and surcharges were RMB2,907 million, a decrease of RMB10,452 million, or 78.24% year-on-year, mainly due to the inclusion of business tax and surcharges in the figure of 2016. Other operating expenses were RMB11,645 million, a year-on-year decrease of RMB432 million, or 3.58%, mainly because the Group arranged marketing expenditures more effectively in line with its strategic transformation targets, and more strictly controlled administrative and operating expenses.

Impairment losses

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

(In millions of RMB)	**Six months ended 30 June 2017**	Six months ended 30 June 2016
Loans and advances to customers	**59,729**	46,798
Investments	**663**	(1,027)
Available-for-sale financial assets	**282**	(59)
Held-to-maturity investments	**12**	(512)
Investment classified as receivables	**369**	(456)
Others	**118**	839
Total impairment losses	**60,510**	46,610

In the first half of 2017, the Group's impairment losses were RMB60,510 million, an increase of RMB13,900 million over the same period last year. This was mainly because impairment losses on loans and advances to customers increased by RMB12,931 million over the same period last year, and impairment losses on investments increased by RMB1,690 million over the same period last year. For the impairment losses on investments, those incurred to investments classified as receivables were RMB369 million, and those incurred to available-for-sale financial assets were RMB282 million.

Income tax expense

In the first half of 2017, the Group's income tax expense amounted to RMB33,084 million, a decrease of RMB2,891 million over the same period last year. The effective income tax rate was 19.22%, lower than the statutory rate of 25%, mainly due to interest income from the PRC government bonds held by the Group was non-taxable in accordance with the tax law.

3.1.2 Statement of Financial Position Analysis

Assets

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

	As at 30 June 2017		As at 31 December 2016	
(In millions of RMB, except percentages)	**Amount**	**% of total**	Amount	% of total
Gross loans and advances to customers	**12,507,021**		11,757,032	
Allowances for impairment losses on loans	**(302,291)**		(268,677)	
Net loans and advances to customers	**12,204,730**	**56.26**	11,488,355	54.80
Investment[1]	**5,045,126**	**23.26**	5,068,584	24.18
Cash and deposits with central banks	**2,941,465**	**13.56**	2,849,261	13.59
Deposits and placements with banks and non-bank financial institutions	**550,991**	**2.54**	755,288	3.60
Financial assets held under resale agreements	**279,535**	**1.29**	103,174	0.49
Interest receivable	**110,386**	**0.51**	101,645	0.49
Others[2]	**559,834**	**2.58**	597,398	2.85
Total assets	**21,692,067**	**100.00**	20,963,705	100.00

1. These comprise financial assets at fair value through profit or loss, available-for-sale financial assets, held-to-maturity investments, and investment classified as receivables.
2. These comprise precious metals, positive fair value of derivatives, interests in associates and joint ventures, fixed assets, land use rights, intangible assets, goodwill, deferred tax assets and other assets.

At the end of June, the Group's total assets were RMB21,692,067 million, an increase of RMB728,362 million or 3.47% over the end of last year, slower than the same period last year. In this amount, net loans and advances to customers increased by RMB716,375 million or 6.24%. Deposits and placements with banks and non-bank financial institutions decreased by RMB204,297 million or 27.05%. Financial assets held under resale agreements increased by RMB176,361 million or 170.94% over the end of last year. Accordingly, the proportion of net loans and advances to customers in the total assets rose by 1.46 percentage points to 56.26%, the proportion of deposits and placements with banks and non-bank financial institutions in total assets decreased by 1.06 percentage points to 2.54%, and the proportion of financial assets held under resale agreements rose by 0.80 percentage points to 1.29%.

Loans and advances to customers

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

	As at 30 June 2017		As at 31 December 2016	
(In millions of RMB, except percentages)	Amount	% of total	Amount	% of total
Corporate loans and advances	6,348,232	50.76	5,864,895	49.89
Short-term loans	2,014,450	16.11	1,786,442	15.20
Medium to long-term loans	4,333,782	34.65	4,078,453	34.69
Personal loans and advances	4,806,101	38.43	4,338,349	36.90
Residential mortgages	3,926,190	31.39	3,585,647	30.50
Credit card loans	493,121	3.94	442,001	3.76
Personal consumer loans	158,076	1.27	75,039	0.64
Personal business loans	39,398	0.32	46,395	0.39
Other loans[1]	189,316	1.51	189,267	1.61
Discounted bills	168,014	1.34	495,140	4.21
Overseas operations and subsidiaries	1,184,674	9.47	1,058,648	9.00
Gross loans and advances to customers	12,507,021	100.00	11,757,032	100.00

1. These comprise personal commercial property loans, home equity loans and education loans.

At the end of June, the Group's gross loans and advances to customers were RMB12,507,021 million, an increase of RMB749,989 million or 6.38% over the end of last year.

Domestic corporate loans and advances of the Bank reached RMB6,348,232 million, an increase of RMB483,337 million, or 8.24% over the end of last year, mainly extended to infrastructure sectors and small and micro enterprises. In this amount, short-term loans increased by RMB228,008 million, or 12.76%; medium to long-term loans increased by RMB255,329 million, or 6.26% over the end of last year.

Domestic personal loans and advances of the Bank were RMB4,806,101 million, an increase of RMB467,752 million or 10.78% over the end of last year. In this amount, residential mortgages were RMB3,926,190 million, an increase of RMB340,543 million, or 9.50%, slower compared to the same period last year; credit card loans increased by RMB51,120 million or 11.57% to RMB493,121 million over the end of last year; personal consumer loans rose by RMB83,037 million or 110.66% to RMB158,076 million, mainly driven by the increase in personal self-service loan product branded as "CCB Rapid Personal Loan Online"; personal business loans decreased by RMB6,997 million from the end of last year to RMB39,398 million.

Discounted bills reached RMB168,014 million, a decrease of RMB327,126 million over the end of last year, mainly to meet the other loan needs of the real economy.

Loans and advances to customers at overseas operations and subsidiaries amounted to RMB1,184,674 million, an increase of RMB126,026 million or 11.90% over the end of last year, mainly due to the business growth of overseas operations.

Distribution of loans by collateral type

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

	As at 30 June 2017		As at 31 December 2016	
(In millions of RMB, except percentages)	**Amount**	**% of total**	Amount	% of total
Unsecured loans	**3,642,528**	**29.12**	3,471,042	29.52
Guaranteed loans	**2,167,701**	**17.33**	1,964,685	16.71
Loans secured by tangible assets other than monetary assets	**5,356,838**	**42.84**	5,095,325	43.34
Loans secured by monetary assets	**1,339,954**	**10.71**	1,225,980	10.43
Gross loans and advances to customers	**12,507,021**	**100.00**	11,757,032	100.00

Allowances for impairment losses on loans and advances to customers

	Six months ended 30 June 2017			
		Allowances for impaired loans and advances		
(In millions of RMB)	**Allowances for collectively assessed loans and advances**	**collectively assessed**	**individually assessed**	**Total**
As at 1 January	**155,949**	**13,275**	**99,453**	**268,677**
Charge for the period	**24,630**	**3,932**	**40,628**	**69,190**
Release during the period	**–**	**–**	**(9,461)**	**(9,461)**
Unwinding of discount	**–**	**–**	**(1,520)**	**(1,520)**
Transfers out	**(10)**	**(34)**	**(10,702)**	**(10,746)**
Write-offs	**–**	**(2,172)**	**(14,216)**	**(16,388)**
Recoveries	**–**	**499**	**2,040**	**2,539**
As at 30 June	**180,569**	**15,500**	**106,222**	**302,291**

The Group adhered to the prudence principle in making full provisions for impairment losses on loans and advances to customers, by fully considering the impact of changes in external environment including macroeconomy and government regulatory policies on the asset quality of loans and advances to customers. At the end of June, the allowances for impairment losses on loans and advances to customers were RMB302,291 million, an increase of RMB33,614 million over the end of last year. The ratio of allowances to NPLs was 160.15%, up 9.79 percentage points from the end of last year. The ratio of allowances to total loans was 2.42%, an increase of 0.13 percentage points from the end of last year.

Please refer to Note "Loans and advances to customers" in the "Financial Statements" for detailed information about provisioning for impaired loans.

Investments

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

	As at 30 June 2017		As at 31 December 2016	
(In millions of RMB, except percentages)	Amount	% of total	Amount	% of total
Debt securities investments	4,511,400	89.42	4,445,214	87.70
Equity instruments and funds	167,789	3.33	303,398	5.99
Other debt instruments	365,937	7.25	319,972	6.31
Total investments	5,045,126	100.00	5,068,584	100.00

In the first half of 2017, in accordance with its annual investment and trading strategies and risk policy requirements, the Group proactively dealt with regulatory and market changes to achieve a sound balance between risks and returns. At the end of June, the Group's investments totalled RMB5,045,126 million, at par with the end of last year. In this amount, debt securities investments accounted for 89.42% of the total investments, an increase of 1.72 percentage points over the end of 2016. Equity instruments and funds accounted for 3.33% of the total investments, a decrease of 2.66 percentage points compared to the end of last year, mainly because investments in public funds dropped. Other debt instruments accounted for 7.25% of the total investments, an increase of 0.94 percentage points over the end of last year, mainly because the deposits with banks and credit assets under principal-guaranteed wealth investments increased.

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

	As at 30 June 2017		As at 31 December 2016	
(In millions of RMB, except percentages)	Amount	% of total	Amount	% of total
Financial assets at fair value through profit or loss	598,654	11.87	488,370	9.64
Available-for-sale financial assets	1,576,618	31.25	1,633,834	32.23
Held-to-maturity investments	2,395,855	47.49	2,438,417	48.11
Investment classified as receivables	473,999	9.39	507,963	10.02
Total investments	5,045,126	100.00	5,068,584	100.00

Debt securities investments

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

	As at 30 June 2017		As at 31 December 2016	
(In millions of RMB, except percentages)	Amount	% of total	Amount	% of total
RMB	4,291,340	95.12	4,257,384	95.77
USD	133,196	2.95	106,761	2.40
HKD	36,612	0.81	38,085	0.86
Other foreign currencies	50,252	1.12	42,984	0.97
Total debt securities investments	4,511,400	100.00	4,445,214	100.00

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

	As at 30 June 2017		As at 31 December 2016	
(In millions of RMB, except percentages)	**Amount**	**% of total**	Amount	% of total
Government	**2,916,745**	**64.65**	2,667,258	60.00
Banks and non-bank financial institutions	**775,264**	**17.19**	892,154	20.07
Policy banks	**339,694**	**7.53**	361,574	8.13
Central banks	**21,881**	**0.49**	21,722	0.49
Enterprises	**400,776**	**8.88**	355,213	7.99
Others	**57,040**	**1.26**	147,293	3.32
Total debt securities investments	**4,511,400**	**100.00**	4,445,214	100.00

Financial debt securities

At the end of June, the Group held financial debt securities issued by financial institutions totalling RMB1,114,958 million. In this amount, RMB339,694 million were issued by policy banks, and RMB775,264 million were issued by banks and non-bank financial institutions, representing 30.47% and 69.53% respectively in the total amount.

The following table sets forth the top ten largest financial debt securities by par value held by the Group at the end of the reporting period.

(In millions of RMB, except percentages)	Par value	Annual interest rate (%)	Maturity date	Allowances for impairment losses
Issued by a commercial bank in 2014	**13,880**	**5.44**	**8 April 2019**	**–**
Issued by a commercial bank in 2014	**11,540**	**5.67**	**8 April 2024**	**–**
Issued by a commercial bank in 2014	**11,340**	**5.79**	**14 January 2021**	**–**
Issued by a commercial bank in 2014	**10,682**	**5.61**	**8 April 2021**	**–**
Issued by a commercial bank in 2010	**10,000**	**4.21**	**13 January 2021**	**–**
Issued by a commercial bank in 2011	**10,000**	**4.39**	**28 March 2018**	**–**
Issued by a commercial bank in 2010	**8,280**	**One-year time deposit interest rate +0.59%**	**25 February 2020**	**–**
Issued by a commercial bank in 2011	**8,280**	**4.62**	**22 February 2021**	**–**
Issued by a policy bank in 2011	**8,170**	**4.49**	**25 August 2018**	**–**
Issued by a commercial bank in 2013	**7,860**	**4.97**	**24 October 2018**	**–**

Interest receivable

At the end of June, the Group's interest receivable was RMB110,386 million, an increase of RMB8,741 million or 8.60% over the end of last year, mainly due to the increase in interest receivable from loans and advances to customer. The allowances for impairment losses of interest receivable were 0.

Repossessed assets

At the end of June, the Group's repossessed assets were RMB3,324 million, a decrease of RMB149 million over the end of last year; the balance of impairment allowances for repossessed assets was RMB986 million, a decrease of RMB76 million over the end of last year. Please refer to Note "Other Assets" in the "Financial Statements" for details.

Liabilities

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

	As at 30 June 2017		As at 31 December 2016	
(In millions of RMB, except percentages)	**Amount**	**% of total**	Amount	% of total
Deposits from customers	**16,274,393**	**81.18**	15,402,915	79.50
Deposits and placements from banks and non-bank financial institutions	**1,676,001**	**8.36**	1,935,541	9.99
Debt securities issued	**535,093**	**2.67**	451,554	2.33
Borrowings from central banks	**520,110**	**2.59**	439,339	2.27
Financial assets sold under repurchase agreements	**60,839**	**0.30**	190,580	0.98
Other liabilities[1]	**981,029**	**4.90**	954,122	4.93
Total liabilities	**20,047,465**	**100.00**	19,374,051	100.00

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

At the end of June, the Group's total liabilities were RMB20,047,465 million, an increase of RMB673,414 million or 3.48% over the end of 2016. In this amount, deposits from customers increased by RMB871,478 million or 5.66% over the end of 2016, and accounted for 81.18% of total liabilities, an increase of 1.68 percentage points over the end of 2016, mainly due to the Bank's efforts in expanding lower-cost settlement funds. Due to the sluggish capital market and maturity of certain deposits from banks, deposits from banks and non-bank financial institutions experienced a significant decrease, as reflected by a decrease of 2.19 percentage points to 6.14% in the total liabilities.

Deposits from customers

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

	As at 30 June 2017		As at 31 December 2016	
(In millions of RMB, except percentages)	**Amount**	**% of total**	Amount	% of total
Corporate deposits	**8,538,449**	**52.47**	8,008,460	51.99
Demand deposits	**5,482,660**	**33.69**	5,145,626	33.41
Time deposits	**3,055,789**	**18.78**	2,862,834	18.58
Personal deposits	**7,193,830**	**44.20**	6,927,182	44.98
Demand deposits	**3,106,195**	**19.08**	2,986,109	19.39
Time deposits	**4,087,635**	**25.12**	3,941,073	25.59
Overseas operations and subsidiaries	**542,114**	**3.33**	467,273	3.03
Total deposits from customers	**16,274,393**	**100.00**	15,402,915	100.00

At the end of June, the Group's total deposits from customers reached RMB16,274,393 million, up by RMB871,478 million or 5.66% over the end of 2016. In this amount, corporate deposits increased by RMB529,989 million, up by 6.62%. Personal deposits increased by RMB266,648 million, up by 3.85%. Deposits from overseas operations and subsidiaries increased by RMB74,841 million, up by 16.02%. The Bank's domestic demand deposits increased by RMB457,120 million or 5.62% over the end of 2016, and the proportion of demand deposits in domestic deposits from customers increased by 0.15 percentage points over the end of 2016 to 54.59%. The domestic time deposits increased by RMB339,517 million or 4.99% from the end of 2016.

Debt securities issued

The Bank issued no corporate debt securities that were required to be disclosed in accordance with *Standards for the Contents and Formats of Information Disclosure by Companies Offering Securities to the Public No. 3 – Contents and Formats of Half-Year Reports (2016 Revision).*

Please refer to Note "Debt securities issued" in the "Financial Statements" for details.

Shareholder's equity

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

(In millions of RMB)	**As at 30 June 2017**	As at 31 December 2016
Share capital	**250,011**	250,011
Other equity instruments – preference shares	**19,659**	19,659
Capital reserve	**134,507**	133,960
Investment revaluation reserve	**(16,680)**	(976)
Surplus reserve	**175,445**	175,445
General reserve	**245,456**	211,193
Retained earnings	**821,433**	786,860
Exchange reserve	**(1,386)**	348
Total equity attributable to equity shareholders of the Bank	**1,628,445**	1,576,500
Non-controlling interests	**16,157**	13,154
Total equity	**1,644,602**	1,589,654

At the end of June, the Group's total equity reached RMB1,644,602 million, an increase of RMB54,948 million or 3.46% over the end of 2016, primarily driven by the increase of RMB34,573 million or 4.39% in retained earnings. The ratio of total equity to total assets for the Group was 7.58%.

Off-balance sheet items

The Group's off-balance sheet items include derivatives, commitments and contingent liabilities. Derivatives include interest rate contracts, exchange rate contracts, precious metal contracts, and other contracts. Please refer to Note "Derivatives and Hedge Accounting" in the "Financial Statements" of this half-year report for details on the nominal amounts and fair value of derivatives. Commitments and contingent liabilities include credit commitments, operating lease commitments, capital commitments, underwriting obligations, redemption obligations, and outstanding litigation and disputes. Among these, credit commitments were the largest component, with a balance of RMB3,297,462 million as at 30 June 2017, an increase of RMB572,936 million over the end of 2016. Please refer to Note "Commitments and Contingent Liabilities" in the "Financial Statements" in this half-year report for details on commitments and contingent liabilities.

3.1.3 Loan Quality Analysis

Distribution of loans by five-category classification

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

	As at 30 June 2017		As at 31 December 2016	
(In millions of RMB, except percentages)	**Amount**	**% of total**	Amount	% of total
Normal	**11,962,913**	**95.65**	11,241,249	95.61
Special mention	**355,356**	**2.84**	337,093	2.87
Substandard	**78,007**	**0.62**	71,412	0.61
Doubtful	**90,044**	**0.72**	82,505	0.70
Loss	**20,701**	**0.17**	24,773	0.21
Gross loans and advances to customers	**12,507,021**	**100.00**	11,757,032	100.00
NPLs	**188,752**		178,690	
NPL ratio		**1.51**		1.52

In the first half of the year, the Group carried forward credit structural adjustment, enhanced early risk warning and control, strengthened credit supervision and inspection, and refined the building of a long-term mechanism. As a result, the credit asset quality remained stable. At the end of June, the Group's NPLs were RMB188,752 million, an increase of RMB10,062 million over the end of last year; the NPL ratio was 1.51%, a decrease of 0.01 percentage points from the end of last year. The special mention loans accounted for 2.84% of gross loans and advances, a decrease of 0.03 percentage points from the end of last year.

Distribution of loans and NPLs by product type

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

	As at 30 June 2017			As at 31 December 2016		
(In millions of RMB, except percentages)	**Loans**	**NPLs**	**NPL ratio (%)**	Loans	NPLs	NPL ratio (%)
Corporate loans and advances	**6,348,232**	**160,805**	**2.53**	5,864,895	152,323	2.60
Short-term loans	**2,014,450**	**89,655**	**4.45**	1,786,442	92,547	5.18
Medium to long-term loans	**4,333,782**	**71,150**	**1.64**	4,078,453	59,776	1.47
Personal loans and advances	**4,806,101**	**23,578**	**0.49**	4,338,349	21,548	0.50
Residential mortgages	**3,926,190**	**10,963**	**0.28**	3,585,647	10,175	0.28
Credit card loans	**493,121**	**5,758**	**1.17**	442,001	4,343	0.98
Personal consumer loans	**158,076**	**1,218**	**0.77**	75,039	1,196	1.59
Personal business loans	**39,398**	**2,036**	**5.17**	46,395	2,106	4.54
Other loans[1]	**189,316**	**3,603**	**1.90**	189,267	3,728	1.97
Discounted bills	**168,014**	**–**	**–**	495,140	–	–
Overseas operations and subsidiaries	**1,184,674**	**4,369**	**0.37**	1,058,648	4,819	0.46
Total	**12,507,021**	**188,752**	**1.51**	11,757,032	178,690	1.52

1. These comprise personal commercial property loans, home equity loans and education loans.

Distribution of loans and NPLs by industry

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

	As at 30 June 2017				As at 31 December 2016			
(In millions of RMB, except percentages)	**Loans**	**% of total**	**NPLs**	**NPL ratio (%)**	Loans	% of total	NPLs	NPL ratio (%)
Corporate loans and advances	**6,348,232**	**50.76**	**160,805**	**2.53**	5,864,895	49.89	152,323	2.60
Manufacturing	**1,228,449**	**9.82**	**75,879**	**6.18**	1,177,985	10.02	69,764	5.92
Transportation, storage and postal services	**1,251,716**	**10.01**	**6,347**	**0.51**	1,207,636	10.27	5,970	0.49
Production and supply of electric power, heat, gas and water	**773,569**	**6.19**	**1,459**	**0.19**	689,258	5.86	985	0.14
Real estate	**381,868**	**3.05**	**8,634**	**2.26**	342,531	2.91	8,652	2.53
Leasing and commercial services	**888,498**	**7.10**	**4,415**	**0.50**	749,690	6.38	4,573	0.61
– Commercial services	**794,054**	**6.35**	**4,096**	**0.52**	658,347	5.60	4,456	0.68
Wholesale and retail trade	**448,704**	**3.59**	**33,833**	**7.54**	410,923	3.50	37,016	9.01
Water, environment and public utility management	**373,356**	**2.99**	**675**	**0.18**	314,032	2.67	502	0.16
Construction	**246,804**	**1.97**	**8,097**	**3.28**	236,382	2.01	7,402	3.13
Mining	**228,266**	**1.83**	**13,722**	**6.01**	216,421	1.84	11,040	5.10
– Exploitation of petroleum and natural gas	**6,584**	**0.05**	**–**	**–**	5,745	0.05	–	–
Education	**71,297**	**0.57**	**125**	**0.18**	72,631	0.62	203	0.28
Information transmission, software and information technology services	**36,496**	**0.29**	**462**	**1.27**	30,607	0.26	432	1.41
– Telecommunications, broadcasting and television, and satellite transmission services	**24,644**	**0.20**	**2**	**0.01**	21,138	0.18	–	–
Others	**419,209**	**3.35**	**7,157**	**1.71**	416,799	3.55	5,784	1.39
Personal loans and advances	**4,806,101**	**38.43**	**23,578**	**0.49**	4,338,349	36.90	21,548	0.50
Discounted bills	**168,014**	**1.34**	**–**	**–**	495,140	4.21	–	–
Overseas operations and subsidiaries	**1,184,674**	**9.47**	**4,369**	**0.37**	1,058,648	9.00	4,819	0.46
Total	**12,507,021**	**100.00**	**188,752**	**1.51**	11,757,032	100.00	178,690	1.52

Facing the complex external environment and risk situation in the first half of the year, the Group optimised credit policies, improved its systems and mechanisms, clarified and improved customer acceptance criteria, strictly adhered to industry limits management, and continuously enhanced its credit structure. The loan quality in infrastructure sectors remained stable although the loan balance increased. The NPL ratio of manufacturing industry was basically stable, and the NPLs in the wholesale and retail industry and real estate industry decreased as compared to the end of 2016.

Rescheduled loans and advances to customers

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

	As at 30 June 2017		As at 31 December 2016	
(In millions of RMB, except percentages)	**Amount**	**% of gross loans and advances**	Amount	% of gross loans and advances
Rescheduled loans and advances to customers	**4,653**	**0.04**	5,020	0.04

At the end of June, the balance of restructured loans and advances to customers decreased by RMB367 million to RMB4,653 million over the end of 2016, and its proportion in gross loans and advances was 0.04%, at par with the end of last year.

Overdue loans and advances to customers

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

	As at 30 June 2017		As at 31 December 2016	
(In millions of RMB, except percentages)	**Amount**	**% of gross loans and advances**	Amount	% of gross loans and advances
Overdue for no more than 3 months	**55,490**	**0.45**	56,174	0.48
Overdue for 3 months to 1 year	**65,115**	**0.52**	66,102	0.56
Overdue for 1 to 3 years	**59,805**	**0.48**	51,357	0.43
Overdue over 3 years	**5,430**	**0.04**	4,466	0.04
Total overdue loans and advances to customers	**185,840**	**1.49**	178,099	1.51

At the end of June, overdue loans and advances to customers was RMB185,840 million, an increase of RMB7,741 million over the end of 2016, with its proportion in the gross loans and advances to customers remaining stable.

3.1.4 Differences between the Financial Statements Prepared under PRC GAAP and those Prepared under IFRS

There is no difference in the net profit for the six months ended 30 June 2017 or total equity as at 30 June 2017 between the Group's consolidated financial statements prepared under PRC GAAP and those prepared under IFRS.

3.2 Business Review

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

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

	Six months ended 30 June 2017		Six months ended 30 June 2016	
(In millions of RMB, except percentages)	**Amount**	**% of total**	Amount	% of total
Corporate banking	**47,258**	**27.46**	67,214	39.57
Personal banking	**76,043**	**44.19**	59,945	35.29
Treasury business	**31,049**	**18.04**	41,459	24.40
Others	**17,743**	**10.31**	1,260	0.74
Profit before tax	**172,093**	**100.00**	169,878	100.00

3.2.1 Corporate Banking

Corporate deposits

The Bank's corporate deposits grew steadily with a consolidated customer base. At the end of June, domestic corporate deposits of the Bank amounted to RMB8,538,449 million, an increase of RMB529,989 million, or 6.62% over the end of last year. In this amount, demand deposits increased by 6.55%, while time deposits increased by 6.74%.

Corporate loans

Corporate loans were granted to support the development of the real economy with optimised credit structure and stable asset quality. At the end of June, domestic corporate loans and advances of the Bank amounted to RMB6,348,232 million, an increase of RMB483,337 million, or 8.24% over the end of last year. The NPL ratio of corporate loans and advances was 2.53%, a decrease of 0.07 percentage points over the end of last year.

Loans to infrastructure sectors totalled RMB3,223,923 million, accounting for 50.78% of the gross corporate loans and advances, representing an increase of RMB327,767 million, or 11.32%, over the end of last year, with its NPL ratio at 0.39%. The Bank strictly implemented list management. Loans to the five industries with severe overcapacity, including iron and steel, cement, electrolytic aluminium, plate glass and shipbuilding, decreased by RMB133 million to RMB125,140 million from the end of last year. Property development loans were mainly extended to high quality real estate developers with high credit ratings, good business performance and proper closed management of project funds, as well as commercial housing projects for ordinary residential purpose. The outstanding balance of property development loans was RMB317,023 million, an increase of RMB17,825 million over the end of last year. The Bank strictly controlled the total amount of loans to government financing vehicles, and continued to optimise the related cash flow structure. The outstanding balance of those classified under the regulated category decreased by RMB17,823 million over the end of last year. In this amount, loans fully covered by cash flows accounted for 92.42%. Agriculture-related loans amounted to RMB1,722,503 million. In this amount, loans to new countryside construction were RMB42,165 million. The accumulated amount of "e-loan" series products granted through online channel based on supply chains since 2007 reached RMB297,611 million, covering over 20.3 thousand customers by cooperation with 146 platforms.

Small enterprise business

In the first half of the year, the Bank established the inclusive financial service business department to provide more support to small and micro enterprises and to extend the coverage of inclusive financial services. With enhanced application of big data and internet technologies in precise customer service and refined risk control, and through the end-to-end online financing service model of "Rapid Loan for Small and Micro Businesses", the Bank extended its financial services to more small and micro businesses and led the market in terms of both the increment and the total number of small and micro business borrowers. By means of "Yunongtong", the Bank extended its financial services to county and rural areas, and provided basic financial services as well as micro-credit support to small and micro businesses in the vast rural areas across China. At the end of June, according to the categorisation policy of small and medium-sized enterprises in 2011 as well as the CBRC's latest regulatory requirements, the outstanding balance of loans to small and micro enterprises was RMB1,490,072 million, an increase of RMB48,180 million over the end of last year. The number of small and micro enterprise borrowers was 397.4 thousand, an increase of 88.5 thousand over the end of last year, and the availability rate of loan applications for small and micro enterprises was 92.86%, 1.95 percentage points higher from the end of last year, fulfilling the regulatory requirements of "Three No-Less-Than". The Bank also maintained the overall stability of asset quality of loans to small and micro enterprises by implementing prudent customer selection, strict customer acceptance and industry screening, enhancing early warnings and preemptive controls, and improving post-lending management model featured by graded disposal.

Institutional business

In the first half of the year, the number of universities in cooperation with the Bank through "Yinxiaotong" channel increased by 73, and the number of hospitals in cooperation with the Bank through "Yinyitong" channel increased by 192. The Bank cooperated with approximately 50% of the "211 Project" first-rate universities and Grade III A hospitals. The Bank won the bidding of treasury time deposits as cash manager for a cumulative amount of RMB133 billion during the first half of year. It ranked first among peer banks in terms of the number of customers of the central finance authorised payment. The number of civil service bank cards issued to central fiscal budget agencies continued to be first in the market. Moreover, the Bank launched a series of comprehensive financial service brands, including "Junjian'anxin", "Xin-e-bao", and "Shanjianyixin", and improved overall customer service level with innovative brands such as membership dues cloud, civil capital verification platform, etc. It continued to sponsor the "CCB Cup" innovation and entrepreneurship competition for university students, and promoted the launch of the Innovation and Entrepreneurship Industrial Investment Fund and the Fund for Transformation and Transfer of Scientific and Technological Achievements in Chinese Universities.

Financial institutional business

In strict adherence to relevant regulatory policies, the Bank launched the campaign of "Year for Promoting Compliance in Financial Institutional Business" to enhance its internal control and compliance management in financial institutional business. It steadily downsized financial institutional assets in light of the needs for bank-wide assets and liabilities management. The financial institutional business maintained sound development with "zero legal case, zero NPL and low risk". At the end of June, the Bank's domestic financial institutional assets were RMB602,520 million, a decrease of RMB429,776 million from the end of last year; its domestic financial institutional liabilities (including deposits from insurance companies) were RMB1,073,739 million, a decrease of RMB378,253 million from the end of last year.

International business

The Bank quickened its pace in promoting "Cross-border e+", its comprehensive financial service platform for cross-border e-commerce, so as to offer "end-to-end, wholly on-line and one-stop" cross-border financial services to the market. It enhanced product innovation by launching a series of new products, including "bulk commodity buyout financing", "Zhumaodai" for medium, small and micro-sized enterprises, "export rebate credit loans", and "Zhengbaodai". Overseas correspondent banks and foreign currency clearing service networks continued to grow with a total of 1,369 head office level correspondent banks in 132 countries and regions. In the first half of the year, the volume of international settlement amounted to US$578,872 million, generating income of RMB2,742 million. The volume of cross-border RMB-denominated settlement amounted to RMB428,962 million and the number of cross-border RMB-denominated settlement customers increased by 16,000.

Asset custodial business

Against the backdrop of the sluggish capital market, the Bank proactively enhanced product marketing and strengthened innovations in custodial business. At the end of June, the Bank's assets under custody reached RMB9.92 trillion, an increase of 7.26% over the end of last year. In this amount, insurance assets under custody totalled RMB3.11 trillion, up by 20.70%; the Bank was the first in the industry to initiate private fund custodial service for wholly foreign-owned enterprises, and private funds under custody totalled RMB393,334 million, up by 30.01%.

Settlement and cash management business

The Bank was the first pilot bank approved by the PBC to innovate account management in commercial system reform. It also innovatively launched cross-border information reporting, cross-border payment and other global cash management products, and built an integrated cash management product system encompassing both domestic and foreign currencies as well as domestic and overseas operations. The Bank innovatively created a product system including cross-bank cash management and "Jianguanyi" for corporate funds supervision, which fully enhanced the enterprises' capability of integrated management of funds. With the launch of "Bank Bills Pool+" comprehensive financing, agency collection and payment, E-cards for corporate settlement and other scenario-based application solutions, it endeavoured to build a corporate payment ecosystem and enhance the recognition and influence of its "Yudao" brand. At the end of June, the Bank had 7.33 million corporate RMB settlement accounts, an increase of 610 thousand over the end of last year; it had 1.02 million active cash management customers.

3.2.2 Personal Banking

Personal deposits

The Bank enhanced its capability to attract deposits through highly effective products and services, maintaining the steady growth of personal deposits. At the end of June, domestic personal deposits of the Bank increased by RMB266,648 million, or 3.85% to RMB7,193,830 million over the end of last year. In this amount, demand deposits increased by 4.02% and time deposits increased by 3.72%.

Personal loans

The Bank's personal loan business developed steadily. At the end of June, domestic personal loans of the Bank increased by RMB467,752 million, or 10.78% to RMB4,806,101 million over the end of last year. Both the loan balance and increase ranked first among peers. Differentiated credit policies were strictly followed in granting residential mortgages, which mainly supported customers' credit demand in purchasing houses for own use. Residential mortgages amounted to RMB3,926,190 million, up by RMB340,543 million or 9.50% over the end of last year. Driven by personal self-service loans branded as "CCB Rapid Personal Loan Online" through the electronic channel, personal consumer loans achieved fast growth, reaching RMB158,076 million, up by RMB83,037 million, or 110.66% over the end of last year. Personal business loans were RMB39,398 million and personal agriculture-related loans totalled RMB6,435 million.

Credit card business

The Bank accelerated innovation and transformation of its credit card business, with a better operating structure and a strong brand, further enhancing its market competitiveness. The Bank vigorously intensified promotion among young people with the launching of six youth-oriented products, including Tencent Game Card, Global Hot Purchase Card, JOY Card, Tongcheng Long Card, JinJiang Long Card and "Transformer 5" Credit Card. With increased promotion of its mobile payment applications, including Long Pay, Cloud Quick Pass, and ApplePay, the Bank successfully launched two promotion-based products, namely "Long Card Saturday" and "Travel around the World". The innovation of consumer loan products expanded to various consumer service areas, including automobile, home renovation, travel, education, stores and restaurants, with its instalment product system fully covering all market segments, and the innovation and promotion of revolving credit businesses including cash withdrawals and transfers was also enhanced. Based on the development of its "smart customer services", self-service channels were used more in credit card customer service. To further enhance service quality, the Bank became the first in the industry to adopt grade-based early warning model in managing customer complaints. At the end of June, the accumulative number of credit cards issued reached 102 million, an increase of 7.56 million over the end of last year; spending through credit cards totalled RMB1.24 trillion, an increase of 7.27% year on year; the loan balance totalled RMB493,121 million and the asset quality remained good.

Debit card business

With focus on Long Pay and the payment and settlement ecosystem, the Bank gradually established its comprehensive service model with the combination of "scenario-based payment + financial services + marketing services", by leveraging on its financial IC cards, development of its account system, and integration of its online and offline service. At the end of June, the accumulative number of debit cards issued totalled 863 million, an increase of 32 million over the end of last year; spending through debit cards totalled RMB6.77 trillion, an increase of 40.75% year on year. The accumulative number of financial IC debit cards issued totalled 455 million, an increase of 42 million over the end of last year. "Long Pay" included the UnionPay QR codes in its functions to further enhance customer experience and offer a greater variety of payment scenarios, and the accumulative number of users since its launch in November 2016 has reached 27.08 million.

Private banking

For the private banking business, the Bank developed its "trump product" – family trust business by coordinating efforts between the parent company and subsidiaries, and continuously improved "Golden Housekeeper" business. The Bank diversified its value-added services in three major areas, namely exclusive private banking services, professional consultation and cross-border services. In addition to its traditional non-financial services such as global hospitality, health, travel and overseas studies, the Bank promoted its professional consultation service on pension planning, marital property planning, legal and tax matters, and introduced innovative offerings in children's education planning, family business governance and charity activities, among others. At the end of June, the total amount of financial assets of private banking customers with financial assets above RMB10 million reached RMB887,446 million, an increase of RMB101,109 million or 12.86% over the end of last year. The number of such customers amounted to 64,005, an increase of 5,284 or 9.00% over the end of last year.

Entrusted housing finance business

For the entrusted housing finance business, the Bank proactively improved its IT system, and strengthened electronic channel expansion and product innovation in provident housing funds, in order to provide comprehensive and high-quality housing reform financial services. At the end of June, the housing fund deposits were RMB684,544 million, while personal provident housing fund loans were RMB1,963,516 million. The Bank steadily carried forward loan business for indemnificatory housing to support the self-occupied housing needs of low and middle-income residents and accumulatively granted personal indemnificatory housing loans of RMB5,205 million in the first half of 2017.

3.2.3 Treasury Business

Financial market business

In the first half of 2017, the Bank prudently carried out financial market operations with focus on increasing trading activity and market influence, and strengthened market research, customer development and business innovation. As a result, the profitability and risk management capabilities grew steadily.

Money market business

The Bank actively responded to market fluctuations, took initiatives to broaden the financing and investment channels, and managed its RMB and foreign currency positions in a centralised manner to safeguard the Bank's liquidity. With regard to the RMB positions, the Bank strengthened its research and forecast of market liquidity and fund positions, deployed financing plans in advance, carefully arranged the maturity structure of the fund outflows, and ensured a proper level of surplus reserve. With regard to the foreign currency positions, the Bank adhered to its principle of prudence, carefully managed the structure of its fund inflows, and actively took advantage of rise in market prices to increase returns on its funds.

Debt securities investments

The Bank continuously enhanced the refined management of its investment portfolio by carefully balancing risks and returns, and optimised the portfolio structure to raise returns on its investment portfolio. With regard to investments in RMB debt securities, the Bank adhered to its philosophy of value investment, carefully managed the timing of its investment, and capitalised on interest rate fluctuations in the market to adjust the structure of its debt securities portfolio. With regard to investments in foreign-currency debt securities, the Bank closely monitored the market rate trend and proactively optimised the portfolio structure to enhance returns.

Customer-driven foreign exchange and interest rate trading business

The Bank proactively responded to changes in the market and carefully implemented regulatory policies to ensure that its business activities were conducted prudently in compliance with relevant requirements. With greater efforts in product innovation and customer development, the Bank launched innovative corporate foreign exchange trading products, including the option to settle on the differences against the middle rates, and vigorously promoted the account foreign exchange services to meet personal customers' needs for foreign exchange transactions. With enhanced trading activity and market influence, the transaction volume of customer-driven foreign exchange and interest rate trading business reached US$224,970 million in the first half of 2017, while the Bank continued to maintain its leading position in China's interbank foreign exchange market in terms of comprehensive ranking.

Precious metals and commodities

The Bank actively seized market opportunities to reinforce product innovation and marketing, achieving steady progress in precious metals and commodities. The Bank innovatively launched commodity trading around the clock to enhance customer experience, and carried out marketing activities to consolidate customer base and enhance trading activity. In the first half of 2017, the total trading volume of precious metals of the Bank reached 29,775 tonnes, and the number of personal precious metal trading and commodity trading customers totalled 26.91 million, an increase of 2.53 million over the end of last year.

Assets management business

The Bank reinforced its effort in developing high-quality and high-yield assets, and strengthened the collaboration between the parent company and subsidiaries. It actively and prudently pushed ahead the development of standardised investment business in asset management through the combination of self-directed investment and entrusted investment. The first transfer of non-standardised assets to standardised assets was carried out, and the Bank successfully launched its innovative “Touzitong” product. In the first half of 2017, the Bank independently issued 5,723 batches of WMPs with a total amount of RMB3,904,914 million to effectively meet the investment needs of customers. At the end of June, the balance of WMPs was RMB2,001,245 million. In this amount, the non-principal-guaranteed WMPs were RMB1,627,348 million and the principal-guaranteed WMPs were RMB373,897 million.

Investment banking business

By virtue of direct financing methods, including debt securities underwriting, asset securitisation, and fund establishment, the Bank assisted enterprises in reducing their financing costs and revitalising existing assets. The Bank focused on promoting “CCB Investment Banking®” brand, and provided customers with comprehensive financing products and advisory services through “Financial Total Solutions (FITS®)”, with an addition of 619 new contracted FITS® customers. The Bank was the lead underwriter in delivering the Group’s first cross-border structured project that converted an overseas loan to a debt security. In addition, the Bank was the sole lead underwriter in the first poverty alleviation bonds in China’s inter-bank market, and successfully underwrote the first batch of “Bond Connect” bonds. In the first half of 2017, the Bank accumulatively underwrote a total of 225 batches of debt financing instruments for non-financial enterprises with an amount of RMB204,296 million, and led the market in terms of both the volume and the number of bonds underwritten. In addition, it signed cooperative contracts with multiple enterprises with an amount of RMB54 billion to lower their leverage ratios.

3.2.4 Overseas Commercial Banking Business

In the first half of 2017, the Group made positive progress in expanding its overseas presence. CCB Indonesia was inaugurated in February, while Warsaw Branch of CCB Europe, CCB Malaysia and Perth Branch officially opened for business one after another. At the end of June, the Group had 251 overseas institutions at various levels in 29 countries and regions. The net profit of the Group’s overseas commercial banks was RMB5,433 million, a year-on-year increase of 86.70%.

CCB Asia

China Construction Bank (Asia) Corporation Limited is a licensed bank incorporated in Hong Kong with a registered capital of HK$6,511 million and RMB17,600 million.

CCB Asia is the Group’s service platform for retail business and small and medium-sized enterprises in Hong Kong, with 43 branches (including one wealth management centre), one private banking centre, five personal credit centres and six small and medium-sized enterprises centres. With Hong Kong and Macau as its core areas, the wholesale financial business of CCB Asia covers Mainland China and Southeast Asia. CCB Asia has rich experience and traditional advantages in providing specialised financial services, including overseas syndicated loans and structured finance, and has achieved rapid growth in various comprehensive corporate financial services, such as international settlement, trade finance, treasury transactions, structured large deposits and financial advisory services. At the end of June, total assets of CCB Asia amounted to RMB351,515 million, and shareholders’ equity was RMB43,587 million. Net profit for the first half of the year was RMB1,492 million.

CCB London

China Construction Bank (London) Limited is a wholly-owned subsidiary of the Bank registered in the UK and the Group’s British pound clearing centre. In March 2009, CCB London obtained the banking licence issued by the UK financial regulatory authorities. CCB London has a registered capital of US$200 million and RMB1.5 billion, and is mainly engaged in corporate deposits and loans, international settlement and trade finance, RMB and British pound clearing, and treasury-related financial products. CCB London is dedicated to serving the Chinese institutions doing business in the UK, British companies investing in China, and enterprises involved in Sino-UK bilateral trade, and continuously improving the Bank’s customer service quality and capability in the UK and Europe. At the end of June, total assets of CCB London amounted to RMB8,421 million, and shareholders’ equity was RMB3,469 million. Net profit for the first half of the year was RMB174 million.

CCB Russia

China Construction Bank (Russia) Limited Liability Company is a wholly-owned subsidiary of the Bank incorporated in Russia in March 2013 with a registered capital of RUB4.2 billion. CCB Russia, holding the comprehensive banking licence issued by the Central Bank of Russia, is mainly engaged in syndicated loans, bilateral loans, trade finance, international settlement, treasury transactions, debt securities transactions, financial institution business, clearing, cash transactions, deposits, and safe deposit box services, etc. At the end of June, total assets of CCB Russia amounted to RMB2,889 million, and shareholders' equity was RMB644 million. Net profit for the first half of the year was RMB32 million.

CCB Europe

China Construction Bank (Europe) S.A. is a wholly-owned subsidiary of the Bank incorporated in Luxembourg with a registered capital of EUR200 million. In July 2013, CCB Europe obtained the full banking license issued by the Financial Ministry of Luxembourg. With Luxembourg as its centre, CCB Europe continues to expand its network across Europe. In addition to the branches opened in Paris, Amsterdam, Barcelona and Milan in 2015, Warsaw Branch of CCB Europe was opened in May 2017.

Focusing on corporate finance and financial market businesses, CCB Europe mainly provides services to large and medium-sized Chinese enterprises pursuing their "Going global" strategies in Europe and also European multinational enterprises doing business in China. At the end of June, total assets of CCB Europe amounted to RMB11,528 million, and shareholders' equity was RMB1,375 million. Net profit for the first half of the year was a negative value of RMB38 million.

CCB New Zealand

China Construction Bank (New Zealand) Limited is a wholly-owned subsidiary of the Bank incorporated in New Zealand in July 2014.

CCB New Zealand has the licence to provide all-round and high-quality wholesale and retail financial services, including corporate loans, trade finance, RMB clearing and treasury transactions to Chinese enterprises pursuing their "Going global" strategies as well as local customers. Meanwhile, CCB New Zealand provides residential mortgages to personal customers and can meet other financial needs of the high net worth customers. At the end of June, the registered capital of CCB New Zealand was NZD199 million, total assets of CCB New Zealand amounted to RMB6,063 million, and shareholders' equity was RMB988 million. Net profit for the first half of the year was RMB22 million.

CCB Brasil

The Bank completed the acquisition of Banco Industrial e Comercial S.A. (BIC) in August 2014 and renamed it as China Construction Bank (Brasil) Banco Múltiplo S/A in December 2015. At the end of June 2017, the Bank held 99.34% of its equity. Headquartered in Sao Paulo, CCB Brasil has 37 local branches covering most states and main cities in Brasil, one branch in Cayman, as well as five wholly-owned subsidiaries and one joint venture. At the end of June, the registered capital of CCB Brasil was BRL1,554 million, total assets of CCB Brasil amounted to RMB51,465 million, and shareholders' equity was RMB2,605 million. Net profit for the first half of the year was a negative value of RMB463 million.

CCB Malaysia

China Construction Bank (Malaysia) Berhad is a wholly-owned subsidiary of the Bank incorporated in Malaysia with a registered capital of MYR823 million. It obtained its commercial banking license in October 2016 and officially opened for business in June 2017.

CCB Malaysia is engaged in wholesale and retail banking services, mainly serves key Chinese enterprises pursuing their "Going global" strategies, enterprises engaging in bilateral trade as well as large local infrastructure projects in Malaysia. It provides domestic and foreign clients with various financial services, including global credit lines, trade finance, supply chain finance, multi-currency clearing, and treasury transactions. At the end of June, total assets of CCB Malaysia amounted to RMB1,827 million, and shareholders' equity was RMB1,310 million. Net profit for the first half of the year was RMB11 million.

CCB Indonesia

PT Bank China Construction Bank Indonesia Tbk is a fully licensed commercial bank listed on the Indonesia Stock Exchange with a registered capital of IDR1.66 trillion. Headquartered in Jakarta, it has 112 branches and sub-branches across Indonesia, focusing on providing commercial banking services, including loans and deposits, settlement and foreign exchange services.

The Bank completed the acquisition of 60% of the equity of PT Bank Windu Kentjana International Tbk in September 2016 and renamed the latter as PT Bank China Construction Bank Indonesia Tbk in February 2017. At the end of June, total assets of CCB Indonesia amounted to RMB7,379 million, and shareholders' equity was RMB1,247 million. Net profit for the first half of the year was RMB34 million.

3.2.5 Integrated Operation Subsidiaries

The Group has gradually refined its comprehensive financial services. In non-banking financial sectors, the subsidiaries now include CCB Principal Asset Management, CCB Financial Leasing, CCB Trust, CCB Life, CCB Property & Casualty, CCB International, CCB Futures, and CCB Pension. The Group also set up several banking entities providing professional and differentiated services in specific industries and regions, including Sino-German Bausparkasse and 27 rural banks. The overall business development of integrated operation subsidiaries was in a good shape with steady business expansion and sound asset quality. At the end of June, total assets of integrated operation subsidiaries were RMB409,564 million, an increase of 10.41% over the end of last year. Net profit for the first half of the year reached RMB3,357 million, an increase of 20.89% year on year.

CCB Principal Asset Management

CCB Principal Asset Management Co., Ltd. has a registered capital of RMB200 million, with 65% of the equity held by the Bank. It is engaged in raising and selling funds, assets management as well as other businesses permitted by the CSRC.

At the end of June, the total volume of funds managed by CCB Principal Asset Management was RMB1,139,615 million. In this amount, funds raised from public offerings were RMB343,909 million, and the number of public offering funds managed by CCB Principal Asset Management was 87. Special account business amounted to RMB346,242 million. At the end of June, total assets of CCB Principal Asset Management were RMB3,460 million, and shareholders' equity was RMB3,024 million. Net profit for the first half of the year was RMB483 million.

CCB Financial Leasing

CCB Financial Leasing Corporation Limited is a wholly-owned subsidiary of the Bank with a registered capital of RMB8 billion. CCB Financial Leasing is mainly engaged in finance leasing, transfer and purchase of finance leasing assets, fixed-income securities investment, collecting security deposits from lessees, interbank lending, borrowing from financial institutions, overseas borrowing, sales and disposal of leased properties, economic consulting, establishing special purpose entities to provide financial leasing in domestic bonded areas, and providing guarantee for external financing by its subsidiaries and special purpose entities.

In the first half of 2017, the assets of CCB Financial Leasing increased steadily, and the business transformation continued to move forward. In support of major national strategies, CCB Financial Leasing established three distinct brands in its strong areas, namely aircraft leasing, green leasing and livelihood services. It optimised capital allocation, mainly supporting industrial transformation and upgrade. Meanwhile, it strengthened collaborative product innovation by taking advantage of tax deduction for direct financial leasing, and steadily advanced its internationalisation by continuously expanding overseas presence. It effectively enhanced capabilities in risk management, internal control and compliance, while maintaining stable asset quality. At the end of June, total assets of CCB Financial Leasing were RMB141,637 million, and shareholders' equity was RMB12,702 million. Net profit for the first half of the year was RMB754 million.

CCB Trust

CCB Trust Co., Ltd. has a registered capital of RMB1,527 million, with 67% of the equity held by the Bank. Its main operations include trust, investment banking and proprietary businesses. Trust business mainly comprises single fund trust, collective fund trust, property trust, equity trust and family trust. Trust assets are mainly used for loans and investments. Investment banking mainly comprises financial advisory services, equity trust and bonds underwriting. Proprietary business mainly comprises lending, equity investment and securities investment with its own funds.

At the end of June, the trust assets under management amounted to RMB1,169,125 million. Total assets of CCB Trust were RMB16,590 million, and shareholders' equity was RMB11,018 million. Net profit for the first half of the year was RMB919 million.

CCB Life

CCB Life Insurance Company Limited has a registered capital of RMB4,496 million, with 51% of the equity held by the Bank. CCB Life's main scope of business includes personal insurance, such as life, health and accidental injury insurance, and reinsurance of the above-mentioned offerings.

In the first half of 2017, CCB Life further broadened its business region coverage, while its investment income steadily increased. At the end of June, total assets of CCB Life were RMB121,905 million, and shareholders' equity was RMB11,711 million. Net profit for the first half of the year was RMB262 million.

CCB Property & Casualty

CCB Property & Casualty Insurance Co., Ltd. was incorporated in October 2016 with a registered capital of RMB1 billion, with 90.2% of the equity held by CCB Life. CCB Property & Casualty's main scope of business includes motor vehicle insurance, insurance for business and households property, construction and engineering (excluding insurance for specific risk), liability insurance, hull and cargo insurance, short-term health and accidental injury insurance, and reinsurance of the above-mentioned offerings.

At the end of June, total assets of CCB Property & Casualty were RMB999 million, and shareholders' equity was RMB951 million. Net profit for the first half of the year was a negative value of RMB16 million.

CCB International

CCB International (Holdings) Limited, the Bank's wholly-owned subsidiary in Hong Kong with a registered capital of US$601 million, offers investment banking related services and products, including sponsoring and underwriting of public offerings, M&A and restructuring, direct investment, asset management, securities brokerage and market research.

In the first half of 2017, CCB International maintained sound development in various business lines. It was a leading player in the marketplace in terms of securities sponsoring and underwriting as well as M&A financial advisory projects. At the end of June, total assets of CCB International were RMB66,168 million, and shareholders' equity was RMB11,233 million. Net profit for the first half of the year was RMB759 million.

CCB Futures

CCB Futures Co., Ltd. has a registered capital of RMB561 million, with 80% of the equity held by CCB Trust. CCB Futures is mainly engaged in commodity futures brokerage, financial futures brokerage and asset management.

At the end of June, total assets of CCB Futures were RMB5,258 million, and shareholders' equity was RMB651 million. Net profit for the first half of the year was RMB13 million.

CCB Pension

CCB Pension Management Co., Ltd. has a registered capital of RMB2.3 billion, with 85% of the equity held by the Bank. CCB Pension is mainly engaged in investment management for the National Social Security Fund, services related to the management of annuity funds, entrusted management of funds reserved for pension purpose, and pension advisory services for above businesses.

At the end of June, the assets under management of CCB Pension reached RMB164.8 billion. It adopted innovative models in investment management for local pension venture funds, pension products for farmers and open-ended pension funds, and built an adequate portfolio of pension products. At the end of June, total assets of CCB Pension were RMB2,322 million, and shareholders' equity was RMB2,179 million. Net profit for the first half of the year was a negative value of RMB31 million.

Sino-German Bausparkasse

Sino-German Bausparkasse Co., Ltd. has a registered capital of RMB2 billion, with 75.10% of the equity held by the Bank. As a specialised commercial bank in the housing finance sector, Sino-German Bausparkasse is engaged in taking housing savings deposits, providing housing savings loans and residential mortgages, and extending development loans in support of the development and construction of economically affordable housing, low-rent housing, economically affordable rent housing and price-limited housing.

In the first half of 2017, Sino-German Bausparkasse proactively pursued its strategic transformation, and achieved steady business development. The sales of housing savings products reached RMB9,762 million. At the end of June, total assets of Sino-German Bausparkasse were RMB29,393 million, and shareholders' equity was RMB2,884 million. Net profit for the first half of the year was RMB27 million.

Rural banks

By the end of June, the Bank had altogether sponsored the establishment of 27 rural banks in Hunan Taojiang and other small towns. The registered capital of these rural banks totalled RMB2,820 million, with a contribution of RMB1,378 million from the Bank.

Rural banks were dedicated to offering efficient financial services to support "agriculture, farmers and rural areas" and small and micro enterprises in county regions, which delivered good operating results. At the end of June, total assets of the 27 rural banks were RMB17,954 million and shareholders' equity was RMB3,290 million. Loans were primarily extended to support "agricultural initiatives and small and micro enterprises", and the loan balance was RMB12,841 million. Net profit for the first half of the year was RMB148 million.

3.2.6 Analyses by Geographical Segment

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

	Six months ended 30 June 2017		Six months ended 30 June 2016	
(In millions of RMB, except percentages)	**Amount**	**% of total**	Amount	% of total
Yangtze River Delta	**30,619**	**17.79**	25,582	15.06
Pearl River Delta	**24,769**	**14.39**	20,816	12.25
Bohai Rim	**19,776**	**11.49**	29,266	17.23
Central	**26,541**	**15.42**	25,732	15.15
Western	**24,573**	**14.28**	24,801	14.60
Northeastern	**4,177**	**2.43**	7,263	4.27
Head office	**34,257**	**19.91**	32,451	19.10
Overseas	**7,381**	**4.29**	3,967	2.34
Profit before tax	**172,093**	**100.00**	169,878	100.00

The following table sets forth the distribution of the Group's assets by geographical segment:

	As at 30 June 2017		As at 31 December 2016	
(In millions of RMB, except percentages)	**Amount**	**% of total**	Amount	% of total
Yangtze River Delta	**4,538,339**	**14.38**	3,287,924	13.18
Pearl River Delta	**3,431,225**	**10.87**	2,248,437	9.02
Bohai Rim	**4,929,218**	**15.62**	2,341,560	9.39
Central	**3,976,418**	**12.60**	3,227,603	12.94
Western	**3,321,063**	**10.52**	2,745,765	11.01
Northeastern	**1,119,927**	**3.55**	966,670	3.88
Head office	**8,368,693**	**26.51**	8,456,699	33.91
Overseas	**1,877,613**	**5.95**	1,666,409	6.67
Total assets[1]	**31,562,496**	**100.00**	24,941,067	100.00

1. Total assets exclude elimination and deferred tax assets.

The following table sets forth the distribution of the Group's loans and NPLs by geographical segment:

(In millions of RMB, except percentages)	**As at 30 June 2017** Gross loans and advances	% of total	NPLs	NPL ratio (%)	As at 31 December 2016 Gross loans and advances	% of total	NPLs	NPL ratio (%)
Yangtze River Delta	**2,238,658**	**17.90**	**37,735**	**1.69**	2,117,133	18.02	41,539	1.96
Pearl River Delta	**1,862,438**	**14.89**	**27,238**	**1.46**	1,762,963	14.99	29,426	1.67
Bohai Rim	**2,091,084**	**16.72**	**33,027**	**1.58**	1,946,622	16.56	29,199	1.50
Central	**2,107,673**	**16.85**	**30,677**	**1.46**	1,982,785	16.86	26,654	1.34
Western	**2,059,455**	**16.47**	**33,177**	**1.61**	1,953,377	16.61	29,435	1.51
Northeastern	**660,492**	**5.28**	**17,834**	**2.70**	643,515	5.47	14,794	2.30
Head office	**504,887**	**4.04**	**6,332**	**1.25**	452,941	3.85	4,296	0.95
Overseas	**982,334**	**7.85**	**2,732**	**0.28**	897,696	7.64	3,347	0.37
Gross loans and advances to customers	**12,507,021**	**100.00**	**188,752**	**1.51**	11,757,032	100.00	178,690	1.52

The following table sets forth the distribution of the Group's deposits by geographical segment:

(In millions of RMB, except percentages)	**As at 30 June 2017** Amount	% of total	As at 31 December 2016 Amount	% of total
Yangtze River Delta	**2,921,174**	**17.95**	2,820,430	18.31
Pearl River Delta	**2,523,579**	**15.51**	2,352,719	15.28
Bohai Rim	**2,924,769**	**17.97**	2,743,537	17.81
Central	**3,188,736**	**19.59**	3,000,106	19.48
Western	**3,139,060**	**19.29**	2,957,827	19.20
Northeastern	**1,050,822**	**6.46**	1,071,195	6.95
Head office	**4,900**	**0.03**	11,565	0.08
Overseas	**521,353**	**3.20**	445,536	2.89
Deposits from customers	**16,274,393**	**100.00**	15,402,915	100.00

3.2.7 Building of Branch Network and Channels

The Group has an extensive distribution network, and provides its customers with convenient and high quality banking services through branches and sub-branches, self-service facilities, specialised service entities across the world and its electronic banking service platforms. At the end of June, the Bank had a total of 14,960 operating institutions, in which the number of domestic institutions was 14,930, including the head office, 37 tier-one branches, 339 tier-two branches, 12,822 sub-branches, 1,730 outlets under the sub-branches and a specialised credit card centre at the head office, and the number of overseas institutions was 30. The Bank had 44 subsidiaries with a total of 451 institutions, including 230 domestic institutions and 221 overseas institutions. For addresses of domestic and overseas tier-one branches and subsidiaries, please refer to the 2016 annual report of the Bank.

Physical channels

In the first half of the year, the Bank accumulatively started 894 projects of outlet construction, including 110 projects in county areas. By the end of June, the Bank had established 306 specialised private banking entities with a workforce of 1,864, set up nearly 300 small business operating centres in the form of "Credit Factory", and built over 1,500 personal loan centres.

Accelerating network building in key areas and steadily promoting differentiated outlet building. The Bank focused on adjusting its outlet structure to ensure a proper balance between the eastern region and the central and western region, giving higher priority to the central and western region as appropriate in building its new business outlets. By the end of June, the Bank had established 37 integrated flagship outlets and 870 light weight outlets, while accomplishing the transformation of 13,571 integrated outlets to smart outlets.

Driving innovation for STM channels and elevating customer experience. The Bank made innovative efforts in R&D and applications of STMs. In the first half of the year, the Bank introduced new features including gold accumulation, credit card instalment payment, certificates of deposits and opening of category II accounts, and led the marketplace in terms of the variety of service offerings. STMs became a major channel for selling products and serving customers. In addition, the Bank promoted the standardisation of outlet services and organised internal star-rating assessment, aiming to create higher service benchmarks and a better brand image. Multiple methods, including "Mystery Shopping", were used to continuously monitor and improve the service quality at physical channels. The Bank also actively innovated lobby service to bring more intelligent service to its customers.

Deepening the building of smart banking and promoting the development of self-service banking channels. The Bank accelerated the application of smart technologies and business models in smart banking, carried on with iterative development and upgrade of the 12 smart banks in service, and launched the pilot work for more advanced smart banking outlets of the first batch of five selected branches. At the end of June, there were 97,717 ATMs in operation, an increase of 183 over the end of 2016. There were 28,568 self-service banks in operation, an increase of 696 over the end of 2016. The number of account transactions handled by ATMs was 6.41 times of that through counters, reflecting further improvement in petty cash service capability.

Enhancing the efficiency of outlet resources and establishing a centrally managed cost-effective operational system. At the end of June, the Bank's integrated outlets accounted for 99% of all the outlets. The integrated tellers accounted for 97% of front office tellers. The Bank had also built 21,509 marketing teams to support all integrated outlets. The Bank is now able to, through its head office, centrally handle in whole or in part all of the 110 types of businesses originated from its four domains, namely counter-service at outlets, customer self-service, middle offices, as well as overseas institutions and subsidiaries. In the first half of the year, the daily average number of businesses centrally processed was 700,800, with a peak number of 1,163,700 a day.

Electronic channels

In the first half of 2017, with focus on building its Internet-based financial ecosystem, the Bank quickly responded to the market and customer needs, and ensured its leading position among peers and the rapid upgrade of its Internet-based financial products and services, to support its target of "customer acquisition and activation".

Mobile finance

The Bank launched a new version of mobile banking with "smartness" as its highlight, which provides its customers with smart wealth management, smart investment and financing, smart living sphere, and smart experience service. The Bank continued to optimise the WeChat Bank functions and was the pioneer in the banking sector to realise the end-to-end "mobile online hospital" services from online registration, online appointment to payment via scanning the QR codes. At the end of June, the number of mobile banking users amounted to 244.18 million, up by 9.40% over the end of 2016; in the first half of 2017, the volume of mobile banking transactions amounted to RMB25.62 trillion, up by 96.43% year on year; the number of transactions amounted to 21,736 million, up by 123.12% year on year. The number of SMS financial service users reached 360.07 million, an increase of 6.67% over the end of 2016. The number of WeChat banking users who subscribed to the APP exceeded 62 million, an increase of 16.82% over the end of 2016.

Online banking

The Bank increased its efforts in building a comprehensive online banking to integrate transactions, marketing and services. A custom-made private banking version was launched on the personal online banking platform. The Bank introduced new services such as smart transfer, e-account service zone, and safer investment and wealth management, and continued to optimise functions concerning Rapid Personal Loan Online, credit card, and comprehensive membership points, etc. The Bank introduced three major online financial service modes – “Bank-Corporate Direct Linkage”, “E-Insuring Life” and “Smart Medical”, which led to rapid growth in the number of corporate online banking customers. The Bank’s corporate online banking services covered 23 overseas institutions in six continents. At the end of June, the number of personal online banking users increased by 6.81% to 252.87 million over the end of 2016; the number of corporate online banking users reached 5.42 million, an increase of 11.63% over the end of 2016. In the first half of 2017, the volume of personal online banking transactions was RMB18.99 trillion, a year-on-year decrease of 3.08%; the number of transactions was 4,699 million, a year-on-year decrease of 38.56%. The volume of corporate online banking transactions was RMB120.39 trillion, a year-on-year increase of 27.27%; the number of transactions was 1,034 million, a year-on-year decrease of 10.34%.

E.ccb.com

2017 marks the fifth anniversary of the opening of e.ccb.com. Functions of the corporate mall and retail mall were constantly diversified, enabling effectively execution of offline orders, online transactions and various promotional campaigns. Relying on e.ccb.com, the Bank took solid actions in delivering financial support for targeted poverty alleviation. By the end of June, e.ccb.com had developed 58.5 thousand merchants and 19.32 million registered members. The transaction volume totalled RMB94,266 million in the first half of 2017.

Cloud customer service

The Bank successfully pushed forward the transformation of intensified customer service management. Aiming at “intelligence first, mobility first, and self-service first”, and capitalising on the latest achievements of advanced financial technology, the Bank created a comprehensive, multifunctional, around-the-clock and smart cloud customer service system that covers all channels including telephone, online and mobile service, and achieved the whole process management of inquiries from customers. During the first half of the year, the Bank received 305 million calls via telephone; 591 million calls via mobile and online channels, 98.96% of which were responded by artificial intelligence.

3.2.8 Information Technology and Product Innovation

Information technology

In the first half of 2017, the IT function of the Bank focused on supporting business development, ensuring safe operation, driving innovation in financial technologies and rolling out the “New Generation Core Banking System” to branches.

In the first half of 2017, the “New Generation Core Banking System” for individual customers came into service at branches by 4 batches. On 24 June 2017, the system was switched on and officially put into use in the last batch of 17 branches, marking the successful completion of the “New Generation Core Banking System”.

The Bank optimised the existing system functions, promoted innovation in “Long Pay” and mobile financial products, and worked to build a consumer credit platform offering specialised credit card instalment payments. The Bank strengthened the building of its e-banking security taskforce, upgraded the security monitoring measures, and continued to optimise the monitoring rules, maintaining the leading position in safe operation among peers. The Bank was the first in peers to introduce the combination of the Bank’s private cloud and external public cloud as a hybrid cloud application model to rapidly meet customers’ needs; the Bank added face recognition function on STM at the back office to enhance the approval efficiency, and employed the bio-identification technology to help customers withdraw money and make payments without cards or passwords.

Product innovation

In the first half of 2017, thanks to increased efforts in the promotion of innovative activities, the Bank completed 152 product innovation projects and 280 innovative duplication projects.

In compliance with the state policy to provide financial support for targeted poverty alleviation, the Bank issued poverty alleviation bonds, launched innovative projects such as e.ccb.com rural-urban connection and targeted poverty alleviation platform, and delivered all-round online and offline financial services to people in poverty stricken areas. In order to effectively address financing difficulties for customers engaged in international trade, the Bank launched a series of products, including conversion of overseas loans to debt securities, cross-border e+, cross-border financing and securities connection, and global financing for financial leasing, incorporating a host of innovation in business processes and risk mitigations. The Bank also introduced new services, such as “Bond Connect”, direct top-up for IC cards and Subways Go Easy, and simplified the financial service processes and enhanced customer experience by means of technology development and interconnectivity.

3.2.9 Human Resources

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

	As at 30 June 2017			
	Number of employees	% of total	Number of institutions	% of total
Yangtze River Delta	**53,613**	**15.06**	**2,422**	**16.19**
Pearl River Delta	**44,555**	**12.51**	**1,916**	**12.81**
Bohai Rim	**58,935**	**16.55**	**2,435**	**16.27**
Central	**79,931**	**22.45**	**3,608**	**24.12**
Western	**67,179**	**18.87**	**3,056**	**20.43**
Northeastern	**36,124**	**10.14**	**1,490**	**9.96**
Head office	**14,869**	**4.18**	**3**	**0.02**
Overseas	**842**	**0.24**	**30**	**0.20**
Total	**356,048**	**100.00**	**14,960**	**100.00**

At the end of June, the Bank had 356,048 employees (and 4,925 workers dispatched by labour leasing companies). The number of employees with academic qualifications of a bachelor's degree or above was 231,401, accounting for 64.99% of the total, and the number of local employees in overseas entities was 664. In addition, the Bank assumed expenses for 62,686 retired employees.

Staff training

Focusing on priorities in its transformation and development, the Bank actively implemented the "213 Talent Project" for cultivating around 200 leading talents, 1,000 outstanding talents and 3,000 backbone talents by 2020. It increased trainings for the heads at all levels, for new managerial personnel and for corporate credit personnel. The Bank combined on-site training with online training to enhance the professional competency and innovative capability of its staff. In the first half of 2017, the Bank conducted 10,007 on-site training sessions, with a total enrolment of 512 thousand. The number of employees receiving online training and the number of online courses taken were 141 thousand and 1,665 thousand respectively.

Staff in subsidiaries

The subsidiaries of the Bank had 15,965 employees (and 459 workers dispatched by labour leasing companies). In this amount, the numbers of domestic and overseas employees were 10,513 and 5,452 respectively. In addition, the subsidiaries assumed expenses for 46 retired employees.

3.3 Risk Management

In the first half of 2017, the Group strengthened its efforts in building the comprehensive risk management system, and promote the coverage of comprehensive risk management over its various segments and risks. The Group also tightened risk monitoring, early warning, assessment and diagnosis, laying a solid ground for the whole process management and control. Meanwhile, it intensified risk monitoring of its subsidiaries, and systematically analysed and identified their business risks. In the first half of the year its regulatory indicators improved on the whole, with all risks remaining stable and manageable, as the Group further improved its competence and capabilities in managing various risks.

3.3.1 Credit Risk Management

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

In the first half of the year, the Group optimised its credit structure adjustment, heightened accountability in credit risk management, maintained stable asset quality under complex internal and external circumstances, and further improved its fundamental credit management capability.

Optimising credit structure to enhance fundamental credit management. The Group continued to adjust and improve its credit policies, and promote the development of green credit business. The Group adopted a differentiated approach for loans to real estate development in different cities, underpinned by strict access criteria and risk control requirements. Furthermore, the Group strengthened management and control over NPLs, overdue loans, and special mention loans and advances, directing special attention to the key areas. It also refined and standardised the system of rules for collateral management, promoted centralised collateral management, and improved its capabilities of post-lending management.

Improving the approval mechanism and process to strengthen the management and control of credit risk. The Group formulated and issued the plan for promoting refined management, dynamically adjusted the authorisation mechanism for credit approval, and refined the rules and process of evaluation, rating, comprehensive credit line and credit approval, in order to improve the refined and differentiated credit approval capability. It comprehensively promoted the specialisation of credit approval, and intensified research and control of the key businesses and emerging businesses to facilitate the optimisation of credit structure. It strengthened the consolidated credit management, intensified the off-site monitoring, enhanced its efforts in supervision and evaluation, and focused on the risk analysis in key areas to improve the quality of credit approval.

Innovating and optimising risk measurement tools to enhance early-warning and preventive capabilities. The Group optimised its customer rating model in order to accurately capture the changes in the customers' risk profile under the new normal of economy. It enhanced the computer risk control capability, and improved its IT system to support risk measurement and business transformations. In addition, it optimised and innovated early-warning methods, and continued to improve the timeliness of early-warnings, safeguarding the sound asset quality.

Enhancing asset preservation operating capabilities to improve disposal effectiveness and efficiency. The Group heightened its project list management, optimised business processes, adopted more effective strategies for batch assignments, maximised the potentials of cash recoveries from written-off assets, further expanded NPL disposal channels, and as a result, improved the effectiveness of recoveries and revitalisation.

Concentration of credit risks

In line with the regulatory requirements, the Group proactively adopted a series of measures to prevent significant credit concentration risk, including tightening lending criteria, adjusting business structure, controlling pace of credit extension, revitalising existing credit assets and innovating products.

At the end of June, the Group's gross loans to the largest single borrower accounted for 3.83% of the total capital after deduction, while those to the top ten customers accounted for 13.57% of the total capital after deduction, both in compliance with relevant regulatory requirements.

Concentration of loans

	As at 30 June 2017	As at 31 December 2016	As at 31 December 2015
Proportion of loans to the largest single customer (%)	**3.83**	4.03	5.67
Proportion of loans to top ten customers (%)	**13.57**	13.37	14.46

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

(In millions of RMB, except percentages)	Industry	As at 30 June 2017 Amount	% of total loans
Customer A	Transportation, storage and postal services	**70,093**	**0.56**
Customer B	Transportation, storage and postal services	**32,437**	**0.26**
Customer C	Transportation, storage and postal services	**22,387**	**0.18**
Customer D	Transportation, storage and postal services	**21,026**	**0.17**
Customer E	Transportation, storage and postal services	**19,400**	**0.16**
Customer F	Finance	**18,000**	**0.14**
Customer G	Transportation, storage and postal services	**17,763**	**0.14**
Customer H	Public administration, social security and social organisation	**17,000**	**0.14**
Customer I	Transportation, storage and postal services	**15,808**	**0.13**
Customer J	Transportation, storage and postal services	**14,558**	**0.12**
Total		**248,472**	**2.00**

3.3.2 Liquidity Risk Management

Liquidity risk is the type of risk that occurs when the Group cannot obtain sufficient funding in time and at a reasonable cost to repay debts when they are due, fulfil other payment obligations, or meet the other funding needs in the course of regular business development.

In the first half of 2017, the Group adhered to the stable and prudent principle in its liquidity risk management, and adopted effective measures to manage changes in external environment and market competition. Through strong efforts and effective methods, including enhancing its group-wide liquidity risk management system, adopting the innovative method of managing target positions by grade, enhancing liquidity stress test method, solid implementation of liquidity risk management in overseas institutions, and increasing guidance over liquidity risk management of subsidiaries, the Group made timely adjustments to ensure a sound asset and liability structure, and effectively deployed the Group's funding sources and available funds, ensuring safe payment and settlement.

The following table sets forth the liquidity ratios of RMB and foreign currency and loan-to-deposit ratio of the Group as at the dates indicated:

(%)		Regulatory standard	As at 30 June 2017	As at 31 December 2016	As at 31 December 2015
Liquidity ratio[1]	RMB	≥25	**43.49**	44.21	44.17
	Foreign currency	≥25	**67.75**	40.81	59.84
Loan-to-deposit ratio[2]	RMB		**68.24**	68.17	69.80

1. Calculated by dividing current assets by current liabilities in accordance with the requirements of the CBRC.
2. In accordance with the CBRC's requirements, loan-to-deposit ratio has been calculated based on domestic legal person instead of legal person since 2016.

The following table sets forth the liquidity coverage ratio of the Group for the second quarter of 2017:

No.	(In millions of RMB, except percentages)	Value before translation	Value after translation
	Qualified and high-quality liquid assets		
1	Qualified and high-quality liquid assets		3,832,069
	Cash outflow		
2	Deposits from retail and small enterprise customers, including:	7,934,023	695,664
3	Stable deposits	1,949,227	97,184
4	Deposits with a low degree of stability	5,984,795	598,480
5	Unsecured (unpledged) wholesale financing, including:	9,197,016	3,151,435
6	Business relations deposits (excluding agent bank business)	5,768,687	1,432,768
7	Non-business relations deposits (all counterparties)	3,332,748	1,623,087
8	Unsecured (unpledged) debts	95,580	95,580
9	Secured (pledged) financing		–
10	Other items, including:	1,799,721	219,647
11	Cash outflows related to the requirement of derivatives and other collateral (pledges)	48,026	48,026
12	Cash outflows related to financing loss of mortgage (pledges) debt instruments	4,171	4,171
13	Credit facilities and liquidity facilities	1,747,524	167,450
14	Other contractual financing obligations	–	–
15	Contingent financing obligations	2,020,183	294,973
16	**Total amount of expected cash outflows**		4,361,718
	Cash inflow		
17	Mortgage (pledged) lending (including reverse repurchase and borrowed securities)	159,040	156,499
18	Cash inflow from normal full settlement	1,205,881	776,407
19	Other cash inflows	46,887	46,780
20	**Total amount of expected cash inflows**	1,411,808	979,686

		Value after adjustment
21	**Qualified and high-quality liquid assets**	3,832,069
22	**Net cash outflows**	3,382,032
23	**Liquidity coverage ratio(%)**[1]	113.35%

1. The average daily liquidity coverage ratio for this quarter was calculated in compliance with the current applicable regulatory requirements, definitions and accounting standards.

In accordance with the requirements of the *Administrative Measures for Liquidity Risk Management of Commercial Banks (Provisional)*, the liquidity coverage ratio of commercial banks equals to the qualified and high-quality liquid assets divided by the net cash outflows of the following 30 days. The qualified and high-quality liquid assets of the Group mainly include securities guaranteed or issued by sovereignties and central banks with a risk weight of zero or 20%, and the available deposit reserve in the central bank under stress circumstances. The average daily liquidity coverage ratio of the Group in the second quarter of 2017 met the regulatory requirements at 113.35%. The liquidity coverage ratio in the second quarter decreased by 11.35 percentage points over the previous quarter, mainly due to the increase in the cash outflows of unsecured (unpledged) wholesale financing.

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

(In millions of RMB)	Indefinite	Repayable on demand	Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years	Total
Net gaps as at 30 June 2017	**3,121,565**	**(9,560,729)**	**(669,365)**	**(563,803)**	**(678,398)**	**3,676,950**	**6,318,382**	**1,644,602**
Net gaps as at 31 December 2016	3,206,844	(8,539,761)	(743,969)	(373,094)	(325,610)	2,534,117	5,831,127	1,589,654

The Group regularly monitors the maturity gaps between its assets and liabilities for various businesses in order to assess its liquidity risk during different periods. At the end of June 2017, the accumulative gap of various maturities of the Group was RMB1,644,602 million, an increase of RMB54,948 million over the end of last year. The negative gap for repayment on demand totalled RMB9,560,729 million, which was mainly because the Group had a high balance of demand deposits which were relatively stable with its expansive customer base, and experienced steady growth in deposits. The Group is expected to continue to enjoy a stable funding source and maintain stable liquidity in future.

3.3.3 Market Risk Management

Market risk is the risk of loss, in respect of the Group's on- and off-balance sheet activities, arising from adverse movements in market rates, including interest rates, foreign exchange rates, commodity prices and stock prices.

In the first half of 2017, the Group actively responded to market changes and enhanced market risk management at the group level. As a result, its market risk management and control capabilities continued to improve. Firstly, the Group formulated and optimised market risk rules and policies, and reinforced the centralised management of debentures. Secondly, the Group developed a limit scheme for directly managed businesses, promoted the risk classification for the underlying assets of asset management and financial institutional businesses, and adhered to pass-through management requirements to refine long-term risk management mechanisms for directly managed businesses. Thirdly, the Group took actions to ensure that material risks were properly addressed and tracked, as it continued to enhance its computer controls over its trading businesses and improved its risk monitoring and early warning capabilities.

Value at Risk analysis

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

The VaR analysis on the Bank's trading portfolio as at the balance sheet date and during the respective periods is as follows:

	Six months ended 30 June 2017				Six months ended 30 June 2016			
(In millions of RMB)	**As at 30 June**	**Average**	**Maximum**	**Minimum**	As at 30 June	Average	Maximum	Minimum
Risk valuation of trading portfolio	**252**	**181**	**252**	**114**	91	181	265	91
– Interest rate risk	**74**	**102**	**148**	**61**	58	46	72	24
– Foreign exchange risk	**226**	**119**	**226**	**76**	64	177	247	64
– Commodity risk	**16**	**4**	**16**	**–**	5	20	60	–

Interest rate risk management

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

In the first half of 2017, the external market environment was complex and volatile, and the fund supply maintained a tight equilibrium, leading to a rise in the overall interest rate with increased volatility. The Bank closely monitored the changes in external interest rate environment, enhanced the management of key deposit and loan products, and dynamically adjusted the internal and external pricing policies by flexibly employing the pricing strategy that combines standardised approaches with differentiated methods. In addition, the Bank continued to optimise interest rate risk and pricing management system and improved its risk measurement, product operations and pricing management capabilities, thus maintaining the overall interest rate risk within management target.

Interest rate sensitivity gap analysis

The analysis of the next expected repricing dates or maturity dates (whichever are earlier) of the Group's assets and liabilities as at the specified dates is set out below:

(In millions of RMB)	Non-interest-bearing	Less than three months	Between three months and one year	Between one year and five years	More than five years	Total
Interest rate sensitivity gap as at 30 June 2017	**230,548**	**(6,183,746)**	**5,170,746**	**742,516**	**1,684,538**	**1,644,602**
Accumulated interest rate sensitivity gap as at 30 June 2017		**(6,183,746)**	**(1,013,000)**	**(270,484)**	**1,414,054**	
Interest rate sensitivity gap as at 31 December 2016	424,016	(1,839,375)	818,884	565,725	1,620,404	1,589,654
Accumulated interest rate sensitivity gap as at 31 December 2016		(1,839,375)	(1,020,491)	(454,766)	1,165,638	

As at 30 June 2017, the repricing gap of the Group's assets and liabilities for periods less than one year was a negative total of RMB1,013,000 million, a small decrease of RMB7,491 million over the end of 2016. The positive gap for periods more than one year was RMB2,427,054 million, an increase of RMB240,925 million over the end of last year, which was mainly due to the increase in long-term investments.

Net interest income sensitivity analysis

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

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

	Change in net interest income			
(In millions of RMB)	Rise by 100 basis points	Fall by 100 basis points	Rise by 100 basis points (demand deposit rates being constant)	Fall by 100 basis points (demand deposit rates being constant)
As at 30 June 2017	**(71,309)**	**71,309**	**24,239**	**(24,239)**
As at 31 December 2016	(48,500)	48,500	43,566	(43,566)

Foreign exchange rate risk management

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

In the first half of 2017, the Group optimised the methods for measuring currency options, and continued to develop new system functions, enabling the automatic measurement of the data for the free trade zones and gold futures. Based on the analysis of the current capital and working capital of overseas institutions and considering effects of exchange rate fluctuations, the Group reviewed its hedging strategy and past hedging activities to further clarify its future hedging strategy. The Group completed the 2017 foreign exchange rate risk stress testing of the Financial Sector Assessment Programme (FSAP) required by the PBC and the CBRC, based on sensitive analysis of valuation gains or losses on the foreign currency exposures, which indicated that the overall risk was under control.

Currency concentrations

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

(In millions of RMB)	As at 30 June 2017				As at 31 December 2016			
	USD (RMB equivalent)	**HKD (RMB equivalent)**	**Others (RMB equivalent)**	**Total**	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	Total
Spot assets	**1,462,389**	**309,780**	**377,442**	**2,149,611**	1,306,232	327,955	264,686	1,898,873
Spot liabilities	**(1,261,277)**	**(379,685)**	**(334,633)**	**(1,975,595)**	(1,087,356)	(351,161)	(227,688)	(1,666,205)
Forward purchases	**3,019,069**	**146,027**	**386,314**	**3,551,410**	2,621,532	98,488	230,706	2,950,726
Forward sales	**(3,121,311)**	**(57,090)**	**(417,416)**	**(3,595,817)**	(2,824,058)	(39,253)	(261,184)	(3,124,495)
Net options position	**(65,617)**	**–**	**–**	**(65,617)**	(4,012)	–	–	(4,012)
Net long position	**33,253**	**19,032**	**11,707**	**63,992**	12,338	36,029	6,520	54,887

At the end of June, the net exposure of the Group's foreign exchange rate risk was RMB63,992 million, an increase of RMB9,105 million over the end of last year.

3.3.4 Operational Risk Management

Operational risk is the Group's risk of loss due to inadequate or flawed internal processes, personnel, systems, or external events.

In the first half of 2017, the Group employed various methods to increase the awareness of and trainings on operational risk management, heightening its staff's understanding of the operational risk management. The Group also increased efforts in improving its emergency planning for key businesses and its capability to address emergencies. In addition, the Group developed stress testing plans and templates, and included scenario analysis in operational risk management.

Anti-money Laundering

In the first half of 2017, the Group earnestly implemented the policy requirements on AML, counter-terrorist financing, anti-tax evasion, and reporting of large-sum and suspicious transactions, to solidly strengthen its AML management and control. Firstly, the Group clarified the AML and counter-terrorist financing compliance requirements for client acceptance to incorporate risk management and control at an earlier stage. Secondly, it further improved AML rules and procedures, including freezing of terrorist related assets, compliance with financial sanctions and institutional money laundering risk assessment, and strengthened the compliance risk management and risk warnings of international financial sanctions. Thirdly, the Group initiated tax compliance work required by the Common Reporting Standard.

3.3.5 Reputational Risk Management

Reputational risk is the potential or existing risk of negative impact on or damage to the Group's overall image, reputation and brand value, when certain aspects of the Bank's operational, managerial or other behaviours attract media attention or coverage.

In the first half of 2017, the Group continued to improve its reputational risk management system and mechanism, strengthen the consolidated reputational risk management, and enhance the overall reputational risk management across the Group. It emphasized on enhancing its competence in professional reputational risk management, further improved the reputational risk assessment system, and built a preliminary model of reputational risk for capital stress testing. It strengthened its efforts in reputational risk analysis, early warning and contingency planning, innovated channels for promoting "the Voice" of CCB, and improved the ability to respond to and guide public opinions. It intensified trainings on reputational risk management and media literacy, raising risk awareness across the Bank. The Group achieved steady improvement in its reputational risk management and effectively safeguarded its good corporate image and reputation during the reporting period.

3.3.6 Country Risk Management

Country risk refers to the risk of insolvency or refusal of borrowers or debtors in a country or region to repay the liabilities from the Group, or the risk of losses in the physical outlets, equipment, facilities, or other losses of the Group in a country or region, due to the economic, political, social changes and events incurred in such country or region. Country risk mainly includes transfer risk, sovereign risk, contagion risk, currency risk, macroeconomic risk, political risk and indirect country risk.

In the first half of 2017, the Bank continued to deepen country risk management in accordance with regulatory requirements to improve its capability to prevent and mitigate country risk. It clarified requirements on limit management of country risk, continued to optimise the country risk assessment mechanism, and expanded the coverage and application of internal ratings for country risk. It reinforced country risk monitoring, early warning and emergency responses, closely monitored the changes of country risk exposures, improved its capability to manage and mitigate country risk, so as to provide solid support for the Bank's international transformation and implementation of major national strategies, including "the Belt and Road".

3.3.7 Consolidated Management

Consolidated management is the comprehensive and continuous management and control that the Bank imposes over the Group's and its subsidiaries' corporate governance, capital and finance, in order to effectively identify, measure, monitor and control the overall risk profile of the Group.

In the first half of 2017, the Bank compiled the annual limit scheme for market risk policy to specify the risk boundaries of various trading businesses across the Group; it compiled the 2017 fund sourcing and utilisation plan for subsidiaries, and enhanced management of the Group's liquidity at key points of time; it monitored the businesses of subsidiaries on a regular basis in accordance with the credit approval requirements on a consolidated basis so as to make sure that the credit risk exposures arising from business activities of the subsidiaries were in line with the Group's risk preference; and it carried out self-assessment of subsidiaries' comprehensive risks on a quarterly basis, and effectively monitored the risk condition and risk management of the subsidiaries by tracking the changes in subsidiaries' major risk indicators.

3.3.8 Internal Audit

In order to promote the establishment of a sound and effective risk management mechanism, internal control system and corporate governance procedures, the Bank's Internal Audit Department evaluates the effectiveness of the internal control system and risk management mechanism, the effect of corporate governance procedures, the efficiency of business operations, and the economic responsibilities of relevant personnel, and puts forward suggestions for improvement.

In the first half of 2017, focusing on transformation and development in line with the changes in economic and financial environment, the internal auditors organised systematic audit projects with emphasis on risk prevention and control of key businesses, including audit on operation and management of major businesses at certain tier-one branches and eight overseas institutions, dynamic audit investigation on the fundamental management of credit businesses, audits on secured loan business, private banking business, financial market business at certain branches, management of capital adequacy ratio, and audit investigation on corporate e-finance business. Meanwhile, it enhanced continuous supervision and follow-up of rectification activities and performed an in-depth analysis on the underlying causes of issues identified, so as to push relevant departments and branches to constantly improve their management mechanisms, business processes and internal management, and effectively promote the stable and healthy development of the Bank's operation and management.

3.4 Capital Management

The Group has implemented a comprehensive capital management framework, which covers the formulation of capital management policies, capital blueprint and planning, capital measurement, assessment on internal capital adequacy, capital allocation, capital incentives, disciplines and transmission, capital raising, monitoring and reporting, and the application of the advanced capital management approach in its daily operations.

In the first half of 2017, the Group continued to improve capital transmission and constraint mechanisms and strive for a shift to capital-intensive operations. It took initiatives to push forward improvement in its business structure, promoted the application of capital return in its resource allocation, and guided capital to areas with higher returns. Besides, the Group persisted in refined capital management, continued to identify opportunities for saving capital, and reduced the inefficient use of capital to improve capital efficiency. Moreover, the Group improved its capability of consolidated capital management, regulated capital management processes, and gradually enhanced the role of capital as a guiding and restraining force in business development.

3.4.1 Capital Adequacy Ratios

Calculation scope of the capital adequacy ratios

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

Capital adequacy ratios

The Group calculated capital adequacy ratios in accordance with the *Capital Rules for Commercial Banks (Provisional)* issued by the CBRC in June 2012 and began to implement the advanced capital management approach from April 2014. The capital charge for corporate credit risk exposures that meet regulatory requirements is calculated with the foundation internal rating-based (FIRB) approach, that for retail credit risk exposures is calculated with the internal rating-based approach, that for market risk is calculated with the internal model approach, and that for operational risk is calculated with the standardised approach.

At the end of June, considering relevant rules in the transition period, the Group's total capital ratio, Tier 1 ratio and Common Equity Tier 1 ratio, which were calculated in accordance with the *Capital Rules for Commercial Banks (Provisional)*, were 14.50%, 12.84% and 12.68%, respectively, all in compliance with the regulatory requirements.

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

	As at 30 June 2017		As at 31 December 2016	
(In millions of RMB, except percentages)	**The Group**	**The Bank**	The Group	The Bank
Calculated in accordance with the *Capital Rules for Commercial Banks (Provisional)*				
Common Equity Tier 1 capital after deductions	**1,600,450**	**1,501,851**	1,549,834	1,456,011
Tier 1 capital after deductions	**1,620,211**	**1,520,616**	1,569,575	1,475,184
Total capital after deductions	**1,830,515**	**1,728,030**	1,783,915	1,686,768
Common Equity Tier 1 ratio	**12.68%**	**12.56%**	12.98%	12.89%
Tier 1 ratio	**12.84%**	**12.72%**	13.15%	13.06%
Total capital ratio	**14.50%**	**14.45%**	14.94%	14.93%
Calculated in accordance with the *Measures for the Management of Capital Adequacy Ratios of Commercial Banks*				
Core capital adequacy ratio	**12.28%**	**12.28%**	12.55%	12.57%
Capital adequacy ratio	**14.90%**	**14.73%**	15.31%	15.16%

Composition of capital

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

(In millions of RMB)	**As at 30 June 2017**	As at 31 December 2016
Common Equity Tier 1 capital		
Qualifying common share capital	**250,011**	250,011
Capital reserve[1]	**114,269**	132,800
Surplus reserve	**175,445**	175,445
General reserve	**245,397**	211,134
Undistributed profits	**821,722**	784,164
Minority interest recognised in Common Equity Tier 1 capital	**3,113**	4,069
Others[2]	**(1,083)**	798
Deductions for Common Equity Tier 1 capital		
Goodwill[3]	**2,674**	2,752
Other intangible assets (excluding land use right)[3]	**1,825**	2,083
Cash-flow hedge reserve from items that are not measured at fair value	**23**	(150)
Investments in common equity of financial institutions being controlled but outside the scope of consolidation	**3,902**	3,902
Additional Tier 1 capital		
Other directly issued qualifying additional Tier 1 instruments including related premium	**19,659**	19,659
Minority interest recognised in Additional Tier 1 capital	**102**	82
Tier 2 capital		
Directly issued qualifying Tier 2 instruments including related premium	**139,379**	155,684
Provisions in Tier 2	**70,510**	58,281
Minority interest recognised in Tier 2 capital	**415**	375
Common Equity Tier 1 capital after deductions[4]	**1,600,450**	1,549,834
Tier 1 capital after deductions[4]	**1,620,211**	1,569,575
Total capital after deductions[4]	**1,830,515**	1,783,915

1. Investment revaluation reserve is included in capital reserve.
2. Others mainly contain foreign exchange reserve.
3. Both balances of goodwill and other intangible assets (excluding land use right) are the net amounts after deducting relevant deferred tax liabilities.
4. Common Equity Tier 1 capital after deductions is calculated by netting off the corresponding deduction items from the Common Equity Tier 1 capital. Tier 1 capital after deductions is calculated by netting off the corresponding deduction items from the Tier 1 capital. Total capital after deductions is calculated by netting off the corresponding deduction items from the total capital.

Risk-weighted assets

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

(In millions of RMB)	**As at 30 June 2017**	As at 31 December 2016
Credit risk-weighted assets	**11,521,992**	10,821,591
Covered by internal rating-based approach	**8,050,135**	7,465,207
Uncovered by internal rating-based approach	**3,471,857**	3,356,384
Market risk-weighted assets	**87,476**	103,494
Covered by internal model approach	**44,712**	58,277
Uncovered by internal model approach	**42,764**	45,217
Operational risk-weighted assets	**1,012,689**	1,012,689
Total risk-weighted assets	**12,622,157**	11,937,774

3.4.2 Leverage Ratio

Since the first quarter of 2015, the Group calculates its leverage ratio in accordance with the *Measures for the Administration of the Leverage Ratio of Commercial Banks (Revised)* promulgated by the CBRC in January 2015. At the end of June 2017, the Group met the regulatory requirements with a leverage ratio of 6.95%.

The following table shows, as at the dates indicated, the general information related to the Group's leverage ratio.

(In millions of RMB, except percentages)	**As at 30 June 2017**	As at 31 March 2017	As at 31 December 2016	As at 30 September 2016
Leverage Ratio[1]	**6.95%**	7.01%	7.03%	7.12%
Tier 1 capital after deductions	**1,620,211**	1,629,829	1,569,575	1,552,524
On- and off-balance sheet assets after adjustments[2]	**23,312,727**	23,251,597	22,321,581	21,796,235

1. Leverage ratio is calculated in accordance with relevant regulatory requirements. Tier 1 capital after deductions is consistent with that used in the calculation of capital adequacy ratio by the Group.
2. On- and off-balance sheet assets after adjustment = On-balance sheet assets after adjustment + Off-balance sheet items after adjustment – Deductions from Tier 1 capital.

The following table shows, as at the dates indicated, the accounting items related to the Group's leverage ratio and their differences with the regulatory items.

(In millions of RMB)	As at 30 June 2017	As at 31 December 2016
Total on-balance sheet assets[1]	**21,692,067**	20,963,705
Consolidated adjustment[2]	**(112,796)**	(99,697)
Derivatives adjustment	**72,693**	25,535
Securities financing transactions adjustment	**2,733**	922
Off-balance sheet items adjustment[3]	**1,666,454**	1,439,703
Other adjustments[4]	**(8,424)**	(8,587)
On- and off-balance sheet assets after adjustments	**23,312,727**	22,321,581

1. Total on-balance sheet assets are calculated in accordance with the financial and accounting standards.
2. Consolidated adjustment refers to the difference between consolidated total assets as calculated by regulatory and accounting requirements.
3. Off-balance sheet items adjustment refers to the balance of off-balance sheet items multiplied by the credit conversion factors in accordance with the *Measures for the Administration of the Leverage Ratio of Commercial Banks (Revised)*.
4. Other adjustments mainly comprise deductions from Tier 1 capital.

The following table shows, as at dates indicated, the information related to the Group's leverage ratio, Tier 1 capital after deductions, and on- and off-balance sheet assets after adjustments and their relevant detailed items.

(In millions of RMB, except percentages)	As at 30 June 2017	As at 31 December 2016
On-balance sheet assets (excluding derivatives and securities financing transactions)[1]	**21,257,451**	20,672,026
Less: Deductions from Tier 1 capital	**(8,424)**	(8,587)
On-balance sheet assets after adjustments (excluding derivatives and securities financing transactions)	**21,249,027**	20,663,439
Replacement costs of various derivatives (excluding eligible margin)	**52,031**	61,402
Potential risk exposures of various derivatives	**69,167**	53,443
Nominal principals arising from sales of credit derivatives	**–**	50
Positive fair value of derivatives	**121,198**	114,895
Accounting assets arising from securities financing transactions	**273,315**	102,622
Counter-party credit risk exposure arising from securities financing transactions	**2,733**	922
Securities financing transactions assets	**276,048**	103,544
Off-balance sheet assets	**3,297,462**	2,745,861
Less: Decrease in off-balance sheet assets due to credit conversion	**(1,631,008)**	(1,306,158)
Off-balance sheet assets after adjustments	**1,666,454**	1,439,703
Tier 1 capital after deductions	**1,620,211**	1,569,575
On- and off-balance sheet assets after adjustments	**23,312,727**	22,321,581
Leverage Ratio[2]	**6.95%**	7.03%

1. These refer to on-balance sheet assets excluding derivatives and securities financing transactions on a regulatory consolidated basis.
2. Leverage ratio is calculated as Tier 1 capital after deductions divided by on- and off-balance sheet assets after adjustments.

3.5 Prospects

In the second half of 2017, global economies will continue to recover, while the risk of economic downturn still exists. It is expected that the US economy will stabilise and rebound, the Eurozone economy will experience a slight slowdown in recovery momentum, while the Japanese economy is expected to maintain a low-speed recovery. Emerging economies remain the main drivers for global economic growth. Chinese economy will keep on growing steadily with the further promotion of supply-side structural reform, continuous deepening of financial reform and further strengthened macro-prudential regulation.

The banking industry will still face a complex and grim business environment, with both challenges and opportunities. On the one hand, credit risks and hidden local government debt risks continue to accumulate, presenting huge pressure to prevent and manage these risks; domestic regulators strengthen macro-prudential regulation and the overhaul of the financial environment, and international regulators roll out more regulations and set stricter requirements on AML, hence higher requirement on bank compliance management; Internet-based financial companies extend their reach to the banking sector, posing challenges to banks' development. On the other hand, the implementation of a series of major national development strategies and key engineering projects brings huge potential for business development; the frequent appearance of new economy, new business forms and new products creates extensive opportunities; the upgrades in the consumer sector creates a favourable environment for developing payment and settlement, private banking and consumer finance.

The Group will focus on key missions of supporting the real economy, preventing and managing financial risks, and deepening financial reform, and make efforts in the following aspects to improve its capabilities of prudent operation and management in compliance with regulatory requirements: First is to serve national strategies. The Group will closely follow up implementation of national strategies, including the "Belt and Road", coordinated development of the Beijing-Tianjin-Hebei region, Yangtze River Economic Belt and Xiong'an New Area, and leverage its strength to provide solid credit support to major national projects. Second is to effectively align its efforts with the supply-side structural reform. With the opening of CCB Financial Asset Investment Co., Ltd., the Group will take the opportunity to push forward its market-driven debt-to-equity swap services; it will strictly implement the adjustment and control policy for the real estate market; it will continue to implement fee reductions and concessions policies to reduce corporate financing costs; it will support the weak areas of the real economy, promote business start-ups and innovations, and innovate financial services to small and micro enterprises and "agriculture, farmers and rural areas". Third is to support the economic transformation and upgrade. The Group will increase its lending to advanced manufacturing industry and green credit, and tap into new business forms in culture and entertainment, medical care, education, leisure and tourism; it will push ahead the development of retail business, offer personalised services for the consumption upgrade by applying big data and capitalising on the advantage as a Group. Fourth is to make greater efforts to prevent and mitigate risks. The Group will ensure that its risks are effectively managed by focusing on management and control of credit risk, liquidity risk, and risks associated with direct operation divisions, subsidiaries and overseas institutions, and strengthening its compliance and internal control. Fifth is to further enhance its management ability. The Group will reinforce the application of the "New Generation Core Banking System" and big data technology, build an all-around intensive operation and management system, enhance the mechanism for collaboration and synergy, and continuously push forward its refined management, in order to improve its value creation capabilities.

4 Changes in Share Capital and Particulars of Shareholders

4.1 Changes in Ordinary Shares

Unit: share

	1 January 2017		Increase/(Decrease) during the reporting period					30 June 2017	
	Number of shares	Percentage (%)	Issuance of additional shares	Bonus issue	Shares converted from capital reserve	Others	Sub-total	Number of shares	Percentage (%)
I. Shares subject to selling restrictions	–	–	–	–	–	–	–	–	–
II. Shares not subject to selling restrictions									
1. RMB ordinary shares	9,593,657,606	3.84	–	–	–	–	–	9,593,657,606	3.84
2. Foreign investment shares listed overseas	93,199,798,499	37.28	–	–	–	–	–	93,199,798,499	37.28
3. Others[1]	147,217,521,381	58.88	–	–	–	–	–	147,217,521,381	58.88
III. Total number of shares	250,010,977,486	100.00	–	–	–	–	–	250,010,977,486	100.00

1. H-shares of the Bank free from selling restrictions held by the promoters of the Bank, i.e. Huijin, Baowu Steel Group, State Grid, and Yangtze Power.

4.2 Number of Ordinary Shareholders and Particulars of Shareholding

At the end of the reporting period, the Bank had a total of 395,064 ordinary shareholders, of whom 47,291 were holders of H-shares and 347,773 were holders of A-shares.

Unit: share

Total number of ordinary shareholders — **395,064 (Total number of registered holders of A-shares and H-shares as at 30 June 2017)**

Particulars of shareholding of the top ten shareholders

Name of shareholder	Nature of shareholder	Shareholding percentage (%)	Changes in shareholding during the reporting period	Total number of shares held	Number of shares pledged or frozen
Huijin[2]	State	57.03	–	142,590,494,651 (H-shares)	None
		0.08	–	195,941,976 (A-shares)	None
HKSCC Nominees Limited[2,3]	Foreign legal person	36.70	+2,116,410	91,753,254,322 (H-shares)	Unknown
China Securities Finance Corporation Limited	State-owned legal person	1.05	+52,663,646	2,619,943,985 (A-shares)	None
Baowu Steel Group[3]	State-owned legal person	0.80	–	2,000,000,000 (H-shares)	None
State Grid[3,4]	State-owned legal person	0.64	–	1,611,413,730 (H-shares)	None
Yangtze Power[3]	State-owned legal person	0.41	–	1,015,613,000 (H-shares)	None
Reca Investment Limited	Foreign legal person	0.34	–	856,000,000 (H-shares)	None
Central Huijin Asset Management Co., Ltd.[2]	State-owned legal person	0.20	–	496,639,800 (A-shares)	None
Hong Kong Securities Clearing Company Limited[2]	Foreign legal person	0.15	+90,744,643	382,650,767 (A-shares)	None
Ansteel Group Corporation	State-owned legal person	0.04	-2,800,000	101,106,713 (A-shares)	None

1. None of the shares held by the aforesaid shareholders were subject to selling restrictions.
2. Central Huijin Asset Management Co., Ltd. is a wholly-owned subsidiary of Huijin. HKSCC Nominees Limited is a wholly-owned subsidiary of Hong Kong Securities Clearing Company Limited. Apart from these, the Bank is not aware of any connected relation or concerted action among the aforesaid shareholders.
3. As at 30 June 2017, State Grid and Yangtze Power held 1,611,413,730 H-shares and 1,015,613,000 H-shares of the Bank respectively, all of which were held under the name of HKSCC Nominees Limited; Baowu Steel Group held 2,000,000,000 H-shares of the Bank, in which 550,000,000 H-shares were held under the name of HKSCC Nominees Limited. Save the aforesaid H-shares of the Bank held by State Grid and Yangtze Power, as well as 550,000,000 H-shares held by Baowu Steel Group, 91,753,254,322 H-shares of the Bank were held under the name of HKSCC Nominees Limited, which also included the H-shares held by Temasek Holdings (Private) Limited.
4. As at 30 June 2017, the holding of H-shares of the Bank by State Grid through its wholly-owned subsidiaries was as follows: State Grid Yingda International Holdings Group Co., Ltd. held 54,131,000 shares, State Grid International Development Limited held 1,315,282,730 shares, Luneng Group Co., Ltd. held 230,000,000 shares and Shenzhen Guoneng International Trading Co., Ltd. held 12,000,000 shares.

4.3 Changes in Controlling Shareholders and Actual Controlling Parties

During the reporting period, there was no change in controlling shareholders or actual controlling parties.

4.4 Material Interests and Short Positions

At the end of the reporting period, the interests and short positions of substantial shareholders and other persons in the shares and underlying shares of the Bank as recorded in the register required to be kept under Section 336 of the *SFO* of Hong Kong were as follows:

Name	Type of shares	Interests in shares and short positions	Nature	% of A-shares or H-shares issued	% of total ordinary shares issued
Huijin[1]	A-share	692,581,776	Long position	7.22	0.28
Huijin[2]	H-share	133,262,144,534	Long position	59.31	57.03

1. On 29 December 2015, Huijin declared interests on the website of Hong Kong Stock Exchange. It disclosed that it held the interests of 692,581,776 A-shares of the Bank, accounting for 7.22% of the A-shares issued (9,593,657,606 shares) and 0.28% of total ordinary shares issued (250,010,977,486 shares) at that time. Among this, 195,941,976 A-shares were directly held by Huijin, and 496,639,800 A-shares were held by Central Huijin Asset Management Co., Ltd., a wholly-owned subsidiary of Huijin. As at 30 June 2017, according to the A-share register of shareholders of the Bank, Huijin directly held 195,941,976 A-shares of the Bank, Central Huijin Asset Management Co., Ltd., a wholly-owned subsidiary of Huijin, directly held 496,639,800 A-shares of the Bank.
2. On 26 May 2009, Huijin declared its interests on the website of Hong Kong Stock Exchange. It disclosed that it held the interests of 133,262,144,534 H-shares of the Bank, accounting for 59.31% of the H-shares issued (224,689,084,000 shares) and 57.03% of total ordinary shares issued (233,689,084,000 shares) at that time. As at 30 June 2017, according to the H-share register of shareholders of the Bank, Huijin directly held 142,590,494,651 H-shares of the Bank, accounting for 59.31% of the H-shares issued (240,417,319,880 shares) and 57.03% of total ordinary shares issued (250,010,977,486 shares) at the end of the period respectively.

4.5 Details of Preference Shares

4.5.1 Details of Issuance and Listing of Preference Shares

In December 2015, the Bank made a non-public issuance of preference shares in the offshore market, which were listed on the Hong Kong Stock Exchange. Net proceeds raised from the offshore preference shares approximated RMB19,659 million, all used to replenish additional Tier 1 capital of the Bank.

4.5.2 Number of Preference Shareholders and Particulars of Shareholding

At the end of the reporting period, the Bank had one preference shareholder (or proxy). Particulars of shareholding are as follows:

Unit: share

Name of preference shareholder	Nature of shareholder	Type of shares	Shareholding percentage (%)	Increase/decrease during the reporting period	Total number of shares held	Number of shares subject to selling restrictions	Number of shares pledged or frozen
The Bank of New York Depository (Nominees) Limited	Foreign legal person	Offshore preference shares	100.00	–	152,500,000	–	Unknown

1. Particulars of shareholding of the preference shareholders were based on the information in the Bank's register of preference shareholders.
2. As the issuance was an offshore non-public offering, the preference shareholder in register was The Bank of New York Depository (Nominees) Limited as proxy in the clearing systems of Euroclear Bank S.A./N.V. and Clearstream Banking S.A. at the end of the reporting period.

4.5.3 Profit Distribution of Preference Shares

During the reporting period, there was no dividend payment for preference shares.

4.5.4 Redemption or Conversion of Preference Shares

During the reporting period, there was no redemption or conversion of preference shares issued by the Bank.

4.5.5 Restoration of Voting Rights of Preference Shares

During the reporting period, there was no restoration of voting rights of preference shares issued by the Bank.

4.5.6 Accounting Policies Adopted for Preference Shares and Causes Thereof

In accordance with *Accounting Standards for Enterprise No. 22 – Recognition and Measurement of Financial Instruments, Accounting Standards for Enterprise No. 37 – Presentation of Financial Instruments and Rules on the Financial Liability and the Equity Instruments and Relevant Accounting Treatment* promulgated by the MOF, as well as *International Accounting Standards No. 39 – Financial Instruments: Recognition and Measurement* and *International Accounting Standards No. 32 – Financial Instruments: Presentation* formulated by the International Accounting Standards Board, the existing preference shares issued by the Bank conform to the accounting requirements as equity instruments in its provisions, and are calculated as equity instruments.

5 Profiles of Directors, Supervisors and Senior Management

5.1 Particulars of Directors, Supervisors and Senior Management

Directors of the Bank

Members of the Bank's Board include executive directors: Mr. Wang Zuji, Mr. Pang Xiusheng and Mr. Zhang Gengsheng; non-executive directors: Ms. Feng Bing, Mr. Zhu Hailin, Mr. Li Jun, Mr. Wu Min, Mr. Zhang Qi, and Ms. Hao Aiqun; and independent non-executive directors: Ms. Anita Fung Yuen Mei, Sir Malcolm Christopher McCarthy, Mr. Carl Walter, Mr. Chung Shui Ming Timpson, and Mr. Murray Horn.

Supervisors of the Bank

Members of the Bank's board of supervisors include shareholder representative supervisors: Mr. Guo You, Ms. Liu Jin and Ms. Li Xiaoling; employee representative supervisors: Mr. Li Xiukun, Mr. Jin Yanmin and Mr. Li Zhenyu; and external supervisor: Mr. Bai Jianjun.

Senior Management of the Bank

Senior management of the Bank include Mr. Wang Zuji, Mr. Pang Xiusheng, Mr. Zhang Gengsheng, Mr. Yang Wensheng, Mr. Huang Yi, Mr. Yu Jingbo, Mr. Zhu Kepeng, Mr. Zhang Lilin, Mr. Liao Lin, Mr. Xu Yiming, and Mr. Chen Caihong.

5.2 Changes in Directors, Supervisors and Senior Management

Directors of the Bank

Upon approval of the Board meeting of the Bank, Mr. Tian Guoli was nominated as executive director of the Bank on 17 August 2017, subject to the approval of the shareholders' general meeting.

The Bank published an announcement on 17 August 2017, pursuant to which, Mr. Wang Hongzhang ceased to serve as chairman and executive director of the Bank by reason of his age.

Upon election at the 2016 annual general meeting of the Bank, Sir Malcolm Christopher McCarthy commenced his position as independent non-executive director of the Bank from 15 August 2017.

After the election at the 2016 annual general meeting of the Bank and the approval of the CBRC, Ms. Feng Bing, Mr. Zhu Hailin, Mr. Wu Min and Mr. Zhang Qi commenced their positions as non-executive directors of the Bank from 28 July 2017.

The Bank published announcements on 15 June 2017, pursuant to which, Mr. Dong Shi no longer served as non-executive director of the Bank and Mr. Wim Kok no longer served as independent non-executive director of the Bank, due to the expiration of their terms of office.

The Bank published an announcement on 28 April 2017, pursuant to which, Mr. Zhang Long ceased to serve as independent non-executive director of the Bank due to personal reasons.

The Bank published an announcement on 8 February 2017, pursuant to which, Mr. Guo Yanpeng ceased to serve as non-executive director of the Bank due to change of job.

Senior Management of the Bank

Upon approval of the CBRC after the appointment at the first session of the Bank's Board Meeting in 2017, Mr. Liao Lin commenced his position as chief risk officer of the Bank from March 2017.

Due to personal reasons, Mr. Zeng Jianhua ceased to serve as chief risk officer of the Bank from February 2017.

From May 2017, Mr. Zhang Lilin commenced his position as member of the senior management of the Bank and took the position of executive vice president of the Bank since September 2017.

5.3 Changes in Personal Information of Directors, Supervisors and Senior Management

Mr. Li Jun, non-executive director of the Bank, commenced his position as supervisor of the China Export & Credit Insurance Corporation from May 2017.

Mr. Chung Shui Ming Timpson, independent non-executive director of the Bank, commenced his position as independent non-executive director of China Railway Group Limited from June 2017.

Mr. Carl Walter, independent non-executive director of the Bank, acted as chairman of the Social Responsibility and Related Party Transactions Committee of the Board from June 2017.

Ms. Anita Fung Yuen Mei, independent non-executive director of the Bank, commenced her position as member of the Hong Kong Judicial Officers Recommendation Commission from July 2017.

Mr. Murray Horn, independent non-executive director of the Bank, acted as chairman of the Nomination and Remuneration Committee of the Board of the Bank from June 2017 to August 2017.

Sir Malcolm Christopher McCarthy, independent non-executive director of the Bank, commenced his position as chairman of the Nomination and Remuneration Committee of the Board of the Bank from August 2017.

Mr. Yang Wensheng, executive vice president of the Bank, ceased to concurrently serve as the chairman of CCB Brasil from April 2017.

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

Mr. Zhang Gengsheng, director of the Bank, indirectly held 19,304 H-shares via the employee stock incentive plan before he was appointed as director. Mr. Zhang Long, resigned director of the Bank, held 235,400 A-shares. Some of the supervisors of the Bank indirectly held H-shares of the Bank via the employee stock incentive plan before they assumed their current positions. Mr. Li Xiukun held 12,366 H-shares, Mr. Jin Yanmin held 15,739 H-shares and Mr. Li Zhenyu held 3,971 H-shares. Apart from the above, as at 30 June 2017, none of the directors or supervisors of the Bank had any interests or short positions in the shares, underlying shares and debentures of the Bank or its associated corporations (within the meaning of Part XV of the *SFO* of Hong Kong) as recorded in the register required to be kept under Section 352 of the *SFO* of Hong Kong or as otherwise notified to the Bank and Hong Kong Stock Exchange pursuant to the *Model Code for Securities Transactions by Directors of Listed Issuers* in Appendix 10 to the Listing Rules of Hong Kong Stock Exchange.

As of 30 June 2017, except for the employee stock incentive plan, the Bank had not granted its directors or supervisors, or their respective spouses or children below the age of 18, any other rights to subscribe for the shares or debentures of the Bank or any of its associated corporations.

5.5 Directors and Supervisors' Securities Transactions

The Bank has adopted a code of practice in relation to securities transactions by directors and supervisors as set out in the *Model Code for Securities Transactions by Directors of Listed Issuers* in Appendix 10 to the Listing Rules of Hong Kong Stock Exchange. All directors and supervisors had complied with the provisions of this code during the six months ended 30 June 2017.

5.6 Shares of the Bank Held by Directors, Supervisors and Senior Management

During the reporting period, Mr. Zhang Gengsheng, director of the Bank, indirectly held 19,304 H-shares of the Bank via the employee stock incentive plan before he assumed the current position. Mr. Zhang Long, the resigned director of the Bank, held 235,400 A-shares of the Bank. Some of the Bank's supervisors and senior executives indirectly held H-shares of the Bank via the employee stock incentive plan before they assumed their current positions. Mr. Li Xiukun held 12,366 H-shares, Mr. Jin Yanmin held 15,739 H-shares, Mr. Li Zhenyu held 3,971 H-shares, Mr. Yang Wensheng held 10,845 H-shares, Mr. Yu Jingbo held 22,567 H-shares, Mr. Liao Lin held 14,456 H-shares, Mr. Xu Yiming held 17,925 H-shares and Mr. Chen Caihong held 19,417 H-shares. Mr. Zeng Jianhua, the resigned senior executive of the Bank, held 25,838 H-shares. Apart from the above, none of the other directors, supervisors or senior executives of the Bank held any shares of the Bank.

Corporate Governance

The Bank is committed to a high standard of corporate governance. In strict compliance with the Company Law of the People's Republic of China, the Law of the People's Republic of China on Commercial Banks and other laws and regulations, regulations and requirements of regulators, as well as the listing rules of the listing venues, the Bank refined its corporate governance structure and improved related rules in line with its corporate governance practices.

During the reporting period, the Bank reviewed and approved proposals including the amendments to articles of association, rules of procedure for the shareholders' general meeting, rules of procedure for the Board, and rules of procedure for the board of supervisors; the election and appointments of non-executive directors, independent non-executive directors, shareholder representative supervisor, and senior executives; and the proposal to issue eligible Tier 2 capital instruments up to the equivalent of RMB96.0 billion.

During the reporting period, there was no material difference between the actual state of the Bank's corporate governance and the corporate governance regulations for the listing companies promulgated by the CSRC. The Bank has complied with the code provisions of the *Corporate Governance Code* and *Corporate Governance Report* as set out in Appendix 14 to the Listing Rules of Hong Kong Stock Exchange. The Bank has also substantially complied with the recommended best practices therein.

Details of Shareholders' General Meeting Convened

On 15 June 2017, the Bank held the 2016 annual general meeting in Hong Kong and Beijing at the same time, which reviewed and approved the 2016 report of the Board, report of the board of supervisors, final financial accounts, profit distribution plan, 2017 fixed assets investment budget, 2015 remuneration distribution and settlement plan for directors and supervisors, election of non-executive directors, independent non-executive director and shareholder representative supervisor, appointment of external auditors for 2017, issuance of eligible Tier 2 capital instruments up to the equivalent of RMB96.0 billion, amendments to the articles of association, rules of procedure for the shareholders' general meeting, rules of procedure for the Board and rules of procedure for the board of supervisors.

The executive directors, namely Mr. Wang Hongzhang, Mr. Wang Zuji, Mr. Pang Xiusheng and Mr. Zhang Gengsheng, the non-executive directors, namely Ms. Hao Aiqun and Mr. Dong Shi, and the independent non-executive directors, namely Ms. Anita Fung Yuen Mei, Mr. Carl Walter, Mr. Chung Shui Ming Timpson, Mr. Wim Kok, and Mr. Murray Horn attended the meeting, and the directors' attendance rate was 92%. The non-executive director Mr. Li Jun was not able to attend the meeting due to work arrangement. The external auditors, the domestic and international legal advisors of the Bank attended the meeting. The shareholders' general meeting was held in compliance with relevant legal procedures. The announcement on the resolutions of the meeting was published on the websites of Shanghai Stock Exchange and Hong Kong Stock Exchange on 15 June 2017 and on the designated newspapers for information disclosure on 16 June 2017.

Formulation and Implementation of Cash Dividend Policy

As approved by the 2016 annual general meeting, the Bank distributed the 2016 cash dividend of RMB0.278 per share (including tax), totalling RMB2,667 million, on 30 June 2017 to all of its holders of A-shares whose names appeared on the register of members on 29 June 2017. It distributed the 2016 cash dividend of RMB0.278 per share (including tax), totalling RMB66,836 million, on 20 July 2017 to all of its holders of H-shares whose names appeared on the register of members on 29 June 2017. The Bank would not declare 2017 interim dividend nor would it propose any capitalisation of capital reserve into share capital during the reporting period.

Pursuant to the revised articles of association of the Bank reviewed and approved at the 2014 annual general meeting, the Bank may distribute dividends in the form of cash, shares or a combination of cash and shares. Unless under special circumstances, the Bank shall distribute dividends in cash as long as it is in profit for the year and has positive accumulative undistributed profits. The profits distributed by the Bank in a year shall be no less than 10% of the net profit attributable to equity shareholders of the Bank on a consolidated basis in the same year. When adjusting the profit distribution policy, the Board shall conduct a specific discussion to elaborate on and verify the reasons to make the adjustments and prepare a written report. Independent non-executive directors shall express their views, and the matter shall be approved in the form of special resolution by the shareholders' general meeting. The Bank shall provide the shareholders with online voting channels when considering the adjustments to the profit distribution policy.

The formulation and implementation of the Bank's profit distribution plan are in line with the provisions of the articles of association and the requirements of the resolution of the shareholders' general meeting. The procedures and mechanism for the decision-making of profit distribution are complete, and the standard and proportion of dividend distribution are clear and explicit. The independent non-executive directors conducted due diligence and played their due roles in the decision-making process of the profit distribution plan. Minority shareholders can fully express their opinions and requests, and their legitimate rights and interests have been fully respected.

Performance of Undertakings

In September 2004, Huijin made a commitment of "non-competition within the industry", i.e., as long as Huijin continues to hold any shares of the Bank, or is deemed as a controlling shareholder or a related party of a controlling shareholder of the Bank in accordance with related laws of the People's Republic of China and listing places or listing rules of the Bank's listing venues, Huijin would not engage in or participate in any competing commercial banking businesses, including but not limited to granting loans, taking deposits, providing settlement, and providing fund custody, bank card and currency exchange services. However, Huijin may still engage in or participate in competing businesses through investing in other commercial banks. Accordingly, Huijin has committed that it would: (1) fairly treat its investments in commercial banks, and would not abuse its shareholder position in the Bank or the information it obtained through its shareholder position in the Bank to make decisions detrimental to the Bank but beneficial to other commercial banks; (2) exercise its shareholder's rights for the best interests of the Bank.

On 6 April 2016, in accordance with relevant rules of CSRC, in order to ensure the effective fulfilment of the measures to make up for the immediate return diluted by the issuance of preference shares of the Bank, Huijin undertook not to intervene with the operation and management of the Bank and not to misappropriate the interests of the Bank.

As at 30 June 2017, Huijin had not breached any of the above undertakings.

Material Litigations and Arbitrations

During the reporting period, the Bank was not subject to any material litigation or arbitration.

Purchase, Sale and Redemption of Shares

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

Penalties

During the reporting period, neither the Bank, nor any of its directors, supervisors, senior executives, or actual controller was subject to investigations by competent authorities, coercive measures taken by judicial or disciplinary inspection departments, transfer to judicial authorities or prosecution for criminal liabilities, investigation or administrative penalty by the CSRC, restricted access to market, identification as unqualified, material administrative punishments by environmental, work safety, taxation or other administrative authorities, or public reprimand by the stock exchanges.

Integrity

During the reporting period, the Bank and its controlling shareholder had no unfulfilled court judgement or significant unpaid overdue debts.

Progress of Implementation of Employee Stock Incentive Plan

The Bank did not implement any new round of stock incentive plan in the reporting period.

Related Party Transactions

During the reporting period, the Bank had no material related party transaction. For the details of related party transactions, please refer to Note "Related party relationships and transactions" in the "Financial Statements".

Material Contracts and Their Performance

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

Other Shareholding or Share Participations

During the reporting period, the Bank made no significant equity investment.

Major Events

The Bank had no major events that should be disclosed.

Review of Half-Year Report

The Group's 2017 half-year financial statements prepared under PRC GAAP have been reviewed by PricewaterhouseCoopers Zhong Tian LLP and the Group's 2017 half-year financial statements prepared under IFRS have been reviewed by PricewaterhouseCoopers.

The Group's 2017 half-year report has been reviewed by the Audit Committee of the Bank.

7 Report on Review of Interim Financial Statements

pwc

羅兵咸永道

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

Introduction

We have reviewed the interim financial information set out on pages 61 to 150, which comprises the consolidated statement of financial position of China Construction Bank Corporation (the "Bank") and its subsidiaries (together, the "Group") as at 30 June 2017 and the related consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting". The directors of the Bank are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

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

Conclusion

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 30 August 2017

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Consolidated Statement of Comprehensive Income

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

	Note	Six months ended 30 June 2017 (Unaudited)	2016 (Unaudited)
Interest income		**363,489**	346,411
Interest expense		**(145,635)**	(135,421)
Net interest income	3	**217,854**	210,990
Fee and commission income		**74,166**	70,907
Fee and commission expense		**(6,086)**	(3,717)
Net fee and commission income	4	**68,080**	67,190
Net trading gain	5	**2,842**	1,696
Dividend income	6	**980**	1,405
Net (loss)/gain arising from investment securities	7	**(1,632)**	7,337
Other operating income, net:			
– Other operating income		**34,143**	46,186
– Other operating expense		**(19,134)**	(39,125)
Other operating income, net	8	**15,009**	7,061
Operating income		**303,133**	295,679
Operating expenses	9	**(70,547)**	(79,116)
		232,586	216,563
Impairment losses on:			
– Loans and advances to customers		**(59,729)**	(46,798)
– Others		**(781)**	188
Impairment losses	10	**(60,510)**	(46,610)
Share of profit/(loss) of associates and joint ventures		**17**	(75)
Profit before tax		**172,093**	169,878
Income tax expense	11	**(33,084)**	(35,975)
Net profit		**139,009**	133,903
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Re-measurements of post-employment benefit obligations		**374**	49
Others		**–**	7
Subtotal		**374**	56
Items that may be reclassified subsequently to profit or loss			
Losses of available-for-sale financial assets arising during the period		**(24,044)**	(4,690)
Income tax impact relating to available-for-sale financial assets		**5,949**	1,254
Reclassification adjustments included in profit or loss		**2,456**	(3,812)
Net gains on cash flow hedges		**173**	–
Exchange difference on translating foreign operations		**(1,733)**	2,976
Subtotal		**(17,199)**	(4,272)
Other comprehensive income for the period, net of tax		**(16,825)**	(4,216)
Total comprehensive income for the period		**122,184**	129,687
Net profit attributable to:			
Equity shareholders of the Bank		**138,339**	133,410
Non-controlling interests		**670**	493
		139,009	133,903
Total comprehensive income attributable to:			
Equity shareholders of the Bank		**121,448**	129,645
Non-controlling interests		**736**	42
		122,184	129,687
Basic and diluted earnings per share (in RMB Yuan)	12	**0.55**	0.53

The notes on pages 67 to 150 form part of these financial statements.

Consolidated Statement of Financial Position

As at 30 June 2017
(Expressed in millions of RMB, unless otherwise stated)

	Note	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Assets:			
Cash and deposits with central banks	13	**2,941,465**	2,849,261
Deposits with banks and non-bank financial institutions	14	**293,561**	494,618
Precious metals		**181,566**	202,851
Placements with banks and non-bank financial institutions	15	**257,430**	260,670
Financial assets at fair value through profit or loss	16	**598,654**	488,370
Positive fair value of derivatives	17	**48,705**	89,786
Financial assets held under resale agreements	18	**279,535**	103,174
Interest receivable	19	**110,386**	101,645
Loans and advances to customers	20	**12,204,730**	11,488,355
Available-for-sale financial assets	21	**1,576,618**	1,633,834
Held-to-maturity investments	22	**2,395,855**	2,438,417
Investments classified as receivables	23	**473,999**	507,963
Interests in associates and joint ventures	25	**6,651**	7,318
Fixed assets	27	**166,962**	170,095
Land use rights	28	**14,381**	14,742
Intangible assets	29	**2,322**	2,599
Goodwill	30	**2,868**	2,947
Deferred tax assets	31	**37,241**	31,062
Other assets	32	**99,138**	75,998
Total assets		**21,692,067**	20,963,705
Liabilities:			
Borrowings from central banks	34	**520,110**	439,339
Deposits from banks and non-bank financial institutions	35	**1,231,543**	1,612,995
Placements from banks and non-bank financial institutions	36	**444,458**	322,546
Financial liabilities at fair value through profit or loss	37	**417,836**	396,591
Negative fair value of derivatives	17	**40,973**	90,333
Financial assets sold under repurchase agreements	38	**60,839**	190,580
Deposits from customers	39	**16,274,393**	15,402,915
Accrued staff costs	40	**28,646**	33,870
Taxes payable	41	**33,800**	44,900
Interest payable	42	**202,197**	211,330
Provisions	43	**9,310**	9,276
Debt securities issued	44	**535,093**	451,554
Deferred tax liabilities	31	**506**	570
Other liabilities	45	**247,761**	167,252
Total liabilities		**20,047,465**	19,374,051
Equity:			
Share capital	46(1)	**250,011**	250,011
Other equity instruments Preference Shares	46(2)	**19,659**	19,659
Capital reserve	47	**134,507**	133,960
Investment revaluation reserve	48	**(16,680)**	(976)
Surplus reserve	49	**175,445**	175,445
General reserve	50	**245,456**	211,193
Retained earnings	51	**821,433**	786,860
Exchange reserve		**(1,386)**	348
Total equity attributable to equity shareholders of the Bank		**1,628,445**	1,576,500
Non-controlling interests		**16,157**	13,154
Total equity		**1,644,602**	1,589,654
Total liabilities and equity		**21,692,067**	20,963,705

Approved and authorised for issue by the Board of Directors on 30 August 2017.

Wang Zuji	**Chung Shui Ming Timpson**	**Li Jun**
Vice chairman, executive director and president	*Independent non-executive director*	*Non-executive director*

The notes on pages 67 to 150 form part of these financial statements.

Consolidated Statement of Changes in Equity

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

	(Unaudited)									
	Attributable to equity shareholders of the Bank									
	Share capital	Other equity instruments – preference shares	Capital reserve	Investment revaluation reserve	Surplus reserve	General reserve	Retained earnings	Exchange reserve	Non-controlling interests	Total equity
As at 31 December 2016	**250,011**	**19,659**	**133,960**	**(976)**	**175,445**	**211,193**	**786,860**	**348**	**13,154**	**1,589,654**
Movements during the period	**–**	**–**	**547**	**(15,704)**	**–**	**34,263**	**34,573**	**(1,734)**	**3,003**	**54,948**
(1) Total comprehensive income for the period	**–**	**–**	**547**	**(15,704)**	**–**	**–**	**138,339**	**(1,734)**	**736**	**122,184**
(2) Changes in share capital										
i Establishment of subsidiaries	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**150**	**150**
ii Change in shareholdings in subsidiaries	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(1,268)**	**(1,268)**
iii Capital injection by other equity holders	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**3,421**	**3,421**
(3) Profit distribution										
i Appropriation to general reserve	**–**	**–**	**–**	**–**	**–**	**34,263**	**(34,263)**	**–**	**–**	**–**
ii Appropriation to ordinary shareholders	**–**	**–**	**–**	**–**	**–**	**–**	**(69,503)**	**–**	**(36)**	**(69,539)**
As at 30 June 2017	**250,011**	**19,659**	**134,507**	**(16,680)**	**175,445**	**245,456**	**821,433**	**(1,386)**	**16,157**	**1,644,602**

	(Unaudited)									
	Attributable to equity shareholders of the Bank									
	Share capital	Other equity instruments – preference shares	Capital reserve	Investment revaluation reserve	Surplus reserve	General reserve	Retained earnings	Exchange reserve	Non-controlling interests	Total equity
As at 31 December 2015	250,011	19,659	135,249	23,058	153,032	186,422	672,154	(5,565)	11,063	1,445,083
Movements during the period	–	–	(241)	(6,797)	–	24,452	40,455	2,976	32	60,877
(1) Total comprehensive income for the period	–	–	56	(6,797)	–	–	133,410	2,976	42	129,687
(2) Changes in share capital										
i Acquisition of subsidiaries	–	–	(269)	–	–	–	–	–	25	(244)
ii Capital injection by non-controlling interests	–	–	–	–	–	–	–	–	13	13
iii Change in shareholdings in subsidiaries	–	–	(28)	–	–	–	–	–	(19)	(47)
(3) Profit distribution										
i Appropriation to general reserve	–	–	–	–	–	24,452	(24,452)	–	–	–
ii Appropriation to ordinary shareholders	–	–	–	–	–	–	(68,503)	–	(29)	(68,532)
As at 30 June 2016	250,011	19,659	135,008	16,261	153,032	210,874	712,609	(2,589)	11,095	1,505,960

The notes on pages 67 to 150 form part of these financial statements.

(Expressed in millions of RMB, unless otherwise stated)

	(Audited)									
	Attributable to equity shareholders of the Bank									
	Share capital	Other equity instruments – preference shares	Capital reserve	Investment revaluation reserve	Surplus reserve	General reserve	Retained earnings	Exchange reserve	Non-controlling interests	Total equity
As at 31 December 2015	250,011	19,659	135,249	23,058	153,032	186,422	672,154	(5,565)	11,063	1,445,083
Movements during the year	–	–	(1,289)	(24,034)	22,413	24,771	114,706	5,913	2,091	144,571
(1) Total comprehensive income for the year	–	–	(921)	(24,034)	–	–	231,460	5,913	219	212,637
(2) Changes in share capital										
i Acquisition of subsidiaries	–	–	(269)	–	–	–	–	–	590	321
ii Capital injection by non-controlling interests	–	–	–	–	–	–	–	–	13	13
iii Establishment of subsidiaries	–	–	–	–	–	–	–	–	1,343	1,343
iv Change in shareholdings in subsidiaries	–	–	(99)	–	–	–	–	–	(45)	(144)
(3) Profit distribution										
i Appropriation to surplus reserve	–	–	–	–	22,413	–	(22,413)	–	–	–
ii Appropriation to general reserve	–	–	–	–	–	24,771	(24,771)	–	–	–
iii Appropriation to ordinary shareholders	–	–	–	–	–	–	(68,503)	–	–	(68,503)
iv Appropriation to preference shareholders	–	–	–	–	–	–	(1,067)	–	–	(1,067)
v Appropriation to non-controlling interests	–	–	–	–	–	–	–	–	(29)	(29)
As at 31 December 2016	250,011	19,659	133,960	(976)	175,445	211,193	786,860	348	13,154	1,589,654

The notes on pages 67 to 150 form part of these financial statements.

Consolidated Statement of Cash Flows

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

	Note	Six months ended 30 June 2017 (Unaudited)	2016 (Unaudited)
Cash flows from operating activities:			
Profit before tax		**172,093**	169,878
Adjustments for:			
– Impairment losses	10	**60,510**	46,610
– Depreciation and amortisation	9	**8,606**	7,803
– Interest income from impaired financial assets		**(1,565)**	(1,917)
– Revaluation (gain)/loss on financial instruments at fair value through profit or loss		**(162)**	516
– Share of (profit)/loss of associates and joint ventures		**(17)**	75
– Dividend income	6	**(980)**	(1,405)
– Unrealised foreign exchange gain		**(9,185)**	(4,261)
– Interest expense on bonds issued		**6,003**	5,660
– Net loss/(gain) on disposal of investment securities	7	**1,632**	(7,337)
– Net gain on disposal of fixed assets and other long-term assets		**(113)**	(64)
		236,822	215,558
Changes in operating assets:			
Net decrease/(increase) in deposits with central banks and with banks and non-bank financial institutions		**74,288**	(276,260)
Net decrease/(increase) in placements with banks and non-bank financial institutions		**25,288**	(10,396)
Net increase in loans and advances to customers		**(808,597)**	(648,979)
Net (increase)/decrease in financial assets held under resale agreements		**(176,482)**	229,510
Net increase in financial assets at fair value through profit or loss		**(110,751)**	(91,993)
Net increase in other operating assets		**(4,791)**	(144,850)
		(1,001,045)	(942,968)
Changes in operating liabilities:			
Net increase in borrowings from central banks		**81,560**	167,495
Net increase in placements from banks and non-bank financial institutions		**129,664**	12,766
Net increase in deposits from customers and from banks and non-bank financial institutions		**514,208**	1,166,928
Net decrease in financial assets sold under repurchase agreements		**(129,364)**	(167,563)
Net increase/(decrease) in certificates of deposit issued		**77,417**	(16,487)
Income tax paid		**(45,906)**	(52,801)
Net increase in financial liabilities at fair value through profit or loss		**21,410**	36,386
Net (decrease)/increase in other operating liabilities		**(5,812)**	52,418
		643,177	1,199,142
Net cash (used in)/from operating activities		**(121,046)**	471,732
Cash flows from investing activities:			
Proceeds from sale and redemption of investments		**818,304**	516,005
Dividends received		**1,008**	1,412
Proceeds from disposal of fixed assets and other long-term assets		**2,181**	128
Purchase of investment securities		**(708,382)**	(833,804)
Purchase of fixed assets and other long-term assets		**(7,687)**	(9,153)
Acquisition of subsidiaries, associates, and joint ventures		**(864)**	(1,010)
Net cash from/(used in) investing activities		**104,560**	(326,422)
Cash flows from financing activities:			
Issue of bonds		**16,949**	7,009
Issue of other equity instruments		**3,421**	–
Capital contribution by non-controlling interests		**150**	38
Consideration paid for acquisition of non-controlling interests		**(24)**	(19)
Dividends paid		**(2,703)**	(2,620)
Repayment of borrowings		**(3,335)**	(8,894)
Interest paid on bonds issued		**(2,578)**	(1,191)
Net cash from/(used in) financing activities		**11,880**	(5,677)

(Expressed in millions of RMB, unless otherwise stated)

	Note	Six months ended 30 June	
		2017 (Unaudited)	2016 (Unaudited)
Effect of exchange rate changes on cash and cash equivalents		**(4,843)**	4,141
Net (decrease)/increase in cash and cash equivalents		**(9,449)**	143,774
Cash and cash equivalents as at 1 January	52	**599,124**	387,921
Cash and cash equivalents as at 30 June	52	**589,675**	531,695
Cash flows from operating activities include:			
Interest received		**351,842**	336,641
Interest paid, excluding interest expense on bonds issued		**(151,683)**	(133,572)

The notes on pages 67 to 150 form part of these financial statements.

1 Company information

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

The Bank obtained its finance permit No.B0004H111000001 from the China Banking Regulatory Commission (the "CBRC") of the PRC. The Bank obtained its unified social credit code No.911100001000044477 from the Beijing Administration for Industry and Commerce. The registered office of the Bank is located at No.25, Finance Street, Xicheng District, Beijing, the PRC.

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

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

2 Basis of preparation and significant accounting policies

(1) Basis of preparation

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

The unaudited interim financial statements contain selected explanatory notes, which provide explanations of events and transactions that are significant to the understanding of the changes in financial position and performance of the Group since the financial statements for the year ended 31 December 2016. The selected notes do not include all of the information and disclosures required for a full set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs"), and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2016.

(2) Use of estimates and assumptions

The preparation of the interim financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results in the future may differ from those reported as a result of the use of estimates and assumptions about future conditions.

(3) Consolidation

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

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

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

(4) Significant accounting policies

In the current interim period, the Group has adopted amendments to IAS 7 (Statement of Cash Flow) disclosure initiative and IAS 12 (Income Taxes). The adoption of the accounting standards has no significant impact on the interim financial statements.

Except for those described above, the accounting policies adopted by the Group for the interim financial statements are consistent with those applied in the preparation of the Group's annual financial statements for the year ended 31 December 2016.

2 Basis of preparation and significant accounting policies (continued)

(5) Taxation

The Group's main applicable taxes and tax rates are as follows:

Business tax

Business tax is charged at 5% on taxable income.

Value added tax ("VAT")

Pursuant to the 'Circular on the Comprehensive Plan for Levying VAT in place of Business Tax' (CaiShui [2016] No.36) jointly issued by the Ministry of Finance and the State Administration of Taxation, business tax used to be levied on taxable income of the Bank and its subsidiaries in Mainland China was replaced by VAT from 1 May 2016. Accordingly, the income and expense under VAT were reported on a net basis. The main VAT taxation rate is 6%.

City construction tax

City construction tax is calculated as 1% – 7% of business tax or VAT.

Education surcharge

Education surcharge is calculated as 3% of business tax or VAT.

Local education surcharge

Local education surcharge is calculated as 2% of business tax or VAT.

Income tax

The income tax rate that is applicable to the Bank and its subsidiaries in Mainland China is 25%. Taxation on overseas operations is charged at the relevant local rates. Tax paid on overseas operations is set off to the extent allowed under the relevant income tax laws of the PRC. All tax exemptions are determined upon approval from the relevant tax authorities.

(6) Interim financial statements and statutory accounts

The interim financial statements have been reviewed by the Audit Committee of the Bank, and were approved by the Board of Directors of the Bank on 30 August 2017. The interim financial statements have also been reviewed by the Bank's auditors, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

The financial information relating to the financial year ended 31 December 2016 that is included in the interim financial statements as previously reported information does not constitute the Group's statutory financial statements for that financial year but is derived from those financial statements. The auditors have expressed an unqualified opinion on those financial statements in their report dated 29 March 2017.

(Expressed in millions of RMB, unless otherwise stated)

3 Net interest income

	Six months ended 30 June	
	2017	2016
Interest income arising from:		
Deposits with central banks	**21,057**	19,261
Deposits with banks and non-bank financial institutions	**4,267**	5,651
Placements with banks and non-bank financial institutions	**3,451**	4,252
Financial assets at fair value through profit or loss	**5,963**	271
Financial assets held under resale agreements	**2,906**	2,487
Investment securities	**77,163**	74,673
Loans and advances to customers		
– Corporate loans and advances	**145,660**	149,496
– Personal loans and advances	**98,935**	82,824
– Discounted bills	**4,087**	7,496
Total	**363,489**	346,411
Interest expense arising from:		
Borrowings from central banks	**(6,721)**	(1,604)
Deposits from banks and non-bank financial institutions	**(16,658)**	(14,681)
Placements from banks and non-bank financial institutions	**(5,341)**	(3,366)
Financial assets sold under repurchase agreements	**(2,126)**	(1,335)
Debt securities issued	**(8,853)**	(7,600)
Deposits from customers		
– Corporate deposits	**(53,928)**	(51,505)
– Personal deposits	**(52,008)**	(55,330)
Total	**(145,635)**	(135,421)
Net interest income	**217,854**	210,990

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

	Six months ended 30 June	
	2017	2016
Impaired loans and advances	**1,520**	1,904
Other impaired financial assets	**18**	13
Total	**1,538**	1,917

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

(Expressed in millions of RMB, unless otherwise stated)

4 Net fee and commission income

	Six months ended 30 June	
	2017	2016
Fee and commission income		
Bank card fees	**20,110**	17,785
Wealth management service fees	**12,381**	11,324
Agency service fees	**10,221**	12,738
Settlement and clearing fees	**7,442**	7,130
Commission on trust and fiduciary activities	**6,610**	6,244
Consultancy and advisory fees	**6,593**	7,318
Electronic banking service fees	**6,484**	4,594
Guarantee fees	**1,714**	1,574
Credit commitment fees	**836**	1,264
Others	**1,775**	936
Total	**74,166**	70,907
Fee and commission expense		
Bank card transaction fees	**(3,493)**	(1,915)
Inter-bank transaction fees	**(516)**	(442)
Others	**(2,077)**	(1,360)
Total	**(6,086)**	(3,717)
Net fee and commission income	**68,080**	67,190

5 Net trading gain

	Six months ended 30 June	
	2017	2016
Debt securities	**(212)**	18
Derivatives	**514**	720
Equity investments	**236**	(196)
Others	**2,304**	1,154
Total	**2,842**	1,696

For the six months ended 30 June 2017, the trading gain related to financial assets designated at fair value through profit or loss of the Group amounted to RMB6,640 million (for the six months ended 30 June 2016: RMB4,676 million gain). Trading loss related to financial liabilities designated at fair value through profit or loss of the Group amounted to RMB7,589 million (for the six months ended 30 June 2016: RMB9,268 million loss).

(Expressed in millions of RMB, unless otherwise stated)

6 Dividend income

	Six months ended 30 June	
	2017	2016
Dividend income from listed trading equity investments	**222**	32
Dividend income from available-for-sale equity investments		
– Listed	**602**	1,157
– Unlisted	**156**	216
Total	**980**	1,405

7 Net (loss)/gain arising from investment securities

	Six months ended 30 June	
	2017	2016
Net gain on sale of available-for-sale financial assets	**1,244**	960
Net revaluation (loss)/gain reclassified from other comprehensive income on disposal	**(3,053)**	5,024
Net gain on sale of held-to-maturity investments	**138**	467
Net gain on sale of receivables	**19**	748
Others	**20**	138
Total	**(1,632)**	7,337

8 Other operating income, net

	Six months ended 30 June	
Other operating income	**2017**	2016
Insurance related income	**17,193**	38,029
Foreign exchange gain	**13,137**	5,221
Rental income	**1,232**	781
Interest subsidy	**1,067**	1,165
Gain on disposal of fixed assets	**163**	96
Gain on disposal of repossessed assets	**83**	4
Others	**1,268**	890
Total	**34,143**	46,186

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

	Six months ended 30 June	
Other operating expense	**2017**	2016
Insurance business related cost	**17,318**	38,438
Loss on disposal of fixed assets	**50**	32
Loss on disposal of repossessed assets	**3**	7
Others	**1,763**	648
Total	**19,134**	39,125

(Expressed in millions of RMB, unless otherwise stated)

9 Operating expenses

	Six months ended 30 June	
	2017	2016
Staff costs		
– Salaries, bonuses, allowances and subsidies	**28,666**	26,393
– Other social insurance and welfare	**3,360**	3,453
– Housing funds	**2,925**	3,097
– Union running costs and employee education costs	**815**	837
– Defined contribution plans accrued	**6,200**	6,174
– Early retirement expenses	**15**	17
– Compensation to employees for termination of employment relationship	**3**	1
	41,984	39,972
Premises and equipment expenses		
– Depreciation charges	**6,937**	6,742
– Rent and property management expenses	**4,482**	4,411
– Maintenance	**871**	889
– Utilities	**862**	890
– Others	**859**	776
	14,011	13,708
Taxes and surcharges	**2,907**	13,359
Amortisation expenses	**1,150**	1,061
Audit fees	**72**	69
Other general and administrative expenses	**10,423**	10,947
Total	**70,547**	79,116

10 Impairment losses

	Six months ended 30 June	
	2017	2016
Loans and advances to customers	**59,729**	46,798
– Additions	**69,190**	53,325
– Releases	**(9,461)**	(6,527)
Investment classified as receivables	**369**	(456)
Available-for-sale debt securities	**282**	(59)
Held-to-maturity investments	**12**	(512)
Others	**118**	839
Total	**60,510**	46,610

(Expressed in millions of RMB, unless otherwise stated)

11 Income tax expense

(1) Income tax expense

	Six months ended 30 June	
	2017	2016
Current tax	**34,196**	42,851
– Mainland China	**32,604**	42,221
– Hong Kong	**968**	360
– Other countries and regions	**624**	270
Adjustments for prior years	**–**	(187)
Deferred tax	**(1,112)**	(6,689)
Total	**33,084**	35,975

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

(2) Reconciliation between income tax expense and accounting profit

		Six months ended 30 June	
	Note	**2017**	2016
Profit before tax		**172,093**	169,878
Income tax calculated at statutory tax rates at 25%		**43,023**	42,470
Effects of different applicable rates of tax prevailing in other countries/regions		**(314)**	(362)
Non-deductible expenses	(i)	**3,438**	3,305
Non-taxable income	(ii)	**(13,063)**	(9,251)
Adjustments on income tax for prior years which affect profit or loss		**–**	(187)
Income tax expense		**33,084**	35,975

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

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

12 Earnings per share

Basic earnings per share for the six months ended 30 June 2017 and 2016 have been computed by dividing the net profit attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the period.

The Bank issued non-cumulative preference shares during the year ended 31 December 2015. For the purpose of calculating basic earnings per share, dividends on non-cumulative preference shares declared in respect of the period should be deducted from the amounts attributable to equity shareholders of the Bank. The Bank has not declared any dividend on preference shares for the six months ended 30 June 2017.

The conversion feature of preference shares is considered to fall within contingently issuable ordinary shares. The triggering events of conversion did not occur for the six months ended 30 June 2017 and 2016, and the conversion feature of preference shares has no effect on the basic and diluted earnings per share calculation.

	Six months ended 30 June	
	2017	2016
Net profit attributable to ordinary shareholders of the Bank	**138,339**	133,410
Weighted average number of ordinary shares (in millions of shares)	**250,011**	250,011
Basic and diluted earnings per share attributable to ordinary shareholders of the Bank (in RMB Yuan)	**0.55**	0.53

13 Cash and deposits with central banks

	Note	**30 June 2017**	31 December 2016
Cash		**70,031**	73,296
Deposits with central banks			
– Statutory deposit reserves	(1)	**2,615,904**	2,566,219
– Surplus deposit reserves	(2)	**227,539**	183,764
– Fiscal deposits		**27,991**	25,982
Subtotal		**2,871,434**	2,775,965
Total		**2,941,465**	2,849,261

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

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

	30 June 2017	31 December 2016
Reserve rate for RMB deposits	**17.0%**	17.0%
Reserve rate for foreign currency deposits	**5.0%**	5.0%

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

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

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

(Expressed in millions of RMB, unless otherwise stated)

14 Deposits with banks and non-bank financial institutions

(1) Analysed by type of counterparty

	30 June 2017	31 December 2016
Banks	**282,665**	482,348
Non-bank financial institutions	**10,927**	12,336
Gross balances	**293,592**	494,684
Allowances for impairment losses (Note 33)	**(31)**	(66)
Net balances	**293,561**	494,618

(2) Analysed by geographical sector

	30 June 2017	31 December 2016
Mainland China	**270,006**	466,765
Overseas	**23,586**	27,919
Gross balances	**293,592**	494,684
Allowances for impairment losses (Note 33)	**(31)**	(66)
Net balances	**293,561**	494,618

15 Placements with banks and non-bank financial institutions

(1) Analysed by type of counterparty

	30 June 2017	31 December 2016
Banks	**158,119**	121,238
Non-bank financial institutions	**99,462**	139,555
Gross balances	**257,581**	260,793
Allowances for impairment losses (Note 33)	**(151)**	(123)
Net balances	**257,430**	260,670

(2) Analysed by geographical sector

	30 June 2017	31 December 2016
Mainland China	**145,004**	172,492
Overseas	**112,577**	88,301
Gross balances	**257,581**	260,793
Allowances for impairment losses (Note 33)	**(151)**	(123)
Net balances	**257,430**	260,670

(Expressed in millions of RMB, unless otherwise stated)

16 Financial assets at fair value through profit or loss

Analysed by nature

	Note	30 June 2017	31 December 2016
Held for trading purposes	(1)		
– Debt securities		**202,824**	141,330
– Equity instruments and funds		**1,196**	1,825
		204,020	143,155
Designated at fair value through profit or loss	(2)		
– Debt securities		**8,605**	8,690
– Equity instruments and funds		**20,092**	16,553
– Other debt instruments		**365,937**	319,972
		394,634	345,215
Total		**598,654**	488,370

Analysed by type of issuer

(1) Held for trading purposes

(a) Debt securities

	Note	30 June 2017	31 December 2016
Government		**15,307**	15,173
Policy banks		**15,912**	9,064
Banks and non-bank financial institutions		**52,625**	65,307
Enterprises		**118,980**	51,786
Total		**202,824**	141,330
Listed	(i)	**202,824**	141,330
– of which in Hong Kong		**591**	502
Total		**202,824**	141,330

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

(b) Equity instruments and funds

	30 June 2017	31 December 2016
Banks and non-bank financial institutions	**35**	123
Enterprises	**1,161**	1,702
Total	**1,196**	1,825
Listed	**1,170**	1,701
– of which in Hong Kong	**1,151**	1,682
Unlisted	**26**	124
Total	**1,196**	1,825

(Expressed in millions of RMB, unless otherwise stated)

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

Analysed by type of issuer (continued)

(2) Designated at fair value through profit or loss

(a) Debt securities

	30 June 2017	31 December 2016
Enterprises, unlisted	**8,605**	8,690
Total	**8,605**	8,690

(b) Equity instruments and funds

	30 June 2017	31 December 2016
Banks and non-bank financial institutions	**10,731**	10,934
Enterprises	**9,361**	5,619
Total	**20,092**	16,553
Listed	**1,023**	15
– of which in Hong Kong	**839**	–
Unlisted	**19,069**	16,538
Total	**20,092**	16,553

(c) Other debt instruments

	30 June 2017	31 December 2016
Banks and non-bank financial institutions	**242,934**	213,182
Enterprises	**123,003**	106,790
Total	**365,937**	319,972

Other debt instruments were mainly the deposits with banks and credit assets invested by principal guaranteed wealth management products (Note 26(2)).

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

(Expressed in millions of RMB, unless otherwise stated)

17 Derivatives and hedge accounting

(1) Analysed by type of contract

	30 June 2017			31 December 2016		
	Notional amounts	**Assets**	**Liabilities**	Notional amounts	Assets	Liabilities
Interest rate contracts	**263,609**	**860**	**739**	470,809	3,278	2,492
Exchange rate contracts	**5,122,432**	**41,165**	**38,848**	4,650,215	73,183	83,025
Other contracts (Note)	**258,182**	**6,680**	**1,386**	333,553	13,325	4,816
Total	**5,644,223**	**48,705**	**40,973**	5,454,577	89,786	90,333

(2) Analysed by credit risk-weighted assets

	30 June 2017	31 December 2016
Counterparty credit default risk-weighted assets		
– Interest rate contracts	**750**	2,649
– Exchange rate contracts	**38,440**	35,373
– Other contracts (Note)	**7,609**	10,751
Subtotal	**46,799**	48,773
Credit value adjustment	**18,241**	25,987
Total	**65,040**	74,760

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

Note: Other contracts mainly consist of precious metals contracts.

(Expressed in millions of RMB, unless otherwise stated)

17 Derivatives and hedge accounting (continued)

(3) Hedge accounting

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

	30 June 2017			31 December 2016		
	Notional amounts	**Assets**	**Liabilities**	Notional amounts	Assets	Liabilities
Fair value hedges						
Interest rate swaps	**55,935**	**292**	**(174)**	45,148	507	(69)
Foreign exchange swaps	**489**	**7**	**(12)**	348	24	–
Cash flow hedges						
Foreign exchange swaps	**71,622**	**251**	**(2,024)**	21,491	–	(823)
Total	**128,046**	**550**	**(2,210)**	66,987	531	(892)

(a) *Fair value hedge*

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

Net (losses)/gains on fair value hedges are as follows:

	Six months ended 30 June	
	2017	2016
Net (losses)/gains on		
– hedging instruments	**(326)**	(8)
– hedged items	**328**	8

The gain and loss arising from ineffective portion of fair value hedge was immaterial for the six months ended 30 June 2017 and 2016.

(b) *Cash flow hedge*

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

For the six months ended 30 June 2017, the Group's net gain from the cash flow hedge of RMB173 million were recognised in other comprehensive income (The Group for the six months ended 30 June 2016: None) and the gain and loss arising from ineffective portion of cash flow hedge was immaterial for the six months ended 30 June 2017.

18 Financial assets held under resale agreements

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

	30 June 2017	31 December 2016
Debt securities		
– Government bonds	**90,027**	21,726
– Debt securities issued by banks and non-bank financial institutions	**169,242**	38,751
– Corporate bonds	**1,232**	–
Subtotal	**260,501**	60,477
Discounted bills	**19,034**	42,697
Total and net balances	**279,535**	103,174

(Expressed in millions of RMB, unless otherwise stated)

19 Interest receivable

	30 June 2017	31 December 2016
Deposits with central banks	**1,175**	1,163
Deposits with banks and non-bank financial institutions	**1,509**	2,286
Financial assets held under resale agreements	**88**	218
Loans and advances to customers	**37,060**	29,789
Debt securities	**65,339**	63,359
Others	**5,215**	4,830
Gross and net balances	**110,386**	101,645

20 Loans and advances to customers

(1) Analysed by nature

	30 June 2017	31 December 2016
Corporate loans and advances		
– Loans	**7,313,649**	6,711,679
– Finance leases	**120,720**	112,259
	7,434,369	6,823,938
Personal loans and advances		
– Residential mortgages	**3,959,453**	3,625,574
– Personal consumer loans	**169,984**	87,346
– Personal business loans	**44,180**	51,189
– Credit cards	**492,593**	447,244
– Others	**219,382**	209,586
	4,885,592	4,420,939
Discounted bills	**187,060**	512,155
Gross loans and advances to customers	**12,507,021**	11,757,032
Allowances for impairment losses (Note 33)	**(302,291)**	(268,677)
– Individual assessment	**(106,222)**	(99,453)
– Collective assessment	**(196,069)**	(169,224)
Net loans and advances to customers	**12,204,730**	11,488,355

(Expressed in millions of RMB, unless otherwise stated)

20 Loans and advances to customers (continued)

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

	Note	Loans and advances for which allowance are collectively assessed	Impaired loans and advances		Total
			for which allowance are collectively assessed	for which allowance are individually assessed	
		(a)	(b)	(b)	
As at 30 June 2017					
Gross loans and advances to customers		**12,318,269**	**24,287**	**164,465**	**12,507,021**
Allowances for impairment losses		**(180,569)**	**(15,500)**	**(106,222)**	**(302,291)**
Net loans and advances to customers		**12,137,700**	**8,787**	**58,243**	**12,204,730**
As at 31 December 2016					
Gross loans and advances to customers		11,578,342	22,254	156,436	11,757,032
Allowances for impairment losses		(155,949)	(13,275)	(99,453)	(268,677)
Net loans and advances to customers		11,422,393	8,979	56,983	11,488,355

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

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

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

The proportion of impaired loans and advances of the Group to gross loans and advances as at 30 June 2017 is 1.51% (as at 31 December 2016: 1.52%).

(c) The definitions of the loan classifications stated in notes (a) and (b) above are set out in Note 59(1).

(Expressed in millions of RMB, unless otherwise stated)

20 Loans and advances to customers (continued)

(3) Movements of allowances for impairment losses

		Six months ended 30 June 2017			
		Allowances for loans and advances which are collectively assessed	Allowances for impaired loans and advances		
	Note		which are collectively assessed	which are individually assessed	Total
As at 1 January		**155,949**	**13,275**	**99,453**	**268,677**
Charge for the period		**24,630**	**3,932**	**40,628**	**69,190**
Release during the period		**–**	**–**	**(9,461)**	**(9,461)**
Unwinding of discount		**–**	**–**	**(1,520)**	**(1,520)**
Transfers out	(a)	**(10)**	**(34)**	**(10,702)**	**(10,746)**
Write-offs		**–**	**(2,172)**	**(14,216)**	**(16,388)**
Recoveries		**–**	**499**	**2,040**	**2,539**
As at 30 June		**180,569**	**15,500**	**106,222**	**302,291**

		2016			
		Allowances for loans and advances which are collectively assessed	Allowances for impaired loans and advances		
	Note		which are collectively assessed	which are individually assessed	Total
As at 1 January		157,632	10,789	82,196	250,617
Charge for the year		–	9,948	91,809	101,757
Release during the year		(1,840)	–	(10,329)	(12,169)
Unwinding of discount		–	–	(3,675)	(3,675)
Additions through acquisitions		8	10	18	36
Transfers out	(a)	149	(2,808)	(35,487)	(38,146)
Write-offs		–	(5,687)	(27,960)	(33,647)
Recoveries		–	1,023	2,881	3,904
As at 31 December		155,949	13,275	99,453	268,677

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

(Expressed in millions of RMB, unless otherwise stated)

20 Loans and advances to customers (continued)

(4) Overdue loans analysed by overdue period

	30 June 2017				
	Overdue within three months	Overdue between three months and one year	Overdue between one year and three years	Overdue over three years	Total
Unsecured loans	7,762	7,882	6,053	1,112	22,809
Guaranteed loans	16,722	30,018	23,049	2,420	72,209
Loans secured by tangible assets other than monetary assets	29,631	26,422	28,984	1,858	86,895
Loans secured by monetary assets	1,375	793	1,719	40	3,927
Total	55,490	65,115	59,805	5,430	185,840
As a percentage of gross loans and advances to customers	0.45%	0.52%	0.48%	0.04%	1.49%

	31 December 2016				
	Overdue within three months	Overdue between three months and one year	Overdue between one year and three years	Overdue over three years	Total
Unsecured loans	9,921	5,943	4,608	911	21,383
Guaranteed loans	15,879	29,972	22,248	1,973	70,072
Loans secured by tangible assets other than monetary assets	29,794	28,213	22,970	1,473	82,450
Loans secured by monetary assets	580	1,974	1,531	109	4,194
Total	56,174	66,102	51,357	4,466	178,099
As a percentage of gross loans and advances to customers	0.48%	0.56%	0.43%	0.04%	1.51%

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

(5) Package sale of non-performing loans

During the half year ended 30 June 2017, the total amount of non-performing loans sold through packaged sales to external asset management companies was RMB18,990 million (for the six month period ended 30 June 2016: RMB12,297 million).

(Expressed in millions of RMB, unless otherwise stated)

21 Available-for-sale financial assets

Analysed by nature

	Note	30 June 2017	31 December 2016
Debt securities	(1)	**1,430,117**	1,348,814
Equity instruments	(2)	**22,336**	22,640
Funds	(2)	**124,165**	262,380
Total	(3)	**1,576,618**	1,633,834

(1) Debt securities

Analysed by type of issuer

	Note	30 June 2017	31 December 2016
Government		**879,970**	772,775
Central banks		**21,445**	21,299
Policy banks		**101,790**	94,430
Banks and non-bank financial institutions		**298,271**	321,228
Enterprises		**128,641**	139,082
Total		**1,430,117**	1,348,814
Listed	(i)	**1,403,136**	1,320,530
– of which in Hong Kong		**67,534**	51,784
Unlisted		**26,981**	28,284
Total		**1,430,117**	1,348,814

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

(Expressed in millions of RMB, unless otherwise stated)

21 Available-for-sale financial assets (continued)

Analysed by nature (continued)

(2) Equity instruments and funds

	30 June 2017	31 December 2016
Debt equity swap ("DES") investments	**683**	887
Other equity instruments	**21,653**	21,753
Funds	**124,165**	262,380
Total	**146,501**	285,020
Listed	**45,995**	76,525
–of which in Hong Kong	**3,556**	4,180
Unlisted	**100,506**	208,495
Total	**146,501**	285,020

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

(3) As at 30 June 2017, the Group's cost of available-for-sale debt securities was RMB1,457,998 million (as at 31 December 2016: RMB1,351,960 million). The Group's cost of available-for-sale equity instruments and funds was RMB150,240 million (as at 31 December 2016: RMB293,459 million).

22 Held-to-maturity investments

Analysed by type of issuer

	Note	30 June 2017	31 December 2016
Government		**1,687,943**	1,603,894
Central banks		**441**	422
Policy banks		**221,992**	258,080
Banks and non-bank financial institutions		**376,589**	456,139
Enterprises		**111,922**	122,931
Gross balances		**2,398,887**	2,441,466
Allowances for impairment losses (Note 33)		**(3,032)**	(3,049)
Net balances		**2,395,855**	2,438,417
Listed	(1)	**2,368,138**	2,401,617
– of which in Hong Kong		**3,555**	2,522
Unlisted		**27,717**	36,800
Total		**2,395,855**	2,438,417
Market value of listed securities		**2,353,011**	2,456,614

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

(Expressed in millions of RMB, unless otherwise stated)

23 Investment classified as receivables

	Note	30 June 2017	31 December 2016
Government			
– Special government bonds	(1)	**49,200**	49,200
– Others		**287,088**	228,762
Banks and non-bank financial institutions		**49,178**	50,271
Enterprises		**34,586**	33,662
Others	(2)	**55,653**	147,419
Gross balances		**475,705**	509,314
Allowance for impairment losses (Note 33)		**(1,706)**	(1,351)
Net balances		**473,999**	507,963
Listed		**330,175**	281,640
– of which in Hong Kong		**1,014**	485
Unlisted		**143,824**	226,323
Total		**473,999**	507,963

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

(2) Others include asset management plans and capital trust plan with fixed or determined payments. They will mature from July 2017 to March 2027 and bear interest rates ranging from 1.52% to 8.5% per annum. During the reporting period, matured plans have been repaid without overdue.

24 Investments in subsidiaries

(1) Investment cost

	30 June 2017	31 December 2016
CCB Financial Leasing Corporation Limited ("CCBFLCL")	**8,163**	8,163
CCB Brasil Financial Holding – Investimentos e Participações Ltda	**6,906**	6,906
CCB Life Insurance Company Limited ("CCB Life")	**3,902**	3,902
CCB Trust Corporation Limited ("CCB Trust")	**3,409**	3,409
China Construction Bank (London) Limited ("CCB London")	**2,861**	2,861
CCB Pension Management Corporation Limited ("CCB Pension")	**1,955**	1,955
China Construction Bank (Europe) S.A. ("CCB Europe")	**1,629**	1,629
Sino-German Bausparkasse Corporation Limited ("Sino-German")	**1,502**	1,502
PT Bank China Construction Bank Indonesia Tbk ("CCB Indonesia")	**1,352**	1,352
China Construction Bank (Malaysia) Berhad ("CCB Malaysia")	**1,334**	1,334
China Construction Bank (New Zealand) Limited ("CCB New Zealand")	**976**	976
China Construction Bank (Russia) Limited Liability Company ("CCB Russia")	**851**	851
Golden Fountain Finance Limited ("Golden Fountain")	**676**	676
CCB Principal Asset Management Corporation Limited ("CCB Principal")	**130**	130
CCB International Group Holdings Limited ("CCBIG")	**–**	–
Rural Banks	**1,378**	1,378
Total	**37,024**	37,024

The total investment amount of rural banks consists of investment costs of 27 rural banks, which are established and controlled by the Bank in substance (as at 31 December 2016: 27 rural banks).

(Expressed in millions of RMB, unless otherwise stated)

24 Investments in subsidiaries (continued)

(2) Except for CCB Indonesia, major subsidiaries of the Group are unlisted enterprises. Details of the investments in subsidiaries are as follows:

Name of company	Principal place of business	Particulars of issued and paid up capital	Principal activities	% of ownership directly held by the Bank	% of ownership indirectly held by the Bank	% of voting rights held by the Bank	Method of investment
CCBFLCL	Beijing, the PRC	RMB8,000 million	Financial leasing	100%	–	100%	Establishment
CCB Life	Shanghai, the PRC	RMB4,496 million	Insurance	51%	–	51%	Acquisition
CCB Trust	Anhui, the PRC	RMB1,527 million	Trust business	67%	–	67%	Acquisition
CCB London	London, United Kingdom	US$200 million RMB1,500 million	Commercial banking	100%	–	100%	Establishment
CCB Europe	Luxembourg	Euro 200 million	Commercial banking	100%	–	100%	Establishment
Sino-German	Tianjin, the PRC	RMB2,000 million	House savings	75.1%	–	75.1%	Establishment
CCB Russia	Moscow, Russia	RUB4,200 million	Commercial banking	100%	–	100%	Establishment
Golden Fountain	British Virgin Islands	US$50,000	Investment	100%	–	100%	Acquisition
CCB Principal	Beijing, the PRC	RMB200 million	Fund management services	65%	–	65%	Establishment
CCB New Zealand	Auckland New Zealand	NZD199 million	Commercial banking	100%	–	100%	Establishment
CCBIG	Hong Kong, the PRC	HK$1	Investment	100%	–	100%	Establishment
CCB Pension	Beijing, the PRC	RMB2,300 million	Pension management	85%	–	85%	Establishment
CCB Brasil Financial Holding – Investimentos e Participações Ltda	Sao Paulo, Brasil	R$3,018 million	Investment	99.99%	0.01%	100%	Acquisition
CCB Indonesia	Jakarta Indonesia	IDR1,663,146 million	Commercial banking	60%	–	60%	Acquisition
CCB Malaysia	Kuala Lumpur Malaysia	MYR823 million	Commercial banking	100%	–	100%	Establishment
CCB International (Holdings) Limited (“CCBI”)	Hong Kong, the PRC	US$601 million	Investment	–	100%	100%	Acquisition
China Construction Bank (Asia) Corporation Limited (“CCB Asia”)	Hong Kong, the PRC	HK$6,511 million RMB17,600 million	Commercial banking	–	100%	100%	Acquisition
China Construction Bank (Brasil) Banco Múltiplo S/A (“CCB Brasil”)	Sao Paulo, Brasil	R$1,554 million	Commercial banking	–	99.34%	99.76%	Acquisition

(3) As at 30 June 2017, the amount of the non-controlling interests of subsidiaries was immaterial to the Group.

(Expressed in millions of RMB, unless otherwise stated)

25 Interests in associates and joint ventures

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

	Six months ended 30 June 2017	2016
As at 1 January	**7,318**	4,986
Acquisition during the period/year	**864**	2,408
Disposal during the period/year	**(1,418)**	(326)
Share of profit	**17**	69
Cash dividend receivable	**(28)**	(8)
Effect of exchange difference and others	**(102)**	189
As at 30 June/31 December	**6,651**	7,318

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

Name of Company	Principal place of incorporation	Particulars of issued and paid up capital	Principal activities	% of ownership held	% of voting held	Total assets at period end	Total liabilities at period end	Revenue for the period	Net profit for the period
Diamond String Limited	Hong Kong, the PRC	HK$10,000	Property investment	50.00%	50.00%	1,722	1,424	110	48
Guangdong SOE Reorganization Development Fund (Limited Partnership)	Zhuhai, the PRC	RMB900 million	Investment management and consultancy	49.67%	33.00%	925	–	7	3
Wuhu Jianxin Dingxin Investment Management Center (Limited Partnership)	Wuhu, the PRC	RMB1,906 million	Investment management and consultancy	30.43%	30.43%	1,886	–	–	(20)
Guoji Capital Limited	Beijing, the PRC	RMB2,370 million	Investment management and consultancy	12.66%	12.66%	2,901	358	17	15

(Expressed in millions of RMB, unless otherwise stated)

26 Structured entities

(1) Unconsolidated structured entities

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

As at 30 June 2017 and 31 December 2016, the assets recognised for the Group's interests in the unconsolidated structured entities above included related investment and management fee, commission and custodian fee receivables accrued. The related carrying amount and the maximum exposure were as follows:

	30 June 2017	31 December 2016
Financial assets at fair value through profit or loss	**13,583**	5,408
Interest receivables	**213**	155
Available-for-sale financial assets	**137,347**	275,035
Investment classified as receivables	**59,910**	121,527
Interest in associates and joint ventures	**3,006**	4,184
Other assets	**4,916**	3,451
Total	**218,975**	409,760

For the six months ended 30 June 2017 and 2016, the income from these unconsolidated structured entities held by the Group was as follows:

	Six months ended 30 June	
	2017	2016
Interest income	**1,266**	728
Fee and commission income	**11,886**	11,711
Net trading gain	**3**	61
Dividend income	**677**	1,297
Net (loss)/gain arising from investment securities	**(2,806)**	84
Share of loss of associates and joint ventures	**(21)**	(101)
Total	**11,005**	13,780

As at 30 June 2017, the balance of the non-principal guaranteed wealth management product set up by the Group amounted to RMB1,627,348 million (as at 31 December 2016: RMB1,794,708 million). For the six months ended 30 June 2017, there were debt securities purchased and sold between the Group and non-principal guaranteed wealth management products mentioned above. These transactions were based on market prices or general commercial terms. The profit and loss from these transactions were not material to the Group.

(2) Consolidated structured entities

The consolidated structured entities of the Group are primarily the principal guaranteed wealth management products (Note 16(2)c) and certain asset management plans and trust plan investments.

(Expressed in millions of RMB, unless otherwise stated)

27 Fixed assets

	Bank premises	Construction in progress	Equipment	Aircraft and vessels	Others	Total
Cost/Deemed cost						
As at 1 January 2017	**119,972**	**25,543**	**54,987**	**20,501**	**42,193**	**263,196**
Additions	**413**	**1,105**	**508**	**4,323**	**805**	**7,154**
Transfer in/(out)	**804**	**(1,338)**	**20**	**–**	**514**	**–**
Other movements	**(404)**	**(308)**	**(1,222)**	**(1,777)**	**(1,399)**	**(5,110)**
As at 30 June 2017	**120,785**	**25,002**	**54,293**	**23,047**	**42,113**	**265,240**
Accumulated depreciation						
As at 1 January 2017	**(30,328)**	**–**	**(34,598)**	**(1,478)**	**(26,201)**	**(92,605)**
Charge for the period	**(2,090)**	**–**	**(2,834)**	**(512)**	**(2,014)**	**(7,450)**
Other movements	**108**	**–**	**1,160**	**84**	**919**	**2,271**
As at 30 June 2017	**(32,310)**	**–**	**(36,272)**	**(1,906)**	**(27,296)**	**(97,784)**
Allowances for impairment losses (Note 33)						
As at 1 January 2017	**(418)**	**–**	**–**	**(76)**	**(2)**	**(496)**
Other movements	**2**	**–**	**–**	**–**	**–**	**2**
As at 30 June 2017	**(416)**	**–**	**–**	**(76)**	**(2)**	**(494)**
Net carrying value						
As at 1 January 2017	**89,226**	**25,543**	**20,389**	**18,947**	**15,990**	**170,095**
As at 30 June 2017	**88,059**	**25,002**	**18,021**	**21,065**	**14,815**	**166,962**

	Bank premises	Construction in progress	Equipment	Aircraft and vessels	Others	Total
Cost/Deemed cost						
As at 1 January 2016	113,844	27,274	51,305	10,440	40,338	243,201
Additions	1,602	5,286	6,423	9,909	2,318	25,538
Transfer in/(out)	4,513	(6,065)	50	–	1,502	–
Other movements	13	(952)	(2,791)	152	(1,965)	(5,543)
As at 31 December 2016	119,972	25,543	54,987	20,501	42,193	263,196
Accumulated depreciation						
As at 1 January 2016	(26,319)	–	(32,101)	(633)	(24,116)	(83,169)
Charge for the year	(4,016)	–	(5,070)	(852)	(3,866)	(13,804)
Other movements	7	–	2,573	7	1,781	4,368
As at 31 December 2016	(30,328)	–	(34,598)	(1,478)	(26,201)	(92,605)
Allowances for impairment losses (Note 33)						
As at 1 January 2016	(423)	–	–	(76)	(2)	(501)
Charge for the year	–	–	–	–	(46)	(46)
Other movements	5	–	–	–	46	51
As at 31 December 2016	(418)	–	–	(76)	(2)	(496)
Net carrying value						
As at 1 January 2016	87,102	27,274	19,204	9,731	16,220	159,531
As at 31 December 2016	89,226	25,543	20,389	18,947	15,990	170,095

Notes:

(1) Other movements include disposals, retirements and exchange gains or losses of fixed assets.

(2) As at 30 June 2017, the ownership documentation for the Group's bank premises with a net carrying value of RMB21,011 million (as at 31 December 2016: RMB22,952 million) was still being finalised. However, management is of the view that the aforesaid matter would not affect the rights of the Group to these assets nor have any significant impact on the business operation of the Group.

(Expressed in millions of RMB, unless otherwise stated)

28 Land use rights

	Six months ended 30 June 2017	2016
Cost/Deemed cost		
As at 1 January	**21,206**	21,217
Additions	**1**	86
Disposals	**(142)**	(97)
As at 30 June/31 December	**21,065**	21,206
Amortisation		
As at 1 January	**(6,322)**	(5,844)
Charge for the period/year	**(249)**	(505)
Disposals	**29**	27
As at 30 June/31 December	**(6,542)**	(6,322)
Allowances for impairment losses (Note 33)		
As at 1 January	**(142)**	(142)
As at 30 June/31 December	**(142)**	(142)
Net carrying value		
As at 1 January	**14,742**	15,231
As at 30 June/31 December	**14,381**	14,742

29 Intangible assets

	Software	Others	Total
Cost/Deemed cost			
As at 1 January 2017	**7,688**	**1,128**	**8,816**
Additions	**133**	**71**	**204**
Disposals	**(84)**	**(42)**	**(126)**
As at 30 June 2017	**7,737**	**1,157**	**8,894**
Amortisation			
As at 1 January 2017	**(5,851)**	**(358)**	**(6,209)**
Charge for the period	**(292)**	**(71)**	**(363)**
Disposals	**5**	**3**	**8**
As at 30 June 2017	**(6,138)**	**(426)**	**(6,564)**
Allowances for impairment losses (Note 33)			
As at 1 January 2017	**(1)**	**(7)**	**(8)**
As at 30 June 2017	**(1)**	**(7)**	**(8)**
Net carrying value			
As at 1 January 2017	**1,836**	**763**	**2,599**
As at 30 June 2017	**1,598**	**724**	**2,322**

(Expressed in millions of RMB, unless otherwise stated)

29 Intangible assets (continued)

	Software	Others	Total
Cost/Deemed cost			
As at 1 January 2016	6,435	959	7,394
Additions	1,307	178	1,485
Disposals	(54)	(9)	(63)
As at 31 December 2016	7,688	1,128	8,816
Amortisation			
As at 1 January 2016	(5,018)	(265)	(5,283)
Charge for the year	(858)	(98)	(956)
Disposals	25	5	30
As at 31 December 2016	(5,851)	(358)	(6,209)
Allowances for impairment losses (Note 33)			
As at 1 January 2016	(1)	(7)	(8)
As at 31 December 2016	(1)	(7)	(8)
Net carrying value			
As at 1 January 2016	1,416	687	2,103
As at 31 December 2016	1,836	763	2,599

30 Goodwill

(1) The goodwill is mainly attributable to the expected synergies arising from the acquisition of CCB Asia, CCB Brasil and CCB Indonesia. The movement of the goodwill is listed as follows:

	Six month ended 30 June 2017	2016
As at 1 January	**2,947**	2,140
Additions through acquisitions	**–**	566
Effect of exchange difference	**(79)**	241
As at 30 June/31 December	**2,868**	2,947

(2) Impairment test for CGU containing goodwill

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

Based on the result of the impairment test, no impairment losses on goodwill were recognised as at 30 June 2017 (as at 31 December 2016: nil).

(Expressed in millions of RMB, unless otherwise stated)

31 Deferred tax

	30 June 2017	31 December 2016
Deferred tax assets	37,241	31,062
Deferred tax liabilities	(506)	(570)
Total	36,735	30,492

(1) Analysed by nature

	30 June 2017		31 December 2016	
	Deductible/ (taxable) temporary differences	Deferred tax assets/ (liabilities)	Deductible/ (taxable) temporary differences	Deferred tax assets/ (liabilities)
Deferred tax assets				
– Fair value adjustments	13,680	4,409	1,899	458
– Allowances for impairment losses	129,672	32,321	111,883	27,952
– Early retirement benefits and accrued salaries	19,859	4,902	24,749	6,188
– Others	(21,527)	(4,391)	(17,429)	(3,536)
Total	141,684	37,241	121,102	31,062
Deferred tax liabilities				
– Fair value adjustments	(1,835)	(394)	(2,115)	(501)
– Allowances for impairment losses	43	11	28	7
– Others	(718)	(123)	(447)	(76)
Total	(2,510)	(506)	(2,534)	(570)

(2) Movements of deferred tax

	Fair value adjustments	Allowances for impairment losses	Early retirement benefits and accrued salaries	Others	Total
As at 1 January 2017	(43)	27,959	6,188	(3,612)	30,492
Recognised in profit or loss	(1,073)	4,373	(1,286)	(902)	1,112
Recognised in other comprehensive income	5,131	–	–	–	5,131
As at 30 June 2017	4,015	32,332	4,902	(4,514)	36,735
As at 1 January 2016	(8,529)	31,507	5,945	(4,168)	24,755
Recognised in profit or loss	121	(3,548)	243	556	(2,628)
Recognised in other comprehensive income	8,365	–	–	–	8,365
As at 31 December 2016	(43)	27,959	6,188	(3,612)	30,492

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

(Expressed in millions of RMB, unless otherwise stated)

32 Other assets

	Note	30 June 2017	31 December 2016
Repossessed assets	(1)		
– Buildings		1,754	1,773
– Land use rights		664	745
– Others		906	955
		3,324	3,473
Clearing and settlement accounts		37,121	23,494
Fee and commission receivables		10,285	7,782
Deferred expenses		3,090	3,297
Policyholder account assets of insurance business		558	5,664
Leasehold improvements		3,407	3,489
Others		45,218	33,139
Gross balance		103,003	80,338
Allowances for impairment losses (Note 33)			
– Repossessed assets		(986)	(1,062)
– Others		(2,879)	(3,278)
Total		99,138	75,998

(1) During the six months ended 30 June 2017, the original cost of repossessed assets disposed of by the Group amounted to RMB363 million (for the six months ended 30 June 2016: RMB17 million). The Group intends to dispose of repossessed assets through various methods including auction, competitive bidding and disposal.

33 Movements of allowances for impairment losses

		Six months ended 30 June 2017				
	Note	As at 1 January	Charge/ (Write-back)	Transfer in/(out)	Write-offs	As at 30 June
Deposits with banks and non-bank financial institutions	14	66	(35)	–	–	31
Placements with banks and non-bank financial institutions	15	123	24	4	–	151
Loans and advances to customers	20	268,677	59,729	(9,727)	(16,388)	302,291
Available for sale debt securities		1,309	282	(37)	–	1,554
Available for sale equity instruments		4,076	–	(95)	(7)	3,974
Held-to-maturity investments	22	3,049	12	(29)	–	3,032
Investment classified as receivables	23	1,351	369	(14)	–	1,706
Fixed assets	27	496	–	–	(2)	494
Land use rights	28	142	–	–	–	142
Intangible assets	29	8	–	–	–	8
Other assets	32	4,340	232	–	(707)	3,865
Total		283,637	60,613	(9,898)	(17,104)	317,248

(Expressed in millions of RMB, unless otherwise stated)

33 Movements of allowances for impairment losses (continued)

		2016				
	Note	As at 1 January	Charge/ (Write-back)	Transfer in/(out)	Write-offs	As at 31 December
Deposits with banks and non-bank financial institutions	14	7	59	–	–	66
Placements with banks and non-bank financial institutions	15	36	90	–	(3)	123
Interest receivable	19	1	–	–	(1)	–
Loans and advances to customers	20	250,617	89,588	(37,881)	(33,647)	268,677
Available for sale debt securities		1,051	217	41	–	1,309
Available for sale equity instruments		4,317	89	(330)	–	4,076
Held-to-maturity investments	22	2,033	970	46	–	3,049
Investment classified as receivables	23	1,908	(586)	29	–	1,351
Fixed assets	27	501	46	(51)	–	496
Land use rights	28	142	–	–	–	142
Intangible assets	29	8	–	–	–	8
Other assets	32	4,582	752	–	(994)	4,340
Total		265,203	91,225	(38,146)	(34,645)	283,637

Transfer in/(out) includes exchange differences.

34 Borrowings from central banks

	30 June 2017	31 December 2016
Mainland China	**462,442**	385,375
Overseas	**57,668**	53,964
Total	**520,110**	439,339

35 Deposits from banks and non-bank financial institutions

(1) Analysed by type of counterparty

	30 June 2017	31 December 2016
Banks	**187,140**	413,150
Non-bank financial institutions	**1,044,403**	1,199,845
Total	**1,231,543**	1,612,995

(2) Analysed by geographical sector

	30 June 2017	31 December 2016
Mainland China	**1,058,096**	1,442,126
Overseas	**173,447**	170,869
Total	**1,231,543**	1,612,995

(Expressed in millions of RMB, unless otherwise stated)

36 Placements from banks and non-bank financial institutions

(1) Analysed by type of counterparty

	30 June 2017	31 December 2016
Banks	**405,318**	297,639
Non-bank financial institutions	**39,140**	24,907
Total	**444,458**	322,546

(2) Analysed by geographical sector

	30 June 2017	31 December 2016
Mainland China	**153,528**	118,944
Overseas	**290,930**	203,602
Total	**444,458**	322,546

37 Financial liabilities at fair value through profit or loss

	30 June 2017	31 December 2016
Principal guaranteed wealth management products	**369,062**	324,443
Financial liabilities related to precious metals	**31,795**	31,313
Structured financial instruments	**16,979**	40,835
Total	**417,836**	396,591

The Group's financial liabilities at fair value through profit or loss are those designated at fair value through profit or loss. As at the end of reporting period, the difference between the fair value of these financial liabilities and the contractual payables at maturity is not material. The amounts of changes in the fair value of these financial liabilities that are attributable to changes in credit risk are considered not significant during the period and year presented and cumulatively as at 30 June 2017 and 31 December 2016.

38 Financial assets sold under repurchase agreements

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

	30 June 2017	31 December 2016
Securities		
– Government bonds	**48,410**	167,088
– Debt securities issued by banks and non-bank financial institutions	**6,515**	15,640
Subtotal	**54,925**	182,728
Discounted bills	**883**	5,500
Others	**5,031**	2,352
Total	**60,839**	190,580

(Expressed in millions of RMB, unless otherwise stated)

39 Deposits from customers

	30 June 2017	31 December 2016
Demand deposits		
– Corporate customers	**5,551,943**	5,206,395
– Personal customers	**3,142,307**	3,022,447
Subtotal	**8,694,250**	8,228,842
Time deposits (including call deposits)		
– Corporate customers	**3,376,910**	3,120,699
– Personal customers	**4,203,233**	4,053,374
Subtotal	**7,580,143**	7,174,073
Total	**16,274,393**	15,402,915

Deposits from customers include:

		30 June 2017	31 December 2016
(1)	Pledged deposits		
	– Deposits for acceptance	**100,451**	99,822
	– Deposits for guarantee	**94,915**	80,930
	– Deposits for letter of credit	**30,622**	28,264
	– Others	**274,449**	313,110
	Total	**500,437**	522,126
(2)	Outward remittance and remittance payables	**23,533**	14,121

40 Accrued staff costs

		Six months ended 30 June 2017			
	Note	As at 1 January	Increased	Decreased	As at 30 June
Salaries, bonuses, allowances and subsidies		**24,813**	**28,666**	**(33,396)**	**20,083**
Other social insurance and welfare		**2,735**	**3,360**	**(3,222)**	**2,873**
Housing funds		**193**	**2,925**	**(2,929)**	**189**
Union running costs and employee education costs		**2,252**	**815**	**(748)**	**2,319**
Post-employment benefits	(1)				
– Defined contribution plans		**964**	**6,200**	**(6,394)**	**770**
– Defined benefit plans		**970**	**15**	**(374)**	**611**
Early retirement benefits		**1,940**	**35**	**(180)**	**1,795**
Compensation to employees for termination of employment relationship		**3**	**3**	**–**	**6**
Total		**33,870**	**42,019**	**(47,243)**	**28,646**

(Expressed in millions of RMB, unless otherwise stated)

40 Accrued staff costs (continued)

	Note	2016 As at 1 January	Increased	Decreased	As at 31 December
Salaries, bonuses, allowances and subsidies		25,291	62,093	(62,571)	24,813
Other social insurance and welfare		2,288	8,997	(8,550)	2,735
Housing funds		135	6,296	(6,238)	193
Union running costs and employee education costs		2,123	2,567	(2,438)	2,252
Post-employment benefits	(1)				
– Defined contribution plans		906	12,846	(12,788)	964
– Defined benefit plans		128	842	–	970
Early retirement benefits		2,315	91	(466)	1,940
Compensation to employees for termination of employment relationship		4	3	(4)	3
Total		33,190	93,735	(93,055)	33,870

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

(1) Post-employment benefits

(a) Defined contribution plans

	Six months ended 30 June 2017			
	As at 1 January	**Increased**	**Decreased**	**As at 30 June**
Basic pension insurance	**664**	**4,596**	**(4,759)**	**501**
Unemployment insurance	**42**	**178**	**(176)**	**44**
Annuity contribution	**258**	**1,426**	**(1,459)**	**225**
Total	**964**	**6,200**	**(6,394)**	**770**

	2016			
	As at 1 January	Increased	Decreased	As at 31 December
Basic pension insurance	635	9,429	(9,400)	664
Unemployment insurance	33	485	(476)	42
Annuity contribution	238	2,932	(2,912)	258
Total	906	12,846	(12,788)	964

(Expressed in millions of RMB, unless otherwise stated)

40 Accrued staff costs (continued)

(1) Post-employment benefits (continued)

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

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

	Present value of defined benefit plan obligations		**Fair value of plan assets**		**Net liabilities of defined benefit plans**	
	Six months ended 30 June 2017	2016	**Six months ended 30 June 2017**	2016	**Six months ended 30 June 2017**	2016
As at 1 January	**7,131**	6,664	**6,161**	6,536	**970**	128
Cost of the net defined benefit liability in profit or loss						
– *Interest costs*	**103**	186	**88**	183	**15**	3
Remeasurements of the defined benefit liability in other comprehensive income						
– *Actuarial (gains)/losses*	**(330)**	919	**–**	–	**(330)**	919
– *Returns on plan assets*	**–**	–	**44**	80	**(44)**	(80)
Other changes						
– *Benefits paid*	**(313)**	(638)	**(313)**	(638)	**–**	–
As at 30 June/31 December	**6,591**	7,131	**5,980**	6,161	**611**	970

Interest cost was recognised in other general and administrative expenses.

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

	30 June 2017	31 December 2016
Discount rate	**3.50%**	3.00%
Health care cost increase rate	**7.00%**	7.00%
Average expected future lifetime of eligible employees	**12.6 years**	12.8 years

Mortality assumptions are based on China Life Insurance Mortality Table (2010-2013) (published historical statistics in China).

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

	Impact on present value of supplementary retirement benefit obligations	
	Increase in assumption by 0.25%	Decrease in assumption by 0.25%
Discount rate	(134)	139
Health care cost increase rate	50	(48)

(iii) *As at 30 June 2017, the weighted average duration of supplementary retirement benefit obligations of the Group and the Bank is 8.3 years (As at 31 December 2016: 8.7 years).*

(iv) *Plan assets of the Group are as follows:*

	30 June 2017	31 December 2016
Cash and cash equivalents	**160**	1,185
Equity instruments	**350**	359
Debt instruments	**5,371**	4,522
Others	**99**	95
Total	**5,980**	6,161

(Expressed in millions of RMB, unless otherwise stated)

41 Taxes payable

	30 June 2017	31 December 2016
Income tax	**23,815**	35,526
Business tax	**–**	68
Value added tax	**8,053**	7,039
Others	**1,932**	2,267
Total	**33,800**	44,900

42 Interest payable

	30 June 2017	31 December 2016
Deposits from customers	**177,980**	185,018
Deposits from banks and non-bank financial institutions	**7,307**	15,801
Debts securities issued	**5,653**	2,312
Others	**11,257**	8,199
Total	**202,197**	211,330

43 Provisions

	30 June 2017	31 December 2016
Litigation provisions	**2,214**	2,292
Others	**7,096**	6,984
Total	**9,310**	9,276

44 Debt securities issued

	Note	30 June 2017	31 December 2016
Certificates of deposit issued	(1)	**269,609**	199,008
Bonds issued	(2)	**60,648**	47,163
Subordinated bonds issued	(3)	**145,374**	145,599
Eligible Tier 2 capital bonds issued	(4)	**59,462**	59,784
Total		**535,093**	451,554

(1) Certificates of deposit were mainly issued by head office, overseas branches, and Sino-German.

(Expressed in millions of RMB, unless otherwise stated)

44 Debt securities issued (continued)

(2) Bonds issued

Issuance date	Maturity date	Interest rate per annum	Issuance place	Currency	30 June 2017	31 December 2016
2014-04-01	2017-04-01	2.375%	Hong Kong	USD	**–**	2,085
2014-05-28	2019-05-28	1.375%	Switzerland	CHF	**2,123**	2,047
2014-06-27	2017-06-27	3.45%	Switzerland	RMB	**–**	1,250
2014-07-02	2019-07-02	3.25%	Hong Kong	USD	**4,069**	4,170
2014-09-05	2017-09-05	3.35%	Taiwan	RMB	**800**	800
2014-09-05	2019-09-05	3.75%	Taiwan	RMB	**600**	600
2014-09-05	2021-09-05	4.00%	Taiwan	RMB	**600**	600
2014-11-18	2019-11-18	3.75%	Taiwan	RMB	**1,000**	1,000
2014-11-18	2021-11-18	3.95%	Taiwan	RMB	**1,000**	1,000
2014-11-18	2024-11-18	4.08%	Taiwan	RMB	**600**	600
2015-01-20	2020-01-20	3.125%	Hong Kong	USD	**4,747**	4,865
2015-02-11	2020-02-11	1.50%	Luxembourg	EUR	**3,870**	3,655
2015-06-18	2018-06-18	4.317%	Auckland	NZD	**248**	241
2015-06-18	2019-06-18	4.30%	Auckland	NZD	**7**	7
2015-06-18	2020-06-18	3 month New Zealand benchmark interest rate +1.2%	Auckland	NZD	**124**	120
2015-07-16	2018-06-18	3.935%	Auckland	NZD	**75**	72
2015-07-28	2020-07-28	3.25%	Hong Kong	USD	**3,390**	3,475
2015-09-10	2019-09-10	3.945%	Auckland	NZD	**61**	59
2015-09-18	2018-09-18	3 month Australia benchmark interest rate +1.15%	Sydney	AUD	**2,083**	2,003
2015-10-19	2017-10-19	4.30%	London	RMB	**990**	990
2015-11-26	2017-11-26	4.00%	Hong Kong	RMB	**1,000**	1,000
2015-12-07	2018-09-18	3 month Australia benchmark interest rate +1.15%	Sydney	AUD	**16**	15
2015-12-29	2020-01-27	3.80%	Auckland	NZD	**99**	96
2016-03-30	2026-03-30	4.08%	Mainland China	RMB	**3,500**	3,500
2016-05-16	2019-05-16	3.10%	Auckland	NZD	**50**	48
2016-05-31	2019-05-31	2.38%	Hong Kong	USD	**1,495**	757
2016-05-31	2021-05-31	2.75%	Hong Kong	USD	**2,054**	1,934
2016-08-18	2020-09-18	2.95%	Auckland	NZD	**512**	496
2016-10-18	2020-10-18	3.05%	Auckland	NZD	**7**	7
2016-10-21	2021-10-21	2.25%	Hong Kong	USD	**4,747**	4,865
2016-11-09	2019-11-09	3.05%	Mainland China	RMB	**3,200**	4,000
2016-11-09	2021-11-09	3.05%	Mainland China	RMB	**800**	1,000
2016-12-22	2019-12-22	3.35%	Auckland	NZD	**50**	48
2017-02-17	2020-02-17	0.63%	Luxembourg	EUR	**3,867**	–
2017-05-05	2022-07-26	Senior Tranche A: CNLR1Y +0.18% Senior Tranche B: CNLR1Y +0.64%	Mainland China	RMB	**876**	–
2017-05-31	2020-05-29	3MLIBOR+ 0.77%	Hong Kong	USD	**8,137**	–
2017-06-13	2022-06-13	2.75%	Hong Kong	USD	**4,069**	–
Total nominal value					**60,866**	47,405
Less: unamortised issuance costs					**(218)**	(242)
Carrying value as at period/year end					**60,648**	47,163

(Expressed in millions of RMB, unless otherwise stated)

44 Debt securities issued (continued)

(3) Subordinated bonds issued

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

Issuance date	Maturity date	Interest rate per annum	Currency	Note	30 June 2017	31 December 2016
2009-02-24	2024-02-26	4.00%	RMB	(a)	**28,000**	28,000
2009-08-07	2024-08-11	4.04%	RMB	(b)	**10,000**	10,000
2009-11-03	2019-11-04	Benchmark rate released by Brasil Central Bank	BRL	(c)	**410**	427
2009-12-18	2024-12-22	4.80%	RMB	(d)	**20,000**	20,000
2010-04-27	2020-04-27	8.50%	USD	(c)	**1,762**	1,883
2010-07-30	2017-10-15	7.31%	USD	(c)	**217**	222
2011-11-03	2026-11-07	5.70%	RMB	(e)	**40,000**	40,000
2012-11-20	2027-11-22	4.99%	RMB	(f)	**40,000**	40,000
2014-08-20	2024-08-20	4.25%	USD	(g)	**5,086**	5,212
Total nominal value					**145,475**	145,744
Less: Unamortised issuance cost					**(101)**	(145)
Carrying value as at the end of the reporting period					**145,374**	145,599

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

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

(c) The subordinated bonds were issued by CCB Brasil.

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

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

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

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

(4) Eligible Tier 2 capital bonds issued

Issuance date	Maturity date	Interest rate per annum	Currency	Note	30 June 2017	31 December 2016
2014-08-15	2029-08-18	5.98%	RMB	(a)	**20,000**	20,000
2014-11-12	2024-11-12	4.90%	RMB	(b)	**2,000**	2,000
2015-05-13	2025-05-13	3.875%	USD	(c)	**13,561**	13,899
2015-12-18	2025-12-21	4.00%	RMB	(d)	**24,000**	24,000
Total nominal value					**59,561**	59,899
Less: Unamortised issuance cost					**(99)**	(115)
Carrying value as at the end of the reporting period					**59,462**	59,784

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

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

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

(d) The Group has an option to redeem the bonds on 21 December 2020, subject to an approval from relevant authority. These eligible Tier 2 capital bonds have the write-down feature of a Tier 2 capital instrument, which allows the Bank to write down the entire principal of the bonds when regulatory triggering events incur. Any accumulated unpaid interest will not be paid, either.

(Expressed in millions of RMB, unless otherwise stated)

45 Other liabilities

	30 June 2017	31 December 2016
Insurance related liabilities	**102,677**	95,892
Dividend payable (Note 51)	**66,861**	–
Deferred income	**12,283**	11,473
Cash pledged and rental income received in advance	**8,561**	8,259
Payment and collection clearance accounts	**7,800**	3,190
Capital expenditure payable	**7,263**	10,388
Dormant accounts	**4,822**	4,501
Accrued expenses	**3,134**	3,074
Others	**34,360**	30,475
Total	**247,761**	167,252

46 Share capital and other equity instruments

(1) Share capital

	30 June 2017	31 December 2016
Listed in Hong Kong (H shares)	**240,417**	240,417
Listed in Mainland China (A shares)	**9,594**	9,594
Total	**250,011**	250,011

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

(2) Other equity instruments

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

Preference shares	Issuance date	Classification	Initial interest rate	Issuance price	Quantity (million)	Total amount Original currency (USD)	Total amount (RMB)	Maturity date	Conversion conditions
2015 Offshore Preference Shares	16 December 2015	Equity instruments	4.65%	$20 per share	152.5	3,050	19,711	No maturity date	None
Less: Issuance fee							(52)		
Carrying amount							19,659		

The key terms are as below:

(1) *Dividend*

The initial annual dividend rate is 4.65% and is subsequently subject to reset per agreement, but in no case shall exceed 20.4850%. The dividend is measured and paid in dollars. After such dividend being paid at the agreed dividend payout ratio, the holders of the above offshore preference shares shall not be entitled to share in the distribution of the remaining profits of the Bank together with the holders of the ordinary shares. The dividends for offshore preference shares are non-cumulative. The Bank shall be entitled to cancel any dividend for the offshore preference shares, and such cancellation shall not be deemed a default. However, until the Bank fully pays the dividends for the current dividend period, the Bank shall not make any dividend distribution to ordinary shareholders.

(2) *Redemption*

Subject to receiving the prior approval of CBRC and satisfaction of the redemption conditions precedent, all or some only of the Offshore Preference Shares may be redeemed at the discretion of the Bank on 16 December 2020 or on any dividend payment date thereafter at the redemption price which is equal to issue price plus dividends payable but not yet distributed in current period.

(Expressed in millions of RMB, unless otherwise stated)

46 Share capital and other equity instruments (continued)

(2) Other equity instruments (continued)

(a) Preference shares outstanding as at the end of the reporting period (continued)

(3) Compulsory conversion of preference shares

When an Additional Tier 1 Capital Instrument Trigger Event occurs, that is Core Tier 1 Capital Adequacy Ratio of the Bank falling to 5.125% (or below), the Bank shall (without the need for the consent of offshore preference shareholders) convert all or some only of the preference shares in issue into such number of H shares which will be sufficient to restore the Bank's Core Tier 1 Capital Adequacy Ratio to above 5.125% according to contract; When a Tier 2 Capital Instrument Trigger Event occurs, the Bank shall (without the need for the consent of offshore preference shareholders) convert all of the offshore preference shares in issue into such number of H shares according to contract. Tier 2 Capital Instrument Trigger Event is defined as the earlier of: (i) the CBRC having decided that without a conversion or write-off the Bank would become non-viable; and (ii) the relevant authorities having decided that a public sector injection of capital or equivalent support is necessary, without which the Bank would become non-viable. Once a preference share has been converted, it will not be restored in any circumstances. When the compulsory conversion of offshore preference shares occurs, the Bank shall report to the CBRC for approval and decision.

The Bank classifies offshore preference shares issued as an equity instrument and presented as an equity item on statements of financial position. Capital raised from the issuance of the above offshore preference shares, after deduction of the expenses relating to the issuance, was wholly used to replenish the Bank's additional tier 1 capital and to increase its capital adequacy ratio.

(b) Changes in preference shares outstanding

	1 January 2017		Increase/(Decrease)		30 June 2017	
Preference Shares	**Amount (million shares)**	**Carrying value (RMB million)**	**Amount (million shares)**	**Carrying value (RMB million)**	**Amount (million shares)**	**Carrying value (RMB million)**
2015 Offshore Preference Shares	152.5	19,659	–	–	**152.5**	**19,659**

(c) Interests attributable to the holders of equity instruments

Items	**30 June 2017**	31 December 2016
1. Total equity attributable to equity holders of the Bank	**1,628,445**	1,576,500
(1) Equity attributable to ordinary shareholders of the Bank	**1,608,786**	1,556,841
(2) Equity attributable to other equity holders of the Bank	**19,659**	19,659
Of which: net profit	**–**	1,067
dividends received	**–**	1,067
2. Total equity attributable to non-controlling interests	**16,157**	13,154
(1) Equity attributable to non-controlling interests of ordinary shares	**12,736**	13,154
(2) Equity attributable to non-controlling interests of other equity instruments	**3,421**	–

47 Capital reserve

	30 June 2017	31 December 2016
Share premium	**134,543**	134,543
Cash flow hedge reserve	**23**	(150)
Others	**(59)**	(433)
Total	**134,507**	133,960

(Expressed in millions of RMB, unless otherwise stated)

48 Investment revaluation reserve

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

	Six months ended 30 June 2017		
	Before-tax amount	**Tax (expense)/benefit**	**Net-of-tax amount**
As at 1 January	**(1,381)**	**405**	**(976)**
(Losses)/gains during the period			
– Debt securities	**(25,680)**	**6,358**	**(19,322)**
– Equity instruments and funds	**1,549**	**(387)**	**1,162**
	(24,131)	**5,971**	**(18,160)**
Reclassification adjustments			
– Impairment	**221**	**(55)**	**166**
– Disposals	**3,053**	**(763)**	**2,290**
	3,274	**(818)**	**2,456**
As at 30 June	**(22,238)**	**5,558**	**(16,680)**

	2016		
	Before-tax amount	Tax (expense)/benefit	Net-of-tax amount
As at 1 January	30,791	(7,733)	23,058
Losses during the year			
– Debt securities	(20,531)	5,228	(15,303)
– Equity instruments and funds	(6,401)	1,600	(4,801)
	(26,932)	6,828	(20,104)
Reclassification adjustments			
– Impairment	306	(77)	229
– Disposals	(5,546)	1,387	(4,159)
	(5,240)	1,310	(3,930)
As at 31 December	(1,381)	405	(976)

(Expressed in millions of RMB, unless otherwise stated)

49 Surplus reserve

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

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

50 General reserve

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

	Note	**30 June 2017**	31 December 2016
MOF	(1)	**240,161**	205,933
Hong Kong Banking Ordinance	(2)	**2,124**	2,124
Other regulatory bodies in Mainland China	(3)	**2,596**	2,546
Other overseas regulatory bodies		**575**	590
Total		**245,456**	211,193

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

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

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

51 Profit distribution

In the Annual General Meeting held on 15 June 2017, the shareholders approved the profit distribution for the year ended 31 December 2016. The Bank appropriated cash dividend for the year ended 31 December 2016 in an aggregate amount of RMB69,503 million.

52 Notes to cash flow statement

Cash and cash equivalents

	30 June 2017	31 December 2016	30 June 2016
Cash	**70,031**	73,296	67,110
Surplus deposit reserves with central banks	**227,539**	183,764	91,940
Demand deposits with banks and non-bank financial institutions	**71,487**	60,921	70,301
Deposits with banks and non-bank financial institutions with original maturity with or within three months	**144,786**	229,622	246,876
Placements with banks and non-bank financial institutions with original maturity with or within three months	**75,832**	51,521	55,468
Total	**589,675**	599,124	531,695

53 Transferred financial assets

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

Securities lending transactions

Transferred financial assets that do not qualify for derecognition mainly include debt securities lent to counterparties under securities lending agreements. The counterparties are allowed to sell or repledge those securities lent under agreements to repurchase in the absence of default by the Group, but has an obligation to return the securities at the maturity of the contract. The Group has determined that it retains substantially all the risks and rewards of these securities and therefore has not derecognized them. As at 30 June 2017, the carrying value of debt securities lent to counterparties was RMB38,215 million (as at 31 December 2016: RMB36,577 million).

Credit assets securitisation transactions

The Group enters into securitisation transactions in normal course of business by which it transfers credit assets to structured entities which issue asset-backed securities to investors. The Group retains interests in the form of subordinated tranches which would give rise to the Group's continuing involvement in the transferred assets. Those financial assets are recognised on the statement of financial positions to the extent of the Group's continuing involvement.

As at 30 June 2017, loans with an original carrying amount of RMB89,509 million (as at 31 December 2016: RMB69,530 million) have been securitised by the Group under arrangements in which the Group retained a continuing involvement in such assets. As at 30 June 2017, the carrying amount of assets that the Group continued to recognise was RMB6,632 million (as at 31 December 2016: RMB5,156 million). The carrying amount of continuing involvement assets and liabilities that the Group continued to recognise was RMB6,706 million as at 30 June 2017 (as at 31 December 2016: RMB5,216 million).

54 Operating segments

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

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

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

54 Operating segments (continued)

(1) Geographical segments

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

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

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

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

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

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

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

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

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

(Expressed in millions of RMB, unless otherwise stated)

54 Operating segments (continued)

(1) Geographical segments (continued)

	Six months ended 30 June 2017								
	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central	Western	Northeastern	Head Office	Overseas	Total
External net interest income	22,934	20,989	18,716	24,487	25,768	5,568	92,533	6,859	217,854
Internal net interest income/ (expense)	11,957	9,481	16,697	14,867	12,685	6,186	(68,209)	(3,664)	–
Net interest income	34,891	30,470	35,413	39,354	38,453	11,754	24,324	3,195	217,854
Net fee and commission income	10,349	10,270	11,012	10,754	6,742	2,964	14,875	1,114	68,080
Net trading gain/(loss)	627	815	539	176	264	69	(219)	571	2,842
Dividend income	580	–	–	93	6	–	146	155	980
Net (loss)/gain arising from investment securities	(46)	–	23	91	–	–	(2,013)	313	(1,632)
Other operating income, net	700	485	762	238	1,318	85	5,074	6,347	15,009
Operating income	47,101	42,040	47,749	50,706	46,783	14,872	42,187	11,695	303,133
Operating expenses	(10,489)	(9,075)	(11,793)	(13,344)	(11,856)	(5,192)	(5,181)	(3,617)	(70,547)
Impairment losses	(5,993)	(8,196)	(16,180)	(10,815)	(10,354)	(5,503)	(2,749)	(720)	(60,510)
Share of (loss)/profit of associates and joint ventures	–	–	–	(6)	–	–	–	23	17
Profit before tax	30,619	24,769	19,776	26,541	24,573	4,177	34,257	7,381	172,093
Capital expenditure	469	452	3,227	451	327	175	167	2,023	7,291
Depreciation and amortisation	1,266	867	1,561	1,656	1,341	700	792	423	8,606
	30 June 2017								
Segment assets	4,538,339	3,431,225	4,929,195	3,972,183	3,321,063	1,119,927	8,368,693	1,875,220	31,555,845
Interests in associates and joint ventures	–	–	23	4,235	–	–	–	2,393	6,651
	4,538,339	3,431,225	4,929,218	3,976,418	3,321,063	1,119,927	8,368,693	1,877,613	31,562,496
Deferred tax assets									37,241
Elimination									(9,907,670)
Total assets									21,692,067
Segment liabilities	4,509,196	3,415,903	4,893,547	3,949,665	3,304,747	1,115,644	6,975,171	1,790,756	29,954,629
Deferred tax liabilities									506
Elimination									(9,907,670)
Total liabilities									20,047,465
Off-balance sheet credit commitments	646,719	530,194	846,851	503,758	362,853	158,382	2,500	246,205	3,297,462

(Expressed in millions of RMB, unless otherwise stated)

54 Operating segments (continued)

(1) Geographical segments (continued)

	Six months ended 30 June 2016								
	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central	Western	Northeastern	Head Office	Overseas	Total
External net interest income	20,515	18,244	18,343	22,645	25,019	5,998	96,397	3,829	210,990
Internal net interest income/ (expense)	13,794	10,678	17,373	14,805	11,998	6,203	(74,536)	(315)	–
Net interest income	34,309	28,922	35,716	37,450	37,017	12,201	21,861	3,514	210,990
Net fee and commission income	12,115	10,595	12,096	10,595	7,741	3,377	9,705	966	67,190
Net trading gain/(loss)	456	319	(123)	108	91	11	524	310	1,696
Dividend income	1,134	4	1	168	–	–	1	97	1,405
Net gain arising from investment securities	559	–	–	518	85	–	5,728	447	7,337
Other operating income, net	510	431	748	308	1,552	77	1,084	2,351	7,061
Operating income	49,083	40,271	48,438	49,147	46,486	15,666	38,903	7,685	295,679
Operating expenses	(12,834)	(10,326)	(13,272)	(14,792)	(13,128)	(5,491)	(6,336)	(2,937)	(79,116)
Impairment losses	(10,667)	(9,129)	(5,900)	(8,525)	(8,557)	(2,912)	(116)	(804)	(46,610)
Share of (loss)/profit of associates and joint ventures	–	–	–	(98)	–	–	–	23	(75)
Profit before tax	25,582	20,816	29,266	25,732	24,801	7,263	32,451	3,967	169,878
Capital expenditure	266	205	4,094	301	238	79	139	4,788	10,110
Depreciation and amortisation	1,209	808	1,292	1,495	1,225	633	804	337	7,803
	31 December 2016								
Segment assets	3,287,924	2,248,437	2,341,529	3,223,419	2,745,765	966,670	8,456,699	1,663,306	24,933,749
Interests in associates and joint ventures	–	–	31	4,184	–	–	–	3,103	7,318
	3,287,924	2,248,437	2,341,560	3,227,603	2,745,765	966,670	8,456,699	1,666,409	24,941,067
Deferred tax assets									31,062
Elimination									(4,008,424)
Total assets									20,963,705
Segment liabilities	3,292,293	2,252,473	2,325,284	3,220,764	2,742,194	966,764	7,020,522	1,561,611	23,381,905
Deferred tax liabilities									570
Elimination									(4,008,424)
Total liabilities									19,374,051
Off-balance sheet credit commitments	570,239	403,398	699,060	418,924	318,757	151,838	2,800	159,510	2,724,526

(Expressed in millions of RMB, unless otherwise stated)

54 Operating segments (continued)

(2) Business segments

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

Corporate banking

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

Personal banking

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

Treasury business

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

Others

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

	Six months ended 30 June 2017				
	Corporate banking	Personal banking	Treasury business	Others	Total
External net interest income	74,962	45,631	85,334	11,927	217,854
Internal net interest income/(expenses)	32,513	40,090	(70,550)	(2,053)	–
Net interest income	107,475	85,721	14,784	9,874	217,854
Net fee and commission income	18,612	33,708	13,151	2,609	68,080
Net trading (loss)/gain	(3,149)	(207)	5,851	347	2,842
Dividend income	–	–	–	980	980
Net (loss)/gain arising from investment securities	–	–	(1,759)	127	(1,632)
Other operating (expense)/income, net	(97)	330	4,195	10,581	15,009
Operating income	122,841	119,552	36,222	24,518	303,133
Operating expenses	(24,538)	(35,875)	(4,464)	(5,670)	(70,547)
Impairment losses	(51,045)	(7,634)	(709)	(1,122)	(60,510)
Share of profit of associates and joint ventures	–	–	–	17	17
Profit before tax	47,258	76,043	31,049	17,743	172,093
Capital expenditure	864	1,345	161	4,921	7,291
Depreciation and amortisation	2,796	4,353	523	934	8,606
	30 June 2017				
Segment assets	6,997,247	4,994,256	8,321,900	1,735,530	22,048,933
Interests in associates and joint ventures	–	–	–	6,651	6,651
	6,997,247	4,994,256	8,321,900	1,742,181	22,055,584
Deferred tax assets					37,241
Elimination					(400,758)
Total assets					21,692,067
Segment liabilities	9,873,586	7,527,570	800,584	2,245,977	20,447,717
Deferred tax liabilities					506
Elimination					(400,758)
Total liabilities					20,047,465
Off-balance sheet credit commitments	2,307,916	732,672	–	256,874	3,297,462

(Expressed in millions of RMB, unless otherwise stated)

54 Operating segments (continued)

(2) Business segments (continued)

	Six months ended 30 June 2016				
	Corporate banking	Personal banking	Treasury business	Others	Total
External net interest income	92,191	26,518	84,303	7,978	210,990
Internal net interest income/(expenses)	17,707	52,708	(68,269)	(2,146)	–
Net interest income	109,898	79,226	16,034	5,832	210,990
Net fee and commission income	21,814	33,195	12,598	(417)	67,190
Net trading (loss)/gain	(3,157)	213	4,366	274	1,696
Dividend income	–	–	–	1,405	1,405
Net gain arising from investment securities	–	–	5,698	1,639	7,337
Other operating (expense)/income, net	(6)	104	7,432	(469)	7,061
Operating income	128,549	112,738	46,128	8,264	295,679
Operating expenses	(28,987)	(39,860)	(4,610)	(5,659)	(79,116)
Impairment losses	(32,348)	(12,933)	(59)	(1,270)	(46,610)
Share of profit of associates and joint ventures	–	–	–	(75)	(75)
Profit before tax	67,214	59,945	41,459	1,260	169,878
Capital expenditure	551	903	93	8,563	10,110
Depreciation and amortisation	2,534	4,154	428	687	7,803
	31 December 2016				
Segment assets	7,064,795	4,522,379	8,195,103	1,564,749	21,347,026
Interests in associates and joint ventures	–	–	–	7,318	7,318
	7,064,795	4,522,379	8,195,103	1,572,067	21,354,344
Deferred tax assets					31,062
Elimination					(421,701)
Total assets					20,963,705
Segment liabilities	9,780,961	7,169,317	834,943	2,009,961	19,795,182
Deferred tax liabilities					570
Elimination					(421,701)
Total liabilities					19,374,051
Off-balance sheet credit commitments	1,917,363	647,498	–	159,665	2,724,526

(Expressed in millions of RMB, unless otherwise stated)

55 Entrusted lending business

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

	30 June 2017	31 December 2016
Entrusted loans	**2,601,104**	2,398,103
Entrusted funds	**2,601,104**	2,398,103

56 Pledged assets

(1) Assets pledged as security

(a) Carrying value of pledged assets analysed by category

	30 June 2017	31 December 2016
Discounted bills	**883**	5,500
Bonds	**603,262**	655,915
Others	**5,031**	2,352
Total	**609,176**	663,767

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

	30 June 2017	31 December 2016
Financial assets at fair value through profit or loss	**8,245**	9,810
Loans and advances to customers	**2,042**	6,506
Available-for-sale financial assets	**53,470**	9,558
Held-to-maturity investments	**471,985**	566,474
Investment classified as receivables	**72,653**	71,100
Other assets	**781**	319
Total	**609,176**	663,767

(2) Collateral accepted as securities for assets

The Group conducts resale agreements under usual and customary terms of placements, and holds collateral for these transactions. As at 30 June 2017 and 31 December 2016, the Group did not hold any collateral for resale agreements, which it was permitted to sell or repledge in the absence of default for the transactions.

(Expressed in millions of RMB, unless otherwise stated)

57 Commitments and contingent liabilities

(1) Credit commitments

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

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

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

	30 June 2017	31 December 2016
Loan commitments		
– with an original maturity under one year	**260,461**	191,077
– with an original maturity of one year or over	**505,463**	383,530
Credit card commitments	**774,623**	690,144
	1,540,547	1,264,751
Bank acceptances	**313,086**	296,606
Financing guarantees	**126,398**	107,160
Non-financing guarantees	**867,513**	776,775
Sight letters of credit	**36,386**	37,383
Usance letters of credit	**259,258**	160,141
Others	**154,274**	81,710
Total	**3,297,462**	2,724,526

(2) Credit risk-weighted amount

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

	30 June 2017	31 December 2016
Credit risk-weighted amount of contingent liabilities and commitments	**1,212,853**	1,073,108

(Expressed in millions of RMB, unless otherwise stated)

57 Commitments and contingent liabilities (continued)

(3) Operating lease commitments

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

	30 June 2017	31 December 2016
Within one year	**5,587**	5,717
After one year but within two years	**4,128**	4,396
After two years but within three years	**2,991**	3,194
After three years but within five years	**3,425**	5,076
After five years	**2,093**	2,756
Total	**18,224**	21,139

(4) Capital commitments

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

	30 June 2017	31 December 2016
Contracted for	**8,826**	9,294

(5) Underwriting obligations

As at 30 June 2017, there was no unexpired underwriting commitment of the Group (as at 31 December 2016: nil).

(6) Government bonds redemption obligations

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

The redemption obligations, which represent the nominal value of government bonds underwritten and sold by the Group, but not yet matured as at 30 June 2017, were RMB78,065 million (as at 31 December 2016: RMB75,695 million).

(7) Outstanding litigation and disputes

As at 30 June 2017, the Group was the defendant in certain pending litigation and disputes with gross claims of RMB7,329 million (as at 31 December 2016: RMB7,783 million). Provisions have been made for the estimated losses arising from such litigations based upon the opinions of the Group's internal and external legal counsels (Note 43). The Group considers that the provisions made are reasonable and adequate.

(8) Provision against commitments and contingent liabilities

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

(Expressed in millions of RMB, unless otherwise stated)

58 Related party relationships and transactions

(1) Transactions with parent companies and their affiliates

The parent companies of the Group are CIC and Huijin.

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

Huijin was incorporated on 16 December 2003 as a wholly state-owned investment company. It was registered in Beijing with a registered capital of RMB828,209 million. Its principal activities are equity investments as authorised by the State Council, without engaging in other commercial operations. As at 30 June 2017, Huijin directly held 57.11% shares of the Bank.

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

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

The Group has issued subordinated debts with a nominal value of RMB145,475 million (as at 31 December 2016: RMB145,744 million). These are bearer bonds and tradable in secondary market. Accordingly, the Group has no information in respect of the amount of the bonds held by the affiliates of parent companies as at the end of the reporting period.

(a) *Transactions with parent companies*

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

Amounts

	Six months ended 30 June			
	2017		2016	
	Amount	**Ratio to similar transactions**	Amount	Ratio to similar transactions
Interest income	**230**	**0.06%**	230	0.07%
Interest expense	**81**	**0.06%**	73	0.05%

Balances outstanding as at the end of the reporting period

	30 June 2017		31 December 2016	
	Balance	**Ratio to similar transactions**	Balance	Ratio to similar transactions
Loans and advances to customers	**18,000**	**0.15%**	–	0.00%
Held-to-maturity investments	**12,770**	**0.53%**	12,770	0.52%
Interest receivable	**379**	**0.34%**	151	0.15%
Deposits from customers	**2,037**	**0.01%**	865	0.01%
Interest payable	**8**	**0.00%**	6	0.00%
Credit commitments	**288**	**0.01%**	288	0.01%

(Expressed in millions of RMB, unless otherwise stated)

58 Related party relationships and transactions (continued)

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

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

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

Amounts

		Six months ended 30 June			
		2017		2016	
	Note	**Amount**	**Ratio to similar transactions**	Amount	Ratio to similar transactions
Interest income		**13,317**	**3.66%**	17,708	5.11%
Interest expense		**7,700**	**5.29%**	1,844	1.36%
Fee and commission income		**40**	**0.05%**	55	0.08%
Fee and commission expense		**89**	**1.46%**	45	1.21%
Operating expenses	(i)	**476**	**0.71%**	555	0.85%

Balances outstanding as at the end of the reporting period

		30 June 2017		31 December 2016	
	Note	**Balance**	**Ratio to similar transactions**	Balance	Ratio to similar transactions
Deposits with banks and non-bank financial institutions		**30,406**	**10.36%**	72,746	14.71%
Placements with banks and non-bank financial institutions		**80,812**	**31.39%**	69,487	26.66%
Financial assets at fair value through profit or loss		**9,963**	**1.66%**	8,111	1.66%
Positive fair value of derivatives		**1,612**	**3.31%**	3,581	3.99%
Financial assets held under resale agreements		**17,147**	**6.13%**	10,897	10.56%
Interest receivable		**10,211**	**9.25%**	14,606	14.37%
Loans and advances to customers		**23,521**	**0.19%**	53,297	0.46%
Available for sale financial assets		**171,951**	**10.91%**	234,915	14.38%
Held-to-maturity investments		**350,485**	**14.63%**	419,087	17.19%
Investment classified as receivables		**33,754**	**7.12%**	46,959	9.24%
Other assets	(ii)	**4**	**0.00%**	80	0.11%
Deposits from banks and non-bank financial institutions	(iii)	**102,098**	**8.29%**	34,485	2.14%
Placements from banks and non-bank financial institutions		**86,088**	**19.37%**	68,722	21.31%
Negative fair value of derivatives		**1,758**	**4.29%**	7,332	8.12%
Financial assets sold under repurchase agreements		**20,530**	**33.74%**	15,904	8.35%
Deposits from customers		**20,298**	**0.12%**	18,471	0.12%
Interest payable		**512**	**0.25%**	3,058	1.45%
Credit commitments		**7,964**	**0.38%**	23,159	1.18%

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

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

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

(Expressed in millions of RMB, unless otherwise stated)

58 Related party relationships and transactions (continued)

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

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

Amounts

	Six months ended 30 June	
	2017	2016
Interest income	**42**	11
Interest expense	**8**	–
Operating expenses	**22**	4

Balances outstanding as at the end of the reporting period

	30 June 2017	31 December 2016
Loans and advances to customers	**1,608**	680
Financial liabilities at fair value through profit or loss	**–**	448
Deposits from customers	**2,056**	1,547
Interest payable	**3**	–

(3) Transactions between the Bank and its subsidiaries

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

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

Amounts

	Six months ended 30 June	
	2017	2016
Interest income	**636**	697
Interest expense	**417**	1,198
Fee and commission income	**852**	3,982
Fee and commission expense	**48**	93
Net gain arising from investment securities	**399**	–
Other operating expense, net	**(189)**	(288)
Operating expenses	**430**	3

(Expressed in millions of RMB, unless otherwise stated)

58 Related party relationships and transactions (continued)

(3) Transactions between the Bank and its subsidiaries (continued)

Balances outstanding as at the end of the reporting period

	30 June 2017	31 December 2016
Deposits with banks and non-bank financial institutions	8,728	11,254
Placements with banks and non-bank financial institutions	73,806	86,820
Positive fair value of derivatives	2,054	1,087
Interest receivable	131	81
Loans and advances to customers	11,159	6,259
Available-for-sale financial assets	2,459	2,271
Held-to-maturity investments	609	690
Investment classified as receivables	475	486
Other assets	39,016	49,931
Deposits from banks and non-bank financial institutions	15,719	9,315
Placements from banks and non-bank financial institutions	78,821	105,653
Negative fair value of derivatives	1,922	3,715
Deposits from customers	3,776	3,974
Interest payable	104	611
Debt securities issued	1,447	890
Other liabilities	529	110

As at 30 June 2017, the total maximum guarantee limit of guarantee letters issued by the Bank with its subsidiaries as beneficiary is RMB52,789 million (as at 31 December 2016: RMB44,793 million).

For the six months ended 30 June 2017, the transactions between subsidiaries of the Group are mainly deposits from banks and non-bank financial institutions and debt securities issued. As at 30 June 2017, the balances of the above transactions were RMB3,967 million (as at 31 December 2016: RMB4,478 million) and RMB2,086 million (as at 31 December 2016: RMB2,064 million) respectively.

(4) Transactions with other PRC state-owned entities

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

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

(5) Transactions with the Annuity Scheme and Plan Assets

Apart from the obligations for defined contributions to the Annuity Scheme and regular banking transactions, there were no other transactions between the Group and the Annuity Scheme for the six months ended 30 June 2017 and the year ended 31 December 2016.

As at 30 June 2017, RMB3,589 million of the Group's supplementary retirement benefit plan assets (as at 31 December 2016: RMB2,950 million) were managed by CCB Principal and management fees payable to CCB Principal was RMB4.12 million (as at 31 December 2016: RMB8.73 million).

(6) Key management personnel

Key management personnel are those persons having authorities and responsibilities for planning, directing and controlling the activities of the Group, directly or indirectly, including directors, supervisors and senior executives. The Group enters into banking transactions with key management personnel in the normal course of business. For the six months ended 30 June 2017 and for the year ended 31 December 2016, there were no material transactions and balances with key management personnel.

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

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

59 Risk Management

The Group has exposures to the following risks:

– credit risk
– market risk
– liquidity risk
– operational risk
– insurance risk

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

Risk management framework

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

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

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

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

(1) Credit risk

Credit risk management

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

Credit business

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

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

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

(Expressed in millions of RMB, unless otherwise stated)

59 Risk Management (continued)

(1) Credit risk (continued)

Credit business (continued)

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

Credit grading classification

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

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

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

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

Treasury business

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

(a) *Maximum credit risk exposure*

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

	30 June 2017	31 December 2016
Deposits with central banks	**2,871,434**	2,775,965
Deposits with banks and non-bank financial institutions	**293,561**	494,618
Placements with banks and non-bank financial institutions	**257,430**	260,670
Debt investments at fair value through profit or loss	**577,366**	469,992
Positive fair value of derivatives	**48,705**	89,786
Financial assets held under resale agreements	**279,535**	103,174
Interest receivable	**110,386**	101,645
Loans and advances to customers	**12,204,730**	11,488,355
Available-for-sale debt securities	**1,430,117**	1,348,814
Held-to-maturity investments	**2,395,855**	2,438,417
Investment classified as receivables	**473,999**	507,963
Other financial assets	**92,733**	69,405
Total	**21,035,851**	20,148,804
Off-balance sheet credit commitments	**3,297,462**	2,724,526
Maximum credit risk exposure	**24,333,313**	22,873,330

(Expressed in millions of RMB, unless otherwise stated)

59 Risk Management (continued)

(1) Credit risk (continued)

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

	Note	30 June 2017	31 December 2016
Gross impaired loans			
– Individually assessed and impaired gross amount		**164,465**	156,436
– Allowances for impairment losses		**(106,222)**	(99,453)
Subtotal		**58,243**	56,983
– Collectively assessed and impaired gross amount		**24,287**	22,254
– Allowances for impairment losses		**(15,500)**	(13,275)
Subtotal		**8,787**	8,979
Overdue but not impaired			
– between 1 day and 90 days		**30,871**	31,522
– between 91 days and 180 days		**–**	4
– more than 180 days		**–**	21
Gross amount		**30,871**	31,547
Allowances for impairment losses	(i)	**(3,272)**	(6,804)
Subtotal		**27,599**	24,743
Neither overdue nor impaired			
– Unsecured loans		**3,617,944**	3,442,193
– Guaranteed loans		**2,078,801**	1,880,508
– Loans secured by tangible assets other than monetary assets		**5,255,564**	5,002,018
– Loans secured by monetary assets		**1,335,089**	1,222,076
Gross amount		**12,287,398**	11,546,795
Allowances for impairment losses	(i)	**(177,297)**	(149,145)
Subtotal		**12,110,101**	11,397,650
Total		**12,204,730**	11,488,355

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

(Expressed in millions of RMB, unless otherwise stated)

59 Risk Management (continued)

(1) Credit risk (continued)

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

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

	30 June 2017		
	Overdue but not impaired loans and advances		Impaired loans and advances which are subject to individual assessment
	Corporate	Personal	Corporate
Portion covered	3,539	15,672	27,269
Portion not covered	4,905	6,755	137,196
Total	8,444	22,427	164,465

	31 December 2016		
	Overdue but not impaired loans and advances		Impaired loans and advances which are subject to individual assessment
	Corporate	Personal	Corporate
Portion covered	3,632	15,005	27,773
Portion not covered	5,644	7,266	128,663
Total	9,276	22,271	156,436

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

(Expressed in millions of RMB, unless otherwise stated)

59 Risk Management (continued)

(1) Credit risk (continued)

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

	30 June 2017			31 December 2016		
	Gross loan balance	**Percentage**	**Balance secured by collateral**	Gross loan balance	Percentage	Balance secured by collateral
Corporate loans and advances						
– Manufacturing	**1,435,280**	**11.49%**	**457,190**	1,323,238	11.24%	464,514
– Transportation, storage and postal services	**1,407,498**	**11.25%**	**498,682**	1,287,693	10.95%	520,293
– Leasing and commercial services	**962,277**	**7.69%**	**349,333**	826,410	7.03%	309,203
– Production and supply of electric power, heat, gas and water	**826,140**	**6.61%**	**194,133**	726,706	6.18%	192,922
– Wholesale and retail trade	**545,553**	**4.36%**	**287,391**	492,343	4.19%	252,177
– Real estate	**492,685**	**3.94%**	**310,060**	448,576	3.82%	316,657
– Water, environment and public utility management	**393,294**	**3.14%**	**189,379**	324,204	2.76%	167,715
– Construction	**269,552**	**2.16%**	**73,030**	259,268	2.21%	76,772
– Mining	**256,715**	**2.05%**	**30,258**	250,530	2.13%	29,755
– Public management, social securities and social organisation	**116,907**	**0.93%**	**25,528**	130,037	1.11%	33,862
– Agriculture, forestry, farming, fishing	**81,836**	**0.65%**	**25,547**	90,685	0.77%	34,986
– Education	**75,526**	**0.60%**	**19,293**	77,445	0.66%	21,415
– Others	**571,106**	**4.57%**	**85,505**	586,803	4.99%	80,183
Total corporate loans and advances	**7,434,369**	**59.44%**	**2,545,329**	6,823,938	58.04%	2,500,454
Personal loans and advances	**4,885,592**	**39.06%**	**4,151,463**	4,420,939	37.60%	3,820,851
Discounted bills	**187,060**	**1.50%**	**–**	512,155	4.36%	–
Total loans and advances to customers	**12,507,021**	**100.00%**	**6,696,792**	11,757,032	100.00%	6,321,305

(Expressed in millions of RMB, unless otherwise stated)

59 Risk Management (continued)

(1) Credit risk (continued)

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

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

	30 June 2017			Six months ended 30 June 2017	
	Gross impaired loans	**Individually assessed impairment allowances**	**Collectively assessed impairment allowances**	Charged to profit or loss during the period	Written off during the period
Manufacturing	**77,838**	**(50,362)**	**(37,269)**	(25,891)	7,038
Transportation, storage and postal services	**6,399**	**(3,841)**	**(23,931)**	(1,764)	172

	31 December 2016			2016	
	Gross impaired loans	Individually assessed impairment allowances	Collectively assessed impairment allowances	Charged to profit or loss during the year	Written off during the year
Manufacturing	71,443	(44,348)	(29,902)	(44,859)	14,272
Transportation, storage and postal services	6,004	(3,935)	(21,943)	(2,412)	250

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

	30 June 2017			31 December 2016		
	Gross loan balance	**Percentage**	**Balance secured by collateral**	Gross loan balance	Percentage	Balance secured by collateral
Yangtze River Delta	**2,238,658**	**17.90%**	**1,435,008**	2,117,133	18.02%	1,360,362
Central	**2,107,673**	**16.85%**	**1,299,229**	1,982,785	16.86%	1,197,869
Bohai Rim	**2,091,084**	**16.72%**	**998,685**	1,946,622	16.56%	892,618
Western	**2,059,455**	**16.47%**	**1,163,801**	1,953,377	16.61%	1,124,332
Pearl River Delta	**1,862,438**	**14.89%**	**1,345,811**	1,762,963	14.99%	1,312,827
Northeastern	**660,492**	**5.28%**	**308,151**	643,515	5.47%	296,115
Head office	**504,887**	**4.04%**	**–**	452,941	3.85%	–
Overseas	**982,334**	**7.85%**	**146,107**	897,696	7.64%	137,182
Gross loans and advances to customers	**12,507,021**	**100%**	**6,696,792**	11,757,032	100.00%	6,321,305

(Expressed in millions of RMB, unless otherwise stated)

59 Risk Management (continued)

(1) Credit risk (continued)

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

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

	30 June 2017		
	Gross impaired loans	**Individually assessed impairment allowances**	**Collectively assessed impairment allowances**
Yangtze River Delta	**37,735**	**(25,262)**	**(36,330)**
Western	**33,177**	**(17,615)**	**(35,442)**
Bohai Rim	**33,027**	**(17,760)**	**(37,546)**
Central	**30,677**	**(17,276)**	**(32,418)**
Pearl River Delta	**27,238**	**(16,449)**	**(27,601)**
Northeastern	**17,834**	**(10,607)**	**(12,397)**
Head Office	**6,332**	**(71)**	**(10,791)**
Overseas	**2,732**	**(1,182)**	**(3,544)**
Total	**188,752**	**(106,222)**	**(196,069)**

	31 December 2016		
	Gross impaired loans	Individually assessed impairment allowances	Collectively assessed impairment allowances
Yangtze River Delta	41,539	(27,423)	(32,173)
Western	29,435	(14,557)	(30,102)
Bohai Rim	29,199	(15,573)	(31,505)
Central	26,654	(14,557)	(28,012)
Pearl River Delta	29,426	(18,429)	(24,124)
Northeastern	14,794	(7,885)	(10,423)
Head Office	4,296	–	(9,471)
Overseas	3,347	(1,029)	(3,414)
Total	178,690	(99,453)	(169,224)

The definitions of geographical segments are set out in note 54(1).

(Expressed in millions of RMB, unless otherwise stated)

59 Risk Management (continued)

(1) Credit risk (continued)

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

	30 June 2017	31 December 2016
Unsecured loans	3,642,528	3,471,042
Guaranteed loans	2,167,701	1,964,685
Loans secured by tangible assets other than monetary assets	5,356,838	5,095,325
Loans secured by monetary assets	1,339,954	1,225,980
Gross loans and advances to customers	12,507,021	11,757,032

(f) Rescheduled loans and advances to customers

	30 June 2017		31 December 2016	
	Total	Percentage of gross loans and advances to customers	Total	Percentage of gross loans and advances to customers
Rescheduled loans and advances to customers	4,653	0.04%	5,020	0.04%
Of which:				
Rescheduled loans and advances overdue for more than 90 days	1,187	0.01%	2,321	0.02%

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

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

	30 June 2017	31 December 2016
Impaired		
– Individually assessed and impaired gross amount	27	29
– Allowances for impairment losses	(27)	(29)
Subtotal	–	–
Neither overdue nor impaired		
– grade A to AAA	668,998	815,896
– grade B to BBB	11,410	5,238
– unrated	150,273	37,488
Total	830,681	858,622
Allowances for impairment losses	(155)	(160)
Subtotal	830,526	858,462
Total	830,526	858,462

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

(Expressed in millions of RMB, unless otherwise stated)

59 Risk Management (continued)

(1) Credit risk (continued)

(h) Distribution of debt investments analysed by rating

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

		30 June 2017					
	Note	Unrated	AAA	AA	A	Lower than A	Total
Impaired							
Individually assessed and impaired gross amount							
– Banks and non-bank financial institutions		339	–	–	–	–	339
– Enterprises		496	–	–	–	120	616
– Others		–	–	–	200	–	200
Total		835	–	–	200	120	1,155
Allowances for impairment losses							(812)
Subtotal							343
Neither overdue nor impaired							
– Government		1,327,638	1,537,540	25,812	5,297	24,394	2,920,681
– Central banks		9,816	2,031	10,048	–	–	21,895
– Policy banks		335,863	–	1,045	2,797	–	339,705
– Banks and non-bank financial institutions		799,013	143,869	16,220	47,599	12,656	1,019,357
– Enterprises		152,509	315,332	29,198	21,711	6,633	525,383
– Others		30,904	11,595	11,254	1,700	–	55,453
Total		2,655,743	2,010,367	93,577	79,104	43,683	4,882,474
Allowances for impairment losses	(i)						(5,480)
Subtotal							4,876,994
Total							4,877,337

(Expressed in millions of RMB, unless otherwise stated)

59 Risk Management (continued)

(1) Credit risk (continued)

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

	Note	31 December 2016 Unrated	AAA	AA	A	Lower than A	Total
Impaired							
Individually assessed and impaired gross amount							
– Banks and non-bank financial institutions		347	–	–	–	–	347
– Enterprises		718	–	–	–	120	838
– Others		200	–	–	200	–	400
Total		1,265	–	–	200	120	1,585
Allowances for impairment losses							(878)
Subtotal							707
Neither overdue nor impaired							
– Government		1,892,081	728,643	21,717	6,253	21,988	2,670,682
– Central banks		12,087	–	9,681	–	–	21,768
– Policy banks		359,789	50	1,735	–	–	361,574
– Banks and non-bank financial institutions		865,663	166,698	30,002	36,798	6,701	1,105,862
– Enterprises		137,574	290,981	16,148	11,610	6,092	462,405
– Others		115,341	15,941	13,237	2,500	–	147,019
Total		3,382,535	1,202,313	92,520	57,161	34,781	4,769,310
Allowances for impairment losses	(i)						(4,831)
Subtotal							4,764,479
Total							4,765,186

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

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

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

(j) *Settlement risk*

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

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

(Expressed in millions of RMB, unless otherwise stated)

59 Risk Management (continued)

(2) Market risk

Market risk is the risk of loss, in respect of the Group's on and off balance sheet activities, arising from adverse movements in market rates including interest rates, foreign exchange rates, commodity prices and stock prices. Market risk arises from both the Group's trading and non-trading business. A trading book consists of positions in financial instruments and commodities held either with trading intent or in order to hedge other elements of the trading book. Non-trading book records those financial instruments and commodities which are not included in the trading book.

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

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

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

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

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

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

(a) *VaR analysis*

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

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

	Six months ended 30 June 2017			
	As at 30 June	**Average**	**Maximum**	**Minimum**
VaR of trading portfolio	**252**	**181**	**252**	**114**
Of which:				
– Interest rate risk	**74**	**102**	**148**	**61**
– Foreign exchange risk (i)	**226**	**119**	**226**	**76**
– Commodity risk	**16**	**4**	**16**	**–**

	Six months ended 30 June 2016			
	As at 30 June	Average	Maximum	Minimum
VaR of trading portfolio	91	181	265	91
Of which:				
– Interest rate risk	58	46	72	24
– Foreign exchange risk (i)	64	177	247	64
– Commodity risk	5	20	60	–

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

59 Risk Management (continued)

(2) Market risk (continued)

(a) *VaR analysis (continued)*

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

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

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

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

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

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

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

(b) *Net interest income sensitivity analysis*

In monitoring interest rate risk on its overall non-derivative financial assets and liabilities, the Bank regularly measures its future net interest income sensitivity to an increase or decrease in market interest rates (assuming no asymmetrical movement in yield curves and a constant financial position). An incremental 100 basis points parallel fall or rise in all yield curves, other than that applicable to balances with central banks, would increase or decrease annualised net interest income of the Group by RMB71,309 million (as at 31 December 2016: RMB48,500 million). Had the impact of yield curves movement for demand deposits from customers been excluded, the annualised net interest income of the Group would decrease or increase by RMB24,239 million (as at 31 December 2016: RMB43,566 million).

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

(c) *Interest rate repricing gap analysis*

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

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

(Expressed in millions of RMB, unless otherwise stated)

59 Risk Management (continued)

(2) Market risk (continued)

(c) Interest rate repricing gap analysis (continued)

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

		30 June 2017						
	Note	Average interest rate (i)	Non-interest bearing	Within three months	Between three months and one year	Between one year and five years	More than five years	Total
Assets								
Cash and deposits with central banks		1.51%	124,553	2,816,912	–	–	–	2,941,465
Deposits and placements with banks and non-bank financial institutions		2.53%	–	379,900	165,213	5,878	–	550,991
Financial assets held under resale agreements		2.92%	–	279,422	113	–	–	279,535
Loans and advances to customers	(ii)	4.05%	–	2,938,794	8,870,937	345,532	49,467	12,204,730
Investments	(iii)	3.73%	174,441	540,930	417,031	2,203,446	1,715,929	5,051,777
Other assets			663,569	–	–	–	–	663,569
Total assets		3.58%	962,563	6,955,958	9,453,294	2,554,856	1,765,396	21,692,067
Liabilities								
Borrowings from central banks		2.97%	–	86,506	432,841	763	–	520,110
Deposits and placements from banks and non-bank financial institutions		2.31%	–	1,393,471	233,613	45,541	3,376	1,676,001
Financial liabilities at fair value through profit or loss		3.24%	20,707	263,250	132,387	1,492	–	417,836
Financial assets sold under repurchase agreements		3.58%	–	56,259	733	3,394	453	60,839
Deposits from customers		1.34%	148,115	11,143,046	3,396,551	1,578,863	7,818	16,274,393
Debt securities issued		3.59%	–	197,172	86,423	182,287	69,211	535,093
Other liabilities			563,193	–	–	–	–	563,193
Total liabilities		1.55%	732,015	13,139,704	4,282,548	1,812,340	80,858	20,047,465
Asset-liability gap		2.03%	230,548	(6,183,746)	5,170,746	742,516	1,684,538	1,644,602

(Expressed in millions of RMB, unless otherwise stated)

59 Risk Management (continued)

(2) Market risk (continued)

(c) Interest rate repricing gap analysis (continued)

	Note	31 December 2016						
		Average interest rate (i)	Non-interest bearing	Within three months	Between three months and one year	Between one year and five years	More than five years	Total
Assets								
Cash and deposits with central banks		1.51%	110,050	2,739,211	–	–	–	2,849,261
Deposits and placements with banks and non-bank financial institutions		2.76%	–	599,855	153,084	2,349	–	755,288
Financial assets held under resale agreements		2.60%	–	101,581	1,593	–	–	103,174
Loans and advances to customers	(ii)	4.26%	–	6,682,710	4,406,772	320,988	77,885	11,488,355
Investments	(iii)	3.65%	310,718	534,360	583,313	2,004,704	1,642,807	5,075,902
Other assets			691,725	–	–	–	–	691,725
Total assets		3.67%	1,112,493	10,657,717	5,144,762	2,328,041	1,720,692	20,963,705
Liabilities								
Borrowings from central banks		2.76%	–	142,591	296,602	146	–	439,339
Deposits and placements from banks and non-bank financial institutions		2.09%	–	1,447,097	450,354	36,010	2,080	1,935,541
Financial liabilities at fair value through profit or loss		2.88%	19,947	247,942	128,702	–	–	396,591
Financial assets sold under repurchase agreements		2.72%	–	187,932	1,008	1,574	66	190,580
Deposits from customers		1.45%	110,999	10,313,397	3,377,431	1,593,009	8,079	15,402,915
Debt securities issued		4.04%	–	158,133	71,781	131,577	90,063	451,554
Other liabilities			557,531	–	–	–	–	557,531
Total liabilities		1.61%	688,477	12,497,092	4,325,878	1,762,316	100,288	19,374,051
Asset-liability gap		2.07%	424,016	(1,839,375)	818,884	565,725	1,620,404	1,589,654

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

(ii) For loans and advances to customers, the "within three months" category includes overdue amounts (net of allowances for impairment losses) of RMB76,179 million as at 30 June 2017 (as at 31 December 2016: RMB76,096 million).

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

(Expressed in millions of RMB, unless otherwise stated)

59 Risk Management (continued)

(2) Market risk (continued)

(d) Currency risk

The Group's foreign exchange exposure mainly comprises exposures that arise from the foreign currency proprietary investments of the treasury business and currency exposures originated by the Group's overseas businesses.

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

The Group actively manages foreign currency exposure by minimizing foreign exchange risk by business lines. Therefore, the net exposure is not sensitive to exchange rate fluctuations and the potential impact to the pre-tax profits and other comprehensive income of the group is not material.

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

		30 June 2017			
	Note	RMB	USD (RMB equivalent)	Others (RMB equivalent)	Total
Assets					
Cash and deposits with central banks		2,645,962	173,501	122,002	2,941,465
Deposits and placements with banks and non-bank financial institutions	(i)	619,749	198,316	12,461	830,526
Loans and advances to customers		10,916,945	900,500	387,285	12,204,730
Investments		4,817,796	148,697	85,284	5,051,777
Other assets		529,366	75,111	59,092	663,569
Total assets		19,529,818	1,496,125	666,124	21,692,067
Liabilities					
Borrowings from central banks		462,442	18,298	39,370	520,110
Deposits and placements from banks and non-bank financial institutions	(ii)	1,212,630	381,185	143,025	1,736,840
Financial liabilities at fair value through profit or loss		403,525	13,645	666	417,836
Deposits from customers		15,307,064	633,336	333,993	16,274,393
Debt securities issued		233,640	239,982	61,471	535,093
Other liabilities		501,647	10,785	50,761	563,193
Total liabilities		18,120,948	1,297,231	629,286	20,047,465
Long position		1,408,870	198,894	36,838	1,644,602
Net notional amount of derivatives		135,304	(163,354)	57,352	29,302
Credit commitments		2,953,466	134,332	209,664	3,297,462

(Expressed in millions of RMB, unless otherwise stated)

59 Risk Management (continued)

(2) Market risk (continued)

(d) Currency risk (continued)

	Note	31 December 2016 RMB	USD (RMB equivalent)	Others (RMB equivalent)	Total
Assets					
Cash and deposits with central banks		2,627,642	132,659	88,960	2,849,261
Deposits and placements with banks and non-bank financial institutions	(i)	677,609	164,499	16,354	858,462
Loans and advances to customers		10,318,156	815,966	354,233	11,488,355
Investments		4,874,843	122,967	78,092	5,075,902
Other assets		508,602	153,120	30,003	691,725
Total assets		19,006,852	1,389,211	567,642	20,963,705
Liabilities					
Borrowings from central banks		385,374	28,964	25,001	439,339
Deposits and placements from banks and non-bank financial institutions	(ii)	1,740,191	275,673	110,257	2,126,121
Financial liabilities at fair value through profit or loss		380,632	15,162	797	396,591
Deposits from customers		14,539,781	568,294	294,840	15,402,915
Debt securities issued		213,579	213,937	24,038	451,554
Other liabilities		512,886	28,376	16,269	557,531
Total liabilities		17,772,443	1,130,406	471,202	19,374,051
Long position		1,234,409	258,805	96,440	1,589,654
Net notional amount of derivatives		213,538	(280,450)	89,001	22,089
Credit commitments		2,461,840	88,183	174,503	2,724,526

(i) Including financial assets held under resale agreements.

(ii) Including financial assets sold under repurchase agreements.

(3) Liquidity risk

The liquidity risk means the risk that a commercial bank fails to timely acquire adequate funds at a reasonable cost to deal with repayment of debts at maturity, perform other payment obligations and meet other funding needs for normal business operation. It is caused by mismatches of assets and liabilities in terms of their cash flow. In accordance with liquidity policies, the Group monitors the future cash flows to ensure that an appropriate level of highly liquid assets is maintained.

At the Group level, liquidity is managed and coordinated through the ALM Department. The ALM Department is responsible for formulation of the liquidity policies in accordance with regulatory requirements and prudential principles. Such policies include:

– adopting a prudent strategy and ensuring sufficient funds are available at any moment to satisfy payment requests;

– optimising the Group's asset and liability structure, diversifying and stabilising the sources of funds, and reserving an appropriate proportion of highly credit-rated and liquid asset portfolio; and

– managing and utilising centrally the Bank's liquid funds.

The Group uses a variety of methods including liquidity index analysis, analysis of remaining contractual maturities and undiscounted cash flow analysis to measure the liquidity risk. Gap analysis is used to predict the cash flow within one year. Various types of scenario analysis are then applied to assess the impact of liquidity risk.

(Expressed in millions of RMB, unless otherwise stated)

59 Risk Management (continued)

(3) Liquidity risk (continued)

(a) *Maturity analysis*

The following tables provide an analysis of the assets and liabilities of the Group based on the remaining periods to repayment as at the end of the reporting period:

	30 June 2017							
	Indefinite	Repayable on demand	Within one month	Between one and three months	Between three months and one year	Between one and five years	More than five years	Total
Assets								
Cash and deposits with central banks	2,643,895	297,570	–	–	–	–	–	2,941,465
Deposits and placements with banks and non-bank financial institutions	–	90,344	202,377	87,484	162,882	7,904	–	550,991
Financial assets held under resale agreements	–	–	268,283	11,139	113	–	–	279,535
Loans and advances to customers	76,633	545,785	311,856	616,523	2,767,583	3,224,565	4,661,785	12,204,730
Investments								
– Financial assets at fair value through profit or loss	21,289	–	123,179	140,261	139,136	150,972	23,817	598,654
– Available-for-sale financial assets	144,893	1,608	32,324	73,882	107,050	858,544	358,317	1,576,618
– Held-to-maturity investments	–	–	16,402	25,816	155,448	1,091,472	1,106,717	2,395,855
– Investment classified as receivables	–	–	6,923	10,902	24,478	198,164	233,532	473,999
– Investments in associates and joint ventures	6,651	–	–	–	–	–	–	6,651
Other assets	231,855	92,911	45,121	77,275	98,113	79,114	39,180	663,569
Total assets	3,125,216	1,028,218	1,006,465	1,043,282	3,454,803	5,610,735	6,423,348	21,692,067
Liabilities								
Borrowings from central banks	–	–	35,576	50,929	432,842	763	–	520,110
Deposits and placements from banks and non-bank financial institutions	–	859,771	306,823	188,930	254,015	62,231	4,231	1,676,001
Financial liabilities at fair value through profit or loss	–	20,706	132,057	131,193	132,388	1,492	–	417,836
Financial assets sold under repurchase agreements	–	–	44,370	11,889	733	3,394	453	60,839
Deposits from customers	–	9,542,772	1,045,850	1,057,175	3,004,248	1,601,195	23,153	16,274,393
Debt securities issued								
– Certificates of deposit issued	–	–	55,466	104,420	87,098	22,520	105	269,609
– Bonds issued	–	–	–	800	2,311	53,445	4,092	60,648
– Subordinated bonds issued	–	–	–	–	217	100,126	45,031	145,374
– Eligible Tier 2 capital bonds issued	–	–	–	–	–	39,479	19,983	59,462
Other liabilities	3,651	165,698	55,688	61,749	219,349	49,140	7,918	563,193
Total liabilities	3,651	10,588,947	1,675,830	1,607,085	4,133,201	1,933,785	104,966	20,047,465
Long/(Short) position	3,121,565	(9,560,729)	(669,365)	(563,803)	(678,398)	3,676,950	6,318,382	1,644,602
Notional amount of derivatives								
– Interest rate contracts	–	–	10,796	22,028	127,371	93,559	9,855	263,609
– Exchange rate contracts	–	–	816,309	1,034,006	3,089,645	177,083	5,389	5,122,432
– Other contracts	–	–	33,609	81,456	129,191	5,128	8,798	258,182
Total	–	–	860,714	1,137,490	3,346,207	275,770	24,042	5,644,223

(Expressed in millions of RMB, unless otherwise stated)

59 Risk Management (continued)

(3) Liquidity risk (continued)

(a) *Maturity analysis (continued)*

	31 December 2016							
	Indefinite	Repayable on demand	Within one month	Between one to three months	Between three months to one year	Between one to five years	More than five years	Total
Assets								
Cash and deposits with central banks	2,592,203	257,058	–	–	–	–	–	2,849,261
Deposits and placements with banks and non-bank financial institutions	–	85,218	306,393	138,820	218,544	6,313	–	755,288
Financial assets held under resale agreements	–	–	78,001	23,580	1,593	–	–	103,174
Loans and advances to customers	75,438	484,321	401,828	709,215	2,644,332	2,901,246	4,271,975	11,488,355
Investments								
– Financial assets at fair value through profit or loss	18,378	–	62,282	133,374	152,097	107,723	14,516	488,370
– Available-for-sale financial assets	285,020	–	29,090	66,362	168,110	783,090	302,162	1,633,834
– Held-to-maturity investments	–	–	5,318	44,950	200,830	1,053,776	1,133,543	2,438,417
– Investment classified as receivables	–	–	45,048	26,747	53,056	178,486	204,626	507,963
– Investments in associates and joint ventures	7,318	–	–	–	–	–	–	7,318
Other assets	229,069	89,276	34,077	79,502	173,739	55,946	30,116	691,725
Total assets	3,207,426	915,873	962,037	1,222,550	3,612,301	5,086,580	5,956,938	20,963,705
Liabilities								
Borrowings from central banks	–	–	83,176	59,415	296,602	146	–	439,339
Deposits and placements from banks and non-bank financial institutions	–	982,735	226,509	167,189	491,880	61,488	5,740	1,935,541
Financial liabilities at fair value through profit or loss	–	19,947	131,301	116,642	128,701	–	–	396,591
Financial assets sold under repurchase agreements	–	–	184,074	3,858	1,008	1,574	66	190,580
Deposits from customers	–	8,336,446	966,975	1,113,365	2,723,870	2,244,258	18,001	15,402,915
Debt securities issued								
– Certificates of deposit issued	–	–	61,274	65,381	57,153	15,037	163	199,008
– Bonds issued	–	–	–	2,084	4,023	36,959	4,097	47,163
– Subordinated bonds issued	–	–	–	–	218	100,230	45,151	145,599
– Eligible Tier 2 capital bonds issued	–	–	–	–	–	13,828	45,956	59,784
Other liabilities	582	116,506	52,697	67,710	234,456	78,943	6,637	557,531
Total liabilities	582	9,455,634	1,706,006	1,595,644	3,937,911	2,552,463	125,811	19,374,051
Long/(Short) position	3,206,844	(8,539,761)	(743,969)	(373,094)	(325,610)	2,534,117	5,831,127	1,589,654
Notional amount of derivatives								
– Interest rate contracts	–	–	70,611	77,418	204,710	106,484	11,586	470,809
– Exchange rate contracts	–	–	771,445	782,146	2,949,614	140,260	6,750	4,650,215
– Other contracts	–	–	47,553	98,665	177,124	10,177	34	333,553
Total	–	–	889,609	958,229	3,331,448	256,921	18,370	5,454,577

(Expressed in millions of RMB, unless otherwise stated)

59 Risk Management (continued)

(3) Liquidity risk (continued)

(b) Contractual undiscounted cash flow

The following tables provide an analysis of the contractual undiscounted cash flow of the non-derivative financial liabilities and off-balance sheet credit commitments of the Group as at the end of the reporting period. The Group's expected cash flows on these instruments may vary significantly from this analysis.

	30 June 2017							
	Carrying amount	Gross cash outflow	Repayable on demand	Within one month	Between one to three months	Between three months to one year	Between one to five years	More than five years
Non-derivative financial liabilities								
Borrowings from central banks	520,110	535,135	–	36,273	51,319	444,767	2,776	–
Deposits and placements from banks and non-bank financial institutions	1,676,001	1,785,457	946,020	308,353	191,657	263,917	71,142	4,368
Financial liabilities at fair value through profit or loss	417,836	420,686	20,706	133,378	131,843	133,248	1,511	–
Financial assets sold under repurchase agreements	60,839	62,914	–	45,417	12,028	774	4,088	607
Deposits from customers	16,274,393	16,599,912	9,542,898	1,064,725	1,086,847	3,108,665	1,771,150	25,627
Debt securities issued								
– Certificates of deposit issued	269,609	273,469	–	56,353	105,490	88,438	23,077	111
– Bonds issued	60,648	66,542	–	207	866	3,630	57,115	4,724
– Subordinated bonds issued	145,374	177,286	–	–	512	6,881	122,326	47,567
– Eligible Tier 2 capital bonds issued	59,462	74,692	–	–	1,196	1,584	48,341	23,571
Other financial liabilities	245,095	245,095	26,533	85,096	23,996	102,763	–	6,707
Total	19,729,367	20,241,188	10,536,157	1,729,802	1,605,754	4,154,667	2,101,526	113,282
Off-balance sheet loan commitments and credit card commitments (Note)		1,540,547	1,257,902	83,302	8,075	58,389	83,824	49,055
Guarantees, acceptances and other credit commitments (Note)		1,756,915	–	400,159	206,936	467,663	641,140	41,017

(Expressed in millions of RMB, unless otherwise stated)

59 Risk Management (continued)

(3) Liquidity risk (continued)

(b) Contractual undiscounted cash flow (continued)

	31 December 2016							
	Carrying amount	Gross cash outflow	Repayable on demand	Within one month	Between one to three months	Between three months to one year	Between one to five years	More than five years
Non-derivative financial liabilities								
Borrowings from central banks	439,339	448,505	–	84,409	59,995	303,955	146	–
Deposits and placements from banks and non-bank financial institutions	1,935,541	1,971,240	982,986	230,278	168,537	512,184	69,621	7,634
Financial liabilities at fair value through profit or loss	396,591	399,304	19,947	132,354	117,192	129,811	–	–
Financial assets sold under repurchase agreements	190,580	190,852	–	184,290	3,903	1,019	1,574	66
Deposits from customers	15,402,915	15,773,027	8,337,879	978,905	1,142,665	2,829,974	2,462,243	21,361
Debt securities issued								
– Certificates of deposit issued	199,008	201,424	–	61,772	65,817	58,028	15,639	168
– Bonds issued	47,163	53,205	–	208	2,196	5,196	40,721	4,884
– Subordinated bonds issued	145,599	179,558	–	–	1,231	6,185	124,329	47,813
– Eligible Tier 2 capital bonds issued	59,784	80,834	–	–	–	2,814	24,277	53,743
Other financial liabilities	189,807	189,807	67,124	12,538	19,252	85,665	–	5,228
Total	19,006,327	19,487,756	9,407,936	1,684,754	1,580,788	3,934,831	2,738,550	140,897
Off-balance sheet loan commitments and credit card commitments (Note)		1,264,751	1,043,081	71,231	15,313	70,347	52,127	12,652
Guarantees, acceptances and other credit commitments (Note)		1,459,775	–	317,599	163,731	367,089	566,264	45,092

Note: The off-balance sheet loan commitments and credit card commitments may expire without being drawn upon. Guarantees, acceptances and other credit commitments do not represent the amount to be paid.

(4) Operational risk

Operational risk refers to the risks that resulted from flawed or erroneous internal processes, people and systems, or external events. In the first half year of 2017, the Group continued to standardise and strengthen operational risk management.

– By constructing the new core system, continuously increase the mechanical control proportion and control abilities in the incompatible positions, and strengthen the balance mechanism across departments and positions.

– Functionalise the key risk indicators for supervision, early warning and reminder on the operation risks of the essential stages, and promote domestic Tier-1 branches, subsidiaries and oversea institutions to construct the system on the key risk indicators which meets their demands. Also make a positive role on the risk monitor to discover and indicate risks, and eliminate the hidden dangers.

– Continuously conduct self-assessments on the overall business continuity management and promote institutions from all tier levels to advance in the strength on the business continuity management. Carry out business impact analysis, to ascertain business recovery objectives, orders and essential area. Confirm the plans on “the New Generation Core System” to construct work plan. Prepare relevant plan templates, assess templates and promote specific plan construction. Ensure the safe and stable operation on the essential business lines of the New Generation Core System.

(Expressed in millions of RMB, unless otherwise stated)

59 Risk Management (continued)

(5) Fair value of financial instruments

(a) Valuation technique, input and process

The Board is responsible for establishing a robust internal control policy of valuation, and takes the ultimate responsibility for the adequacy and effectiveness of internal control system. The Board of Supervisors is in charge of supervising the performance of the Board and Senior Management. According to the requirements of the Board and the Board of Supervisors, Senior Management's responsibility is to organise and implement the internal control system over the valuation process to ensure the effectiveness of the internal control system of valuation.

The Group has established an independent valuation process for financial assets and financial liabilities. The relevant departments are responsible for performing valuation, verifying valuation model and accounting for valuation results.

For the six months ended 30 June 2017, there was no significant change in the valuation techniques or inputs used to determine fair value as compared to those used for the year ended 31 December 2016.

(b) Fair value hierarchy

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

– Level 1: Fair value based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

– Level 2: Fair value based on inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

– Level 3: Fair value based on inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

(c) Financial instruments measured at fair value

(i) Fair value hierarchy

The table below analyses financial instruments, measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

	30 June 2017			
	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit or loss				
Financial assets held for trading purpose				
– Debt securities	10,340	192,484	–	202,824
– Equity instruments and funds	1,196	–	–	1,196
Financial assets designated as at fair value through profit or loss				
– Debt securities	–	24	8,581	8,605
– Equity instruments and funds	1,316	–	18,776	20,092
– Other debt instruments	–	39,785	326,152	365,937
Positive fair value of derivatives	–	48,449	256	48,705
Available-for-sale financial assets				
– Debt securities	123,342	1,302,452	4,323	1,430,117
– Equity instruments and funds	12,605	121,312	8,691	142,608
Total	148,799	1,704,506	366,779	2,220,084
Liabilities				
Financial liabilities at fair value through profit or loss				
Financial liabilities designated as at fair value through profit or loss	–	417,343	493	417,836
Negative fair value of derivatives	–	40,718	255	40,973
Total	–	458,061	748	458,809

(Expressed in millions of RMB, unless otherwise stated)

59 Risk Management (continued)

(5) Fair value of financial instruments (continued)

(c) Financial instruments measured at fair value (continued)

(i) Fair value hierarchy (continued)

	31 December 2016			
	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit or loss				
Financial assets held for trading purpose				
– Debt securities	3,134	138,196	–	141,330
– Equity instruments and funds	1,825	–	–	1,825
Financial assets designated as at fair value through profit or loss				
– Debt securities	–	–	8,690	8,690
– Equity instruments and funds	421	–	16,132	16,553
– Other debt instruments	–	55,116	264,856	319,972
Positive fair value of derivatives	–	89,320	466	89,786
Available-for-sale financial assets				
– Debt securities	59,380	1,283,715	5,719	1,348,814
– Equity instruments and funds	40,617	231,378	9,349	281,344
Total	105,377	1,797,725	305,212	2,208,314
Liabilities				
Financial liabilities at fair value through profit or loss				
Financial liabilities designated as at fair value through profit or loss	–	395,883	708	396,591
Negative fair value of derivatives	–	89,788	545	90,333
Total	–	485,671	1,253	486,924

A majority of the financial assets classified as level 2 is RMB bonds. The fair value of these bonds is determined based on the valuation results provided by China Central Depository & Clearing Co., Ltd. A majority of the financial liabilities designated as at fair value through profit or loss classified as level 2 is the fund raised from principal guaranteed WMPs, the fair value of which is determined based on the income approach. The majority of derivatives is classified as level 2 and valued using income approach. For the valuation of financial instruments classified as level 2, all significant inputs are observable market data.

The financial asset at fair value through profit or loss classified as level 3 is the underlying assets of principal guaranteed WMPs. These financial assets are valued using income approach and market approach, which incorporate the non-observable assumptions including discount rate.

For the six months ended 30 June 2017 and for the year ended 31 December 2016, there were no significant transfers between level 1 and level 2 of the fair value hierarchy of the Group.

(Expressed in millions of RMB, unless otherwise stated)

59 Risk Management (continued)

(5) Fair value of financial instruments (continued)

(c) Financial instruments measured at fair value (continued)

(ii) Movements of fair value of financial instruments in level 3 of the fair value hierarchy

The following table shows a reconciliation from the opening balances to the ending balances for fair value measurement in level 3 of the fair value hierarchy:

	Six months ended 30 June 2017									
	Financial assets designated as at fair value through profit or loss				Available-for-sale financial assets					
	Debt securities	Equity instruments and funds	Other debt instruments	Positive fair value of derivatives	Debt securities	Equity instruments and funds	Total assets	Financial liabilities designated as at fair value through profit or loss	Negative fair value of derivatives	Total liabilities
As at 1 January 2017	8,690	16,132	264,856	466	5,719	9,349	305,212	(708)	(545)	(1,253)
Total gains or losses:										
In profit or loss	(238)	281	4,831	(210)	(35)	4	4,633	55	290	345
In other comprehensive income	–	–	–	–	36	(6)	30	–	–	–
Purchases	1,197	8,105	377,508	–	–	1,892	388,702	(71)	–	(71)
Sales and settlements	(1,068)	(5,742)	(321,043)	–	(1,397)	(2,548)	(331,798)	231	–	231
As at 30 June 2017	8,581	18,776	326,152	256	4,323	8,691	366,779	(493)	(255)	(748)

	2016									
	Financial assets designated as at fair value through profit or loss				Available-for-sale financial assets					
	Debt securities	Equity instruments and funds	Other debt instruments	Positive fair value of derivatives	Debt securities	Equity instruments and funds	Total assets	Financial liabilities designated as at fair value through profit or loss	Negative fair value of derivatives	Total liabilities
As at 1 January 2016	586	2,326	208,204	883	9,604	5,027	226,630	(519)	(864)	(1,383)
Total gains or losses:										
In profit or loss	(19)	(113)	7,600	(361)	275	(19)	7,363	55	275	330
In other comprehensive income	–	–	–	–	424	(34)	390	–	–	–
Purchases	8,221	20,155	397,871	–	690	9,837	436,774	(369)	–	(369)
Sales and settlements	(98)	(6,236)	(348,819)	(56)	(5,274)	(5,462)	(365,945)	125	44	169
As at 31 December 2016	8,690	16,132	264,856	466	5,719	9,349	305,212	(708)	(545)	(1,253)

In level 3 of the fair value hierarchy, total gains or losses included in profit or loss for the year in the above table are presented in net trading gain, net gain arising from investment securities and impairment losses of the statement of comprehensive income.

Gains or losses on level 3 financial assets and liabilities included in the statement of comprehensive income comprise:

	Six months ended 30 June 2017			Six months ended 30 June 2016		
	Realised	Unrealised	Total	Realised	Unrealised	Total
Total gains	4,954	24	4,978	3,718	23	3,741

(Expressed in millions of RMB, unless otherwise stated)

59 Risk Management (continued)

(5) Fair value of financial instruments (continued)

(d) *Financial instruments not measured at fair value*

(i) *Financial assets*

The Group's financial assets not measured at fair value mainly include cash and deposits with central banks, deposits and placements with banks and non-bank financial institutions, financial assets held under resale agreements, loans and advances to customers, held-to-maturity investments and investment classified as receivables.

Deposits with central banks, deposits and placements with banks and non-bank financial institutions and financial assets held under resale agreements

Deposits with central banks, deposits and placements with banks and non-bank financial institutions and financial assets held under resale agreements are mainly priced at market interest rates and mature within one year. Accordingly, the carrying values approximate the fair values.

Loans and advances to customers

Majority of the loans and advances to customers are repriced at least annually to the market rate. Accordingly, their carrying values approximate the fair values.

Investments

The following table shows the carrying values and the fair values of the investment classified as receivables and held-to-maturity investments which are not presented in the statement of financial position at their fair values.

	30 June 2017					31 December 2016				
	Carrying value	**Fair value**	**Level 1**	**Level 2**	**Level 3**	Carrying value	Fair value	Level 1	Level 2	Level 3
Investment classified as receivables	**473,999**	**446,830**	**–**	**374,889**	**71,941**	507,963	512,409	–	358,488	153,921
Held-to-maturity investments	**2,395,855**	**2,385,838**	**4,709**	**2,381,129**	**–**	2,438,417	2,494,243	1,351	2,492,892	–
Total	**2,869,854**	**2,832,668**	**4,709**	**2,756,018**	**71,941**	2,946,380	3,006,652	1,351	2,851,380	153,921

(ii) *Financial liabilities*

The Group's financial liabilities not measured at fair value mainly include borrowings from central banks, deposits and placements from banks and non-bank financial institutions, financial assets sold under repurchase agreements, deposits from customers, and debt securities issued. The fair value of subordinated bonds and the eligible Tier 2 capital bonds issued as at 30 June 2017 was RMB208,261 million (the Group as at 31 December 2016: RMB212,166 million), and carrying value was RMB204,836 million (the Group as at 31 December 2016: RMB205,383 million) and the carrying values of other financial liabilities approximated their fair values as at the end of the reporting period. The Group uses observable inputs to measure the fair values of subordinated bonds and eligible Tier 2 capital bonds issued, and classified as the Level 2 of the fair value hierarchy.

(6) Offsetting financial assets and financial liabilities

Certain financial assets and financial liabilities of the Group are subject to enforceable master netting arrangements or similar agreements. The agreement between the Group and the counterparty generally allows for net settlement of the relevant financial assets and financial liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and financial liabilities will be settled on a gross basis. However, each party to the master netting arrangements or similar agreements will have the option to settle all such amounts on a net basis in the event of default of the other party. These financial assets and financial liabilities of the Group are not offset in accordance with IFRS.

As at 30 June 2017, the amount of the financial assets and financial liabilities subject to enforceable master netting arrangements or similar agreements are not material to the Group.

59 Risk management (continued)

(7) Insurance risk

The risk under an insurance contract is the possibility that the insured event occurs and the uncertainty in the resulting claim amount. The characteristic of an insurance contract inherently decides randomness and unpredictability of the underlying insurance risk. For insurance contracts where the theory of probability is applied to pricing and provisioning of insurance contract liabilities, the principal risk that the Group faces is that the actual claims and benefit payments exceed the carrying amount of the insurance contract liabilities.

The Group manages the uncertainty of insurance risk through its underwriting strategy and policies to diversify the underwriting risks, adequate reinsurance arrangements, and enhanced underwriting control and claim control.

The Group makes related assumptions for the insurance risks and recognises insurance contract liabilities accordingly. Insurance risk may be elevated by the uncertainty of insurance risk assumptions including assumptions of mortality, expenses and interest rates.

(8) Capital management

The Bank has implemented a comprehensive capital management policy, covering the set out of capital management policies, capital design and planning, advanced approach of capital calculation, internal capital assessment, capital allocation, capital motivation, restriction and conduction, capital raising, monitor and reporting, and so on management activities and applications of advanced approach of capital calculation on the management of the ordinary course of the business. General principles of capital management of the Bank is to continuously retain an adequate capital level, retain a certain margin of safety and a certain level of buffer based on that all regulatory requirements have been complied, and ensure that the capital can cover all kinds of risks adequately; exercise reasonable and effective capital allocation, strengthen capital restraint and incentive mechanism; support the strategic planning effectively and make capital full use to restrict and conduct the business, and increase the capital efficiency and return level continuously; tamp capital strength, retain relatively high capital quality; achieve capital supplement with priority to the internal accumulation, utilise various capital instruments reasonably and optimise capital structure; continuously develop the advanced approach of capital management on the applications in the business management such as credit asset policies, credit approval and pricing.

Capital adequacy ratio is a reflection of the Group's ability to maintain a stable operation and resist adverse risks. In accordance with CBRC's "Measures for Capital Management of Commercial Banks (trial)" and relevant regulations, commercial banks should meet the minimum capital requirements from 1 January 2013. The Common Equity Tier 1 ratio should be at or above a minimum of 5%, Tier 1 ratio at or above a minimum of 6% and total capital ratio at or above a minimum of 8%. Systemically important domestic banks should also meet the 1% additional capital requirement, with their Common Equity Tier 1 capital. Meanwhile, in accordance with CBRC's "Notice of relevant transitional arrangement for implementation of Measures for Capital Management of Commercial Banks (trial)", a capital conservation buffer will be introduced progressively during the transitional period, which will be raised through Common Equity Tier 1 capital. If a counter-cyclical buffer is required or the Pillar 2 capital requirement is raised by the regulator to a specific commercial bank, the minimum requirements should be met within the transitional period.

The Group timely monitors, analyses and reports capital adequacy ratios, assesses if the capital management objectives have been met and exercises effective management of capital adequacy ratio. The Group adopts various measures such as controlling asset growth, adjusting the structure of risk assets, increasing internal capital supply and raising capital through external channels, to ensure that the Common Equity Tier 1 ratio, Tier 1 ratio and total capital ratio of the Group are in full compliance with regulatory requirements and meet internal management requirements. This helps to insulate against potential risks as well as support healthy business developments. The Group now fully complies with all regulatory requirements in this respect.

The Group's capital planning has taken the regulatory requirements, the Group's development strategy and risk appetite into consideration, and based on those factors the Group projects the capital usage and need.

The capital raising management of the Group involves reasonable utilisation of various capital instruments to ensure that both external regulatory and internal capital management objectives are met, taking in account capital planning and operating environment. This helps to optimise the Group's capital structure.

In April 2014, CBRC has officially approved the implementation of the advanced approach of capital management by the Bank. In this approach, the Bank has elected to use foundation internal rating based ("IRB") approach for corporate risk exposure which is compliant with regulatory requirements, IRB approach for retail risk exposure, internal models approach for market risk and standardised approach for operational risk exposure.

(Expressed in millions of RMB, unless otherwise stated)

59 Risk management (continued)

(8) Capital management (continued)

The Group's capital adequacy ratio calculated in accordance with the "Measures for Capital Management of Commercial Banks (trial)" issued by the CBRC as at the end of the reporting period are as follows:

	Note	30 June 2017	31 December 2016
Common Equity Tier 1 ratio	(a)(b)(c)	**12.68%**	12.98%
Tier 1 ratio	(a)(b)(c)	**12.84%**	13.15%
Total capital ratio	(a)(b)(c)	**14.50%**	14.94%
Common Equity Tier 1 capital			
– Qualifying common share capital		**250,011**	250,011
– Capital reserve	(d)	**114,269**	132,800
– Surplus reserve		**175,445**	175,445
– General reserve		**245,397**	211,134
– Retained earnings		**821,722**	784,164
– Non-controlling interest given recognition in Common Equity Tier 1 capital		**3,113**	4,069
– Others	(e)	**(1,083)**	798
Deductions for Common Equity Tier 1 capital			
– Goodwill	(f)	**2,674**	2,752
– Other intangible assets (excluding land use right)	(f)	**1,825**	2,083
– Cash-flow hedge reserve		**23**	(150)
– Investments in common equity of financial institutions being controlled but outside the scope of consolidation		**3,902**	3,902
Additional Tier 1 capital			
– Other directly issued qualifying additional Tier 1 instruments including related stock surplus		**19,659**	19,659
– Non-controlling interest given recognition in Additional Tier 1 capital		**102**	82
Tier 2 capital			
– Directly issued qualifying Tier 2 instruments including related stock surplus		**139,379**	155,684
– Provisions in Tier 2	(g)	**70,510**	58,281
– Non-controlling interest given recognition in Tier 2 capital		**415**	375
Common Equity Tier 1 capital after deduction	(h)	**1,600,450**	1,549,834
Tier 1 capital after deduction	(h)	**1,620,211**	1,569,575
Total capital after deduction	(h)	**1,830,515**	1,783,915
Risk-weighted assets	(i)	**12,622,157**	11,937,774

(Expressed in millions of RMB, unless otherwise stated)

59 Risk management (continued)

(8) Capital management (continued)

Notes:

(a) Since the interim report of 2014, the Group has elected the advanced approach to calculate capital adequacy ratio and implemented the parallel period rules.

(b) The Common Equity Tier 1 ratio is calculated by dividing the Common Equity Tier 1 Capital after deduction by risk-weighted assets. Tier 1 ratio is calculated by dividing the Tier 1 Capital after deduction by risk-weighted assets. Total Capital ratio is calculated by dividing the Total capital after deduction by risk-weighted assets.

(c) The scope for calculating capital adequacy ratio of the Group includes all the domestic branches and subsidiaries in the financial sector (excluding CCB Life).

(d) Capital reserve includes investment revaluation reserve.

(e) Others mainly include foreign exchange reserve.

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

(g) Since the interim report of 2014, eligible excessive loan provisions was measured based on the advanced approach and implemented parallel period rules.

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

(i) As at 30 June 2017, according to the rules of advanced approach, risk-weighted assets include credit risk-weighted assets, market risk-weighted assets, operational risk-weighted assets and excessive risk-weighted assets due to the application of capital floor.

60 Statement of financial position and statement of changes in equity of the Bank

	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Assets:		
Cash and deposits with central banks	**2,924,332**	2,842,072
Deposits with banks and non-bank financial institutions	**234,052**	389,062
Precious metals	**181,566**	202,851
Placements with banks and non-bank financial institutions	**294,847**	318,511
Financial assets at fair value through profit or loss	**411,341**	360,628
Positive fair value of derivatives	**43,169**	81,425
Financial assets held under resale agreements	**251,172**	67,391
Interest receivable	**105,853**	98,040
Loans and advances to customers	**11,747,845**	11,084,938
Available-for-sale financial assets	**1,421,121**	1,473,168
Held-to-maturity investments	**2,373,202**	2,410,110
Investment classified as receivables	**478,977**	508,363
Investments in subsidiaries	**37,024**	37,024
Investment in consolidated structured entities	**234,168**	211,908
Fixed assets	**140,451**	145,421
Land use rights	**13,929**	14,277
Intangible assets	**1,391**	1,588
Deferred tax assets	**34,162**	28,281
Other assets	**111,366**	106,344
Total assets	**21,039,968**	20,381,402

(Expressed in millions of RMB, unless otherwise stated)

60 Statement of financial position and statement of changes in equity of the Bank

(continued)

	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Liabilities:		
Borrowings from central banks	**519,671**	438,660
Deposits from banks and non-bank financial institutions	**1,194,548**	1,582,881
Placements from banks and non-bank financial institutions	**408,758**	311,095
Financial liabilities at fair value through profit or loss	**417,137**	395,769
Negative fair value of derivatives	**36,512**	83,332
Financial assets sold under repurchase agreements	**39,275**	170,067
Deposits from customers	**15,965,085**	15,114,993
Accrued staff costs	**26,822**	31,779
Taxes payable	**32,038**	43,653
Interest payable	**200,357**	210,035
Provisions	**7,317**	7,336
Debt securities issued	**469,984**	386,491
Deferred tax liabilities	**70**	53
Other liabilities	**125,246**	54,015
Total liabilities	**19,442,820**	18,830,159

	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Equity:		
Share capital	**250,011**	250,011
Other equity instruments		
Preference Shares	**19,659**	19,659
Capital reserve	**135,067**	134,520
Investment revaluation reserve	**(16,500)**	(1,213)
Surplus reserve	**175,445**	175,445
General reserve	**240,910**	206,697
Retained earnings	**792,766**	766,312
Exchange reserve	**(210)**	(188)
Total equity	**1,597,148**	1,551,243
Total liabilities and equity	**21,039,968**	20,381,402

Approved and authorised for issue by the Board of Directors on 30 August 2017.

Wang Zuji
Vice chairman, executive director and president

Chung Shui Ming Timpson
Independent non-executive director

Li Jun
Non-executive director

(Expressed in millions of RMB, unless otherwise stated)

60 Statement of financial position and statement of changes in equity of the Bank (continued)

	(Unaudited)								
	Share capital	**Other equity instruments-preference shares**	**Capital reserve**	**Investment revaluation reserve**	**Surplus reserve**	**General reserve**	**Retained earnings**	**Exchange reserve**	**Total equity**
As at 31 December 2016	**250,011**	**19,659**	**134,520**	**(1,213)**	**175,445**	**206,697**	**766,312**	**(188)**	**1,551,243**
Movements during the period	**–**	**–**	**547**	**(15,287)**	**–**	**34,213**	**26,454**	**(22)**	**45,905**
(1) Total comprehensive income for the period	**–**	**–**	**547**	**(15,287)**	**–**	**–**	**130,170**	**(22)**	**115,408**
(2) Profit distribution									
i Appropriation to general reserve	**–**	**–**	**–**	**–**	**–**	**34,213**	**(34,213)**	**–**	**–**
ii Appropriation to ordinary shareholders	**–**	**–**	**–**	**–**	**–**	**–**	**(69,503)**	**–**	**(69,503)**
As at 30 June 2017	**250,011**	**19,659**	**135,067**	**(16,500)**	**175,445**	**240,910**	**792,766**	**(210)**	**1,597,148**

	(Unaudited)								
	Share capital	Other equity instruments-preference shares	Capital reserve	Investment revaluation reserve	Surplus reserve	General reserve	Retained earnings	Exchange reserve	Total equity
As at 31 December 2015	250,011	19,659	135,441	22,549	153,032	182,319	658,545	(1,460)	1,420,096
Movements during the period	–	–	56	(6,442)	–	24,398	38,451	963	57,426
(1) Total comprehensive income for the period	–	–	56	(6,442)	–	–	131,352	963	125,929
(2) Profit distribution									
i Appropriation to general reserve	–	–	–	–	–	24,398	(24,398)	–	–
ii Appropriation to ordinary shareholders	–	–	–	–	–	–	(68,503)	–	(68,503)
As at 30 June 2016	250,011	19,659	135,497	16,107	153,032	206,717	696,996	(497)	1,477,522

(Expressed in millions of RMB, unless otherwise stated)

60 Statement of financial position and statement of changes in equity of the Bank

(continued)

	(Audited)								
	Share capital	Other equity instruments-preference shares	Capital reserve	Investment revaluation reserve	Surplus reserve	General reserve	Retained earnings	Exchange reserve	Total equity
As at 31 December 2015	250,011	19,659	135,441	22,549	153,032	182,319	658,545	(1,460)	1,420,096
Movements during the year	–	–	(921)	(23,762)	22,413	24,378	107,767	1,272	131,147
(1) Total comprehensive income for the year	–	–	(921)	(23,762)	–	–	224,128	1,272	200,717
(2) Profit distribution									
i Appropriation to surplus reserve	–	–	–	–	22,413	–	(22,413)	–	–
ii Appropriation to general reserve	–	–	–	–	–	24,378	(24,378)	–	–
iii Appropriation to ordinary shareholders	–	–	–	–	–	–	(68,503)	–	(68,503)
iv Appropriation to preference shareholders	–	–	–	–	–	–	(1,067)	–	(1,067)
As at 31 December 2016	250,011	19,659	134,520	(1,213)	175,445	206,697	766,312	(188)	1,551,243

61 Events after the reporting period

On 26 July 2017, CCB Financial Asset Investment Co., Ltd., a wholly-owned subsidiary established by the Bank, obtained its business license with a registered capital of RMB12 billion.

Save as disclosed above, there are no other significant events after the reporting period.

62 Comparative figures

Certain comparative figures have been adjusted to confirm with the presentation and disclosures in the current period.

63 Ultimate parent

As stated in Note 1, the immediate and ultimate parent of the Group is Huijin and CIC respectively.

64 Possible impact of amendments, new standards and interpretations issued but not yet effective

Up to the date of issue of the financial statements, the IASB has issued the following amendments, new standards and interpretations which are relevant to the Group. These amendments, new standards and interpretations are not yet effective for the period ended 30 June 2017 and have not been adopted in the financial statements.

Standards	**Effective for annual period beginning on or after**
(1) IFRS 9, “Financial Instruments”	1 January 2018
(2) IFRS 15, “Revenue from Contracts with Customers”	1 January 2018
(3) IFRS 16, “Leases”	1 January 2019

64 Possible impact of amendments, new standards and interpretations issued but not yet effective (continued)

(1) IFRS 9, "Financial Instruments"

IFRS 9 was issued in July 2014. It will replace the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement.

IFRS 9 has three financial asset classifications categories for investments in debt instruments: amortised cost, fair value through other comprehensive income ("OCI") and fair value through profit or loss. Classification is driven by the entity's business model for managing the debt instruments and their contractual cash flow characteristics. Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in OCI, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss. For financial liabilities there are two classifications categories: amortised cost and fair value through profit or loss. Where non-derivative financial liabilities are designated at fair value through profit or loss, the changes in the fair value due to changes in the liability's own credit risk are recognised in OCI, unless such changes in fair value would create an accounting mismatch in profit or loss, in which case, all fair value movements are recognised in profit or loss. There is no subsequent recycling of the amounts in OCI to profit or loss. For financial liabilities held for trading (including derivative financial liabilities), all changes in fair value are presented in profit or loss.

IFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model, which constitutes a change from the incurred loss model in IAS 39. IFRS 9 contains a 'three stage' approach, which is based on the change in credit quality of financial assets since initial recognition. Assets move through the three stages as credit quality changes and the stages dictate how an entity measures impairment losses and applies the effective interest rate method. The new rules mean that on initial recognition of a non-credit impaired financial asset carried at amortised cost, a day-1 loss equal to the 12-month ECL is recognised in profit or loss. Where there is a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL.

IFRS 9 applies to all hedging relationships, with the exception of portfolio fair value hedges of interest rate risk. The new guidance better aligns hedge accounting with the risk management activities of an entity and provides relief from the more "rule-based" approach of IAS 39.

IFRS 9 will have an impact on the Group's financial statements. The Group has set up a project team to carry out preparatory work in phases. The Group will establish new financial asset classification standards, revise the financial asset impairment model and related disclosures in the financial statements in accordance with IFRS 9. The Group will also update the internal controls and policies and upgrade the relevant IT system to meet the IFRS 9 implementation requirements. Currently the Group is carrying out the preparatory work for implementation of the new standard as planned and the main work has been completed. The group anticipates to be well prepared for the implementation of IFRS 9 by the end of 2017. The Group is in the process of evaluating the impact of IFRS 9 implementation on the Group's consolidated financial statements.

(2) IFRS 15, "Revenue from Contracts with Customers"

IFRS 15 establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise through a 5-step approach. The core principle is that a company should recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. It moves away from a revenue recognition model based on an "earnings processes" to an "asset-liability" approach based on transfer of control.

IFRS 15 provides specific guidance on capitalisation of contract cost and licence arrangements. It also includes a cohesive set of disclosure requirements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

IFRS 15 replaces the previous revenue standards: IAS 18 Revenue and IAS 11 Construction Contracts, and the related Interpretations on revenue recognition.

The Group anticipates that adoption of IFRS 15 will not have a significant impact on the Group's consolidated financial statements.

(3) IFRS 16, "Leases"

IFRS 16, "Leases" addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from IFRS 16 is that most operating leases will be accounted for on statement of financial position for lessees. The standard replaces IAS 17 "Leases", and related interpretations. The Group is currently assessing the impact of IFRS 16 upon initial application.

(Expressed in millions of RMB unless otherwise stated)

The following information of the Group does not form part of the reviewed financial statements, and is included herein for information purposes only.

1 Difference between the financial statements prepared under IFRS and those prepared in accordance with PRC GAAP

China Construction Bank Corporation (the "Bank") prepares consolidated financial statements, which include the financial statements of the Bank and its subsidiaries (collectively the "Group"), in accordance with International Financial Reporting Standards ("IFRS") and its interpretations promulgated by the International Accounting Standards Board and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

As a financial institution incorporated in the People's Republic of China (the "PRC") and listed in the Shanghai Stock Exchange, the Group also prepares its consolidated financial statements for the six months ended 30 June 2017 in accordance with the Accounting Standards for Business Enterprises and other relevant regulations issued by the regulatory bodies of the PRC (collectively "PRC GAAP and regulations").

There is no difference in the net profit for the six months ended 30 June 2017 or total equity as at 30 June 2017 between the Group's consolidated financial statements prepared under IFRS and those prepared under PRC GAAP and regulations respectively.

2 Liquidity coverage ratio

	Second quarter of 2017	First quarter of 2017
Liquidity coverage ratio	113.35%	124.70%

The formula of liquidity coverage ratio ("LCR") is dividing high quality liquid assets by net cash outflows in the next 30 days. The Group calculates the LCR as the arithmetic mean of its LCR as at each day in the quarter on the basis of the regulatory requirements, definitions and accounting standards as applicable to the current period.

3 Currency concentrations

	30 June 2017			
	USD (RMB equivalent)	**HKD (RMB equivalent)**	**Others (RMB equivalent)**	**Total**
Spot assets	**1,462,389**	**309,780**	**377,442**	**2,149,611**
Spot liabilities	**(1,261,277)**	**(379,685)**	**(334,633)**	**(1,975,595)**
Forward purchases	**3,019,069**	**146,027**	**386,314**	**3,551,410**
Forward sales	**(3,121,311)**	**(57,090)**	**(417,416)**	**(3,595,817)**
Net options position	**(65,617)**	**–**	**–**	**(65,617)**
Net long position	**33,253**	**19,032**	**11,707**	**63,992**
Net structural position	**29,529**	**451**	**(6,119)**	**23,861**

	31 December 2016			
	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	Total
Spot assets	1,306,232	327,955	264,686	1,898,873
Spot liabilities	(1,087,356)	(351,161)	(227,688)	(1,666,205)
Forward purchases	2,621,532	98,488	230,706	2,950,726
Forward sales	(2,824,058)	(39,253)	(261,184)	(3,124,495)
Net options position	(4,012)	–	–	(4,012)
Net long position	12,338	36,029	6,520	54,887
Net structural position	29,785	258	(6,453)	23,590

(Expressed in millions of RMB unless otherwise stated)

3 Currency concentrations (continued)

The net option position is calculated using the delta equivalent approach required by the Hong Kong Monetary Authority (the "HKMA"). The net structural position of the Group includes the structural positions of the Bank's overseas branches, banking subsidiaries and other subsidiaries substantially involved in foreign exchange. Structural assets and liabilities include:

– investments in property and equipment, net of accumulated depreciation;

– capital and statutory reserves of overseas branches; and

– investments in overseas subsidiaries and related companies.

4 International claims

The Group is principally engaged in business operations within Mainland China. The international claims of the Group is the sum of cross-border claims in all currencies and local claims in foreign currencies.

International claims include loans and advances to customers, deposits with central banks, deposits and placements with banks and non-bank financial institutions, holdings of trade bills and certificates of deposit and investment securities.

International claims have been disclosed by country or geographical area. A country or geographical area is reported where it constitutes 10% or more of the aggregate amount of international claims, after taking into account any risk transfers. Risk transfers are only made if the Group reduces its exposure to a particular country/region by an effective transfer of credit risk to a different country/region with the use of credit risk mitigants which include guarantees, collateral and credit derivatives.

	30 June 2017				
	Banks	**Public sector entities**	**Non-bank private institutions**	**Others**	**Total**
Asia Pacific	**138,795**	**87,591**	**1,140,055**	**88,000**	**1,454,441**
– of which attributed to Hong Kong	**65,111**	**33,466**	**361,266**	**1,544**	**461,387**
Europe	**26,904**	**45,000**	**60,845**	**1,933**	**134,682**
North and South America	**26,735**	**144,641**	**129,154**	**–**	**300,530**
Total	**192,434**	**277,232**	**1,330,054**	**89,933**	**1,889,653**

	31 December 2016				
	Banks	Public sector entities	Non-bank private institutions	Others	Total
Asia Pacific	188,101	90,991	1,037,518	85,452	1,402,062
– of which attributed to Hong Kong	43,286	25,919	347,324	1,904	418,433
Europe	29,742	15,499	47,330	–	92,571
North and South America	32,377	99,318	76,207	–	207,902
Total	250,220	205,808	1,161,055	85,452	1,702,535

(Expressed in millions of RMB unless otherwise stated)

5 Overdue loans and advances to customers by geographical sector

	30 June 2017	31 December 2016
Yangtze River Delta	**27,267**	27,322
Western	**23,141**	20,351
Central	**21,618**	17,737
Bohai Rim	**18,844**	19,458
Pearl River Delta	**16,675**	21,097
Northeastern	**15,557**	10,496
Head office	**5,758**	4,339
Overseas	**1,490**	1,125
Total	**130,350**	121,925

The above analysis represents the gross amount of loans and advances overdue for more than three months.

Loans and advances with a specific repayment date are classified as overdue when the principal or interest is overdue.

Loans and advances repayable on demand are classified as overdue when a demand for repayment has been served on the borrower but repayment has not been made in accordance with the instructions. If the loans and advances repayable on demand are outside the approved limit that was advised to the borrower, they are also considered as overdue.

6 Non-bank Mainland China exposure

The Bank is a commercial bank incorporated in Mainland China with its banking business primarily conducted in Mainland China. As at 30 June 2017, substantial amounts of the Bank's exposures arose from businesses with Mainland China entities or individuals. Analyses of various types of exposures by counterparty have been disclosed in the respective notes to the financial statements.

Appendix Supplementary Information to Capital Adequacy Ratios

The following information is disclosed in accordance with the *Capital Rules for Commercial Banks (Provisional)* issued by the CBRC.

Credit risk exposures

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

(In millions of RMB)	**As at 30 June 2017**		As at 31 December 2016	
	Covered by internal rating-based approach	**Uncovered by internal rating-based approach[1]**	Covered by internal rating-based approach	Uncovered by internal rating-based approach[1]
On and off-balance sheet credit exposures	**12,103,373**	**11,797,997**	11,198,467	11,659,284
Corporate exposures	**7,393,027**	**2,125,766**	6,843,372	1,907,804
Sovereign exposures	**–**	**3,357,615**	–	3,091,879
Financial institution exposures	**–**	**2,756,430**	–	3,295,596
Retail exposures	**4,710,346**	**425,369**	4,355,095	288,943
Equity exposures	**–**	**18,993**	–	19,182
Securitisation exposures	**–**	**10,438**	–	9,039
Other exposures	**–**	**3,103,386**	–	3,046,841
Counterparty credit exposures	**–**	**119,509**	–	113,182
Total	**12,103,373**	**11,917,506**	11,198,467	11,772,466

1. Credit exposures not covered by the internal rating-based approach are exposures before impairments, as in line with the exposure categorisation of the internal rating-based approach.

Market risk capital requirements

The Group's market risk capital requirements are calculated with the internal model approach. Requirements uncovered by the internal model approach are calculated using the standardised approach.

The following table shows, as at the dates indicated, the information related to various market risk capital requirements.

(In millions of RMB)	**As at 30 June 2017 Capital requirement**	As at 31 December 2016 Capital requirement
Covered by internal model approach	**3,577**	4,662
Uncovered by internal model approach	**3,421**	3,618
Interest rate risk	**852**	941
Equity position risk	**114**	249
Foreign exchange risk	**2,455**	2,428
Total	**6,998**	8,280

The Group measures market risk by using Value-at-risk (VaR) model. The VaR model is an approach to estimate potential losses that could occur on risk positions taken, due to movements in market interest rates, foreign exchange rates and other market prices within a specific timeframe and a fixed confidence interval. The Group calculates VaR and stressed VaR and conducts back-testing in compliance with the regulatory requirements. As of the reporting period, the number of back-testing breakthroughs occurred within the green zone according to the requirements of the CBRC, and no abnormal model was identified.

The following table shows the VaR and stressed VaR of the Group covered by the internal model approach for the six months ended 30 June 2017.

(In millions of RMB)	**For the six months ended 30 June 2017**			
	Average	**Maximum**	**Minimum**	**Period end**
VaR	**546**	**763**	**218**	**503**
Stressed VaR	**651**	**834**	**475**	**610**

Equity exposures of banking book

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

(In millions of RMB) **Invested institution categories**	**As at 30 June 2017** **Publicly traded equity exposure[1]**	 **Non-publicly traded equity exposure[1]**	 **Unrealised potential risk gains or losses[2]**	As at 31 December 2016 Publicly traded equity exposure[1]	 Non-publicly traded equity exposure[1]	 Unrealised potential risk gains or losses[2]
Financial institutions	**2,610**	**1,314**	**1,201**	2,605	1,182	1,211
Non-financial institutions	**1,403**	**9,728**	**52**	1,678	9,745	211
Total	**4,013**	**11,042**	**1,253**	4,283	10,927	1,422

1. Publicly traded equity exposure is the equity exposure where the invested institutions are listed companies. Non-publicly traded equity exposure is the equity exposure where the invested institutions are unlisted companies.

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

The following information is disclosed in accordance with *regulatory requirements for the disclosure of information on capital composition of commercial banks* issued by CBRC.

Composition of capital

In accordance with the *regulatory requirements for the disclosure of information on capital composition of commercial banks* issued by CBRC, the following table shows the Group's composition of capital, minimum regulatory capital requirements, as well as their connections with the balance sheets under the scope of regulatory consolidation.

	(In millions of RMB, except percentages)	Code	**As at 30 June 2017**	As at 31 December 2016
	Common Equity Tier 1 capital:			
1	Qualifying common share capital	o	**250,011**	250,011
2	Retained earnings		**1,242,564**	1,170,743
2a	Surplus reserve	t	**175,445**	175,445
2b	General reserve	u	**245,397**	211,134
2c	Undistributed profits	v	**821,722**	784,164
3	Accumulated other comprehensive income and disclosed reserves		**113,186**	133,598
3a	Capital reserve	q+s	**114,269**	132,800
3b	Others	w	**(1,083)**	798
4	Amount recognised in Common Equity Tier 1 capital during transitional period (Only applicable to unlisted companies, while banks of joint-stock companies to be completed with "0")		**–**	–
5	Minority interest recognised in Common Equity Tier 1 capital	x	**3,113**	4,069
6	**Common Equity Tier 1 capital before regulatory adjustment**		**1,608,874**	1,558,421
	Common Equity Tier 1 capital: regulatory adjustment			
7	Prudent valuation adjustment		**–**	–
8	Goodwill (excluding deferred tax liabilities)	l	**2,674**	2,752
9	Other intangible assets (excluding land use rights) (excluding deferred tax liabilities)	k	**1,825**	2,083
10	Net deferred tax assets relying on future profits and arising from operating losses		**–**	–
11	Cash-flow hedge reserves	r	**23**	(150)
12	Gaps of loan loss provisions		**–**	–
13	Gains from sales of asset securitisation		**–**	–
14	Unrealised profit/loss arising from the changes in own credit risk on fair values of liability		**–**	–
15	Net defined-benefit pension assets (excluding deferred tax liabilities)		**–**	–
16	Directly or indirectly investments in own shares		**–**	–
17	Reciprocal cross-holdings in common equity		**–**	–
18	Non-significant investments in capital of financial institutions outside the scope of regulatory consolidation (amount above 10% threshold)		**–**	–
19	Significant investments in capital of financial institutions outside the scope of regulatory consolidation (amount above 10% threshold)		**–**	–
20	Mortgage-servicing rights		**N/A**	N/A
21	Other deferred tax assets relying on the Bank's future profitability (amount above 10% threshold)		**–**	–
22	Significant investments in the capital of financial institutions outside the scope of regulatory consolidation and other deferred tax assets that rely on the Bank's future profitability after all regulatory adjustment (amount exceeding the 15% threshold)		**–**	–

	(In millions of RMB, except percentages)	Code	As at 30 June 2017	As at 31 December 2016
23	of which: significant investments in the capital of financial institutions		–	–
24	of which: Mortgage-servicing rights		N/A	N/A
25	of which: Other deferred tax assets that rely on the Bank's future profitability		–	–
26a	Investments in common equity of financial institutions being controlled but outside the scope of regulatory consolidation	i	3,902	3,902
26b	Gaps of common equity of financial institutions being controlled but outside the scope of regulatory consolidation		–	–
26c	Total regulatory adjustments to Common Equity Tier 1 capital		–	–
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions		–	–
28	**Total regulatory adjustment in Common Equity Tier 1 capital**		**8,424**	8,587
29	**Common Equity Tier 1 capital after regulatory adjustment**		**1,600,450**	1,549,834
Additional Tier 1 capital:				
30	Other directly issued qualifying additional Tier 1 instruments including related premium	p	**19,659**	19,659
31	of which: classified as equity	p	**19,659**	19,659
32	of which: classified as liabilities		–	–
33	of which: Instruments not recognised in Additional Tier 1 capital after the transition period		–	–
34	Minority interest recognised in Additional Tier 1 capital	y	**102**	82
35	of which: Portions not recognised in Additional Tier 1 capital after the transition period		–	–
36	**Additional Tier 1 capital before regulatory adjustment**		**19,761**	19,741
Additional Tier 1 capital: regulatory adjustments				
37	Direct or indirect investments in own Additional Tier 1 instruments		–	–
38	Reciprocal cross-holdings in Additional Tier 1 instruments		–	–
39	Non-significant investments in the capital of financial institutions outside the scope of regulatory consolidation (amount above 10% threshold)		–	–
40	Significant investments in the Additional Tier 1 capital of financial institutions outside the scope of regulatory consolidation		–	–
41a	Investments in Additional Tier 1 capital of financial institutions being controlled but outside the scope of regulatory consolidation		–	–
41b	Gaps of Additional Tier 1 capital of financial institutions being controlled but outside the scope of regulatory consolidation		–	–
41c	Other deductions from Additional Tier 1 capital		–	–
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions		–	–
43	**Total regulatory adjustments to Additional Tier 1 capital**		–	–
44	**Additional Tier 1 capital after regulatory adjustment**		**19,761**	19,741
45	**Tier 1 capital after regulatory adjustment (Common Equity Tier 1 capital after regulatory adjustment + Additional Tier 1 capital after regulatory adjustment)**		**1,620,211**	1,569,575
Tier 2 capital:				
46	Directly issued qualifying Tier 2 instruments including related premium	n	**139,379**	155,684
47	of which: Portions not recognised in Tier 2 capital after the transition period		**79,917**	95,901
48	Minority interest recognised in Tier 2 capital	z	**415**	375
49	of which: Portions not recognised after the transition period		–	–
50	Provisions in Tier 2	–(c+e)	**70,510**	58,281
51	**Tier 2 capital before regulatory adjustments**		**210,304**	214,340
Tier 2 capital: regulatory adjustments				
52	Direct or indirect investments in the Bank's Tier 2 instruments		–	–
53	Reciprocal cross-holdings in Tier 2 instruments		–	–
54	Non-significant investments in capital of financial institutions outside the scope of regulatory consolidation (amount above 10% threshold)		–	–
55	Significant investments in the Tier 2 capital of financial institutions outside the scope of regulatory consolidation		–	–
56a	Investments in Tier 2 capital of financial institutions being controlled but outside the scope of regulatory consolidation		–	–
56b	Gaps of Tier 2 capital of financial institutions being controlled but outside the scope of regulatory consolidation		–	–
56c	Other deductions from Tier 2 capital		–	–
57	**Total regulatory adjustments in Tier 2 capital**		–	–
58	**Tier 2 capital after regulatory adjustment**		**210,304**	214,340
59	**Total capital after regulatory adjustment (Tier 1 capital after regulatory adjustment + Tier 2 capital after regulatory adjustment)**		**1,830,515**	1,783,915
60	**Total risk-weighted assets**		**12,622,157**	11,937,774

	(In millions of RMB, except percentages)	Code	**As at 30 June 2017**	As at 31 December 2016
Capital adequacy ratio and reserve capital requirements				
61	**Common Equity Tier 1 ratio**		**12.68%**	12.98%
62	**Tier 1 ratio**		**12.84%**	13.15%
63	**Total Capital ratio**		**14.50%**	14.94%
64	Specific buffer requirements of regulators		**2.70%**	2.70%
65	of which: capital conservation buffer requirements		**1.70%**	1.70%
66	of which: countercyclical buffer requirements		**0.00%**	0.00%
67	of which: Additional buffer requirements of Global Systemically Important Banks		**1.00%**	1.00%
68	Common Equity Tier 1 capital available to meet buffers as a percentage of risk-weighted assets		**7.68%**	7.98%
Domestic minimum regulatory capital requirements				
69	Common Equity Tier 1 ratio		**5.00%**	5.00%
70	Tier 1 ratio		**6.00%**	6.00%
71	Total Capital ratio		**8.00%**	8.00%
Amounts below the threshold deductions				
72	Non-significant investments in the capital of other financial institutions outside of the scope of regulatory consolidation	a+f+g+h	**24,215**	30,178
73	Significant investments in the capital of other financial institutions outside of the scope of regulatory consolidation	j	**245**	260
74	Mortgage-servicing rights (net of deferred tax liabilities)		**N/A**	N/A
75	Other deferred tax assets relying on the Bank's future profitability (net of deferred tax liabilities)	m	**36,440**	30,362
Limit of provisions in Tier 2 capital				
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to regulatory weighting approach (prior to the application of cap)	–b	**13,750**	13,490
77	Provisions eligible for inclusion in Tier 2 capital under regulatory weighting approach	–c	**13,750**	13,490
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal rating-based approach (prior to the application of cap)	–d	**98,564**	92,498
79	Provisions eligible for inclusion in Tier 2 capital under internal rating-based approach	–e	**56,760**	44,791
Capital instruments subject to phase-out arrangements				
80	Amount recognised in current-period Common Equity Tier 1 capital due to transitional arrangements		**–**	–
81	Amount not recognised in current-period Common Equity Tier 1 capital due to transitional arrangements		**–**	–
82	Amount recognised in current-period Additional Tier 1 capital due to transitional arrangements		**–**	–
83	Amount not recognised in current-period Additional Tier 1 capital due to transitional arrangements		**–**	–
84	Amount recognised in current-period Tier 2 capital due to transitional arrangements		**79,917**	95,901
85	Amount not recognised in current-period Tier 2 capital due to transitional arrangements		**58,010**	42,016

The following table shows the balance sheet of the accounting and regulatory consolidation.

	As at 30 June 2017	
(In millions of RMB)	Balance sheet of the accounting consolidation	Balance sheet of the regulatory consolidation
Assets		
Cash and deposits with central banks	2,941,465	2,941,396
Deposits with banks and non-bank financial institutions	293,561	289,644
Precious metals	181,566	181,566
Placements with banks and non-bank financial institutions	257,430	258,415
Financial assets at fair value through profit or loss	598,654	577,466
Positive fair value of derivatives	48,705	48,505
Financial assets held under resale agreements	279,535	273,315
Interest receivable	110,386	109,497
Loans and advances to customers	12,204,730	12,226,414
Available-for-sale financial assets	1,576,618	1,515,412
Held-to-maturity investments	2,395,855	2,390,017
Investment classified as receivables	473,999	426,526
Investments in subsidiaries	–	4,909
Investments in associates and jointly ventures	6,651	3,821
Fixed assets	166,962	165,739
Land use rights	14,381	14,381
Intangible assets	2,322	1,825
Goodwill	2,868	2,674
Deferred tax assets	37,241	36,440
Other assets	99,138	111,309
Total assets	**21,692,067**	**21,579,271**
Liabilities		
Borrowings from central banks	520,110	520,110
Deposits from banks and non-bank financial institutions	1,231,543	1,238,376
Placements from banks and non-bank financial institutions	444,458	451,117
Financial liabilities at fair value through profit or loss	417,836	417,890
Negative fair value of derivatives	40,973	40,972
Financial assets sold under repurchase agreements	60,839	52,209
Deposits from customers	16,274,393	16,274,393
Accrued staff costs	28,646	28,401
Taxes payable	33,800	33,643
Interest payable	202,197	202,305
Provisions	9,310	9,302
Debt securities issued	535,093	517,971
Deferred tax liabilities	506	188
Other liabilities	247,761	159,012
Total liabilities	**20,047,465**	**19,945,889**
Equity		
Share capital	250,011	250,011
Other equity instruments – preference shares	19,659	19,659
Capital reserve	134,507	131,350
Investment revaluation reserve	(16,680)	(17,081)
Surplus reserve	175,445	175,445
General reserve	245,456	245,397
Retained earnings	821,433	821,722
Exchange reserve	(1,386)	(1,083)
Total equity attributable to equity shareholders of the Bank	1,628,445	1,625,420
Non-controlling interests	16,157	7,962
Total equity	**1,644,602**	**1,633,382**

The following table shows the information related to the expanded balance sheet under regulatory scope of consolidation.

(In millions of RMB)	As at 30 June 2017 Balance sheet of the regulatory consolidation	Code
Assets		
Cash and deposits with central banks	**2,941,396**	
Deposits with banks and non-bank financial institutions	**289,644**	
Precious metals	**181,566**	
Placements with banks and non-bank financial institutions	**258,415**	
Financial assets at fair value through profit or loss	**577,466**	
of which: non-significant investments in the capital of other institutions outside of the scope regulatory consolidation	**–**	a
Positive fair value of derivatives	**48,505**	
Financial assets held under resale agreements	**273,315**	
Interest receivable	**109,497**	
Loans and advances to customers	**12,226,414**	
of which: Provisions eligible actually accrued under regulatory weighting approach	**(13,750)**	b
of which: Provisions eligible for inclusion in Tier 2 in respect of exposures under regulatory weighting approach	**(13,750)**	c
of which: Provisions eligible actually accrued under internal rating-based approach	**(98,564)**	d
of which: Provisions eligible for inclusion in Tier 2 in respect of exposures under internal rating-based approach	**(56,760)**	e
Available-for-sale financial assets	**1,515,412**	
of which: non-significant investments in the capitals of other financial institutions outside of the scope of regulatory consolidation	**7,886**	f
Held-to-maturity investments	**2,390,017**	
of which: non-significant investments in the capitals of other financial institutions outside of the scope of regulatory consolidation	**776**	g
Investment classified as receivables	**426,526**	
of which: non-significant investments in the capitals of other financial institutions outside of the scope of regulatory consolidation	**15,553**	h
Investments in subsidiaries	**4,909**	
of which: investments in common equity of financial institutions being controlled but outside the scope of regulatory consolidation	**3,902**	i
Investments in associates and jointly ventures	**3,821**	
of which: significant investments in the Common Equity Tier 1 capital of other financial institutions outside of the scope of regulatory consolidation	**245**	j
Fixed assets	**165,739**	
Land use rights	**14,381**	
Intangible assets	**1,825**	k
Goodwill	**2,674**	l
Deferred tax assets	**36,440**	m
Other assets	**111,309**	
Total assets	**21,579,271**	
Liabilities		
Borrowings from central banks	**520,110**	
Deposits from banks and non-bank financial institutions	**1,238,376**	
Placements from banks and non-bank financial institutions	**451,117**	
Financial liabilities at fair value through profit or loss	**417,890**	
Negative fair value of derivatives	**40,972**	
Financial assets sold under repurchase agreements	**52,209**	
Deposits from customers	**16,274,393**	
Accrued staff costs	**28,401**	
Taxes payable	**33,643**	
Interest payable	**202,305**	
Provisions	**9,302**	
Debt securities issued	**517,971**	
of which: Tier 2 capital instruments and related premium	**139,379**	n
Deferred tax liabilities	**188**	
Other liabilities	**159,012**	
Total liabilities	**19,945,889**	

(In millions of RMB)	As at 30 June 2017 Balance sheet of the regulatory consolidation	Code
Equity		
Share capital	**250,011**	o
Other equity instruments – preference shares	**19,659**	p
Capital reserve	**131,350**	q
of which: deferred hedging reserves	**23**	r
Investment revaluation reserve	**(17,081)**	s
Surplus reserve	**175,445**	t
General reserve	**245,397**	u
Retained earnings	**821,722**	v
Exchange reserve	**(1,083)**	w
Total equity attributable to equity shareholders of the Bank	**1,625,420**	
Non-controlling interests	**7,962**	
of which: minority interest recognised in Common Equity Tier 1 capital	**3,113**	x
of which: minority interest recognised in Other Equity Tier 1 capital	**102**	y
of which: minority interest recognised in Tier 2 capital[1]	**415**	z
Total equity	**1,633,382**	

1. Pursuant to regulatory requirements, Tier 2 capital instruments issued by the Group's wholly-owned subsidiaries that do not comply with domestic regulations are not recognised in the Group's Tier 2 capital instruments and premium, which is different from the accounting treatment of such instruments.

Main features of eligible regulatory capital instruments

The following table shows the information related to main features of various kinds of eligible regulatory capital instruments issued by the Group.

No.	Main features of eligible regulatory capital instruments	H share	A share	Rights issues	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument
1	Issuer	CCB	CCB	CCB	CCB	CCB	CCB
2	Identifier code	0939.HK	601939.SH	0939.HK, 601939.SH	ISIN: CND100007Z10	ISIN: HK0000223849	ISIN: XS1227820187
3	Governing law(s)	Hong Kong SAR law	Chinese law	Chinese/Hong Kong SAR law	Chinese law	Hong Kong SAR law	British law
	Regulatory treatment						
4	of which: transitional rules under the *Capital Rules for Commercial Banks (Provisional)*	Common Equity Tier 1 capital	Common Equity Tier 1 capital	Common Equity Tier 1 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
5	of which: post-transitional rules under the *Capital Rules for Commercial Banks (Provisional)*	Common Equity Tier 1 capital	Common Equity Tier 1 capital	Common Equity Tier 1 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
6	of which: eligible at the Bank/Group level	The Bank and Group level	The Bank and Group level	The Bank and Group level	The Bank and Group level	The Bank and Group level	The Bank and Group level
7	Instrument type	Equity instrument	Equity instrument	Equity instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument
8	Amount recognised in regulatory capital (In millions of RMB, as at the latest reporting date)	72,550	57,119	61,159	19,983	1,996	13,502
9	Par value of instrument	RMB30,459 million	RMB9 billion	RMB16,322 million	RMB20 billion	RMB2 billion	US$2 billion
10	Accounting classification	Share capital and capital reserve	Share capital and capital reserve	Share capital and capital reserve	Debt securities issued	Debt securities issued	Debt securities issued
11	Original date of issuance	27 October 2005	25 September 2007	19 November 2010, 16 December 2010	15 August 2014	12 November 2014	13 May 2015
12	Perpetual or dated	Perpetual	Perpetual	Perpetual	Dated	Dated	Dated
13	of which: original maturity date	No maturity	No maturity	No maturity	18 August 2029	12 November 2024	13 May 2025
14	Issuer call subject to prior regulatory approval	No	No	No	Yes	Yes	Yes
15	of which: optional call date, contingent call dates and redemption amount	N/A	N/A	N/A	18 August 2024, all redeemed	12 November 2019, all redeemed	13 May 2020, all redeemed
16	of which: subsequent call dates, if applicable	N/A	N/A	N/A	N/A	N/A	N/A
	Coupons/dividends						
17	of which: fixed or floating dividend/coupon	Floating	Floating	Floating	Fixed	Fixed for the first five years while floating for the rest five years	The interest rate is fixed for the first five years, and is based on the interest rate at the coupon rate reset date for the consecutive five years.
18	of which: coupon rate and any related index	N/A	N/A	N/A	5.98%	Fixed rate of 4.90% for the first five years while resetting annually (plus 1.538% on the one year CNHHibor) for the rest five years.	The interest rate is fixed at 3.875% for the first five years, and is reset based on the five-year U.S. government bond benchmark rate plus the initial interest spread (2.425%) at the coupon rate reset date for the consecutive five years.
19	of which: existence of dividend brake mechanism	N/A	N/A	N/A	No	No	No
20	of which: fully discretionary, partially discretionary or mandatory	Fully discretionary	Fully discretionary	Fully discretionary	Mandatory	Mandatory	Mandatory
21	of which: existence of redemption incentive mechanism	No	No	No	No	No	No
22	of which: noncumulative or cumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative
23	Convertible or non-convertible	N/A	N/A	N/A	No	No	No
24	of which: if convertible, specify conversion trigger(s)	N/A	N/A	N/A	N/A	N/A	N/A

No.	Main features of eligible regulatory capital instruments	H share	A share	Rights issues	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument
25	of which: if convertible, specify if it is fully or partially	N/A	N/A	N/A	N/A	N/A	N/A
26	of which: if convertible, specify conversion rate	N/A	N/A	N/A	N/A	N/A	N/A
27	of which: if convertible, specify if it is mandatory or optional conversion	N/A	N/A	N/A	N/A	N/A	N/A
28	of which: if convertible, specify instrument type convertible into	N/A	N/A	N/A	N/A	N/A	N/A
29	of which: if convertible, specify issuer of instrument it converts into	N/A	N/A	N/A	N/A	N/A	N/A
30	Write-down feature	N/A	N/A	N/A	Yes	Yes	Yes
31	of which: if write-down, specify write-down trigger(s)	N/A	N/A	N/A	Write-down is triggered at the earlier of followings: (1) CBRC determines issuer cannot survive if no write-down is conducted; (2) related authorities confirm that issuer cannot survive if public capital injection or equivalent support will not be offered.	Write-down is triggered at the earlier of followings: (1) CBRC determines issuer cannot survive if no write-down is conducted; (2) related authorities confirm that issuer cannot survive if public capital injection or equivalent support will not be offered.	Write-down is triggered at the earlier of followings: (1) CBRC determines issuer cannot survive if no write-down is conducted; (2) related authorities confirm that issuer cannot survive if public capital injection or equivalent support will not be offered.
32	of which: if write-down, specify if it is full or partial	N/A	N/A	N/A	Full	Full	Full
33	of which: if write-down, specify if it is permanent or temporary	N/A	N/A	N/A	Permanent	Permanent	Permanent
34	of which: if temporary write-down, specify the description of write-up mechanism	N/A	N/A	N/A	N/A	N/A	N/A
35	Hierarchy of claims in liquidation (specify instrument type immediately senior to instrument)	The lowest priority of all claims	The lowest priority of all claims	The lowest priority of all claims	The lower priority behind the depositor and general creditor, the same priority with other tier 2 debt	The lower priority behind the depositor and general creditor, the same priority with other tier 2 debt	The lower priority behind the depositor and general creditor, the same priority with other tier 2 debt
36	Non-eligible transitioned features	No	No	No	No	No	No
37	of which: if yes, specify non-eligible features	N/A	N/A	N/A	N/A	N/A	N/A

No.	Main features of eligible regulatory capital instruments	Preference shares	Tier 2 capital instrument
1	Issuer	CCB	CCB
2	Identifier code	4606.HK	ISIN: CND1000099M8
3	Governing law(s)	Overseas preference shares and rights and obligations attached apply to the Chinese law and are interpreted according to the Chinese law	Chinese laws
	Regulatory treatment		
4	of which: transitional rules under the *Capital Rules for Commercial Banks (Provisional)*	Additional Tier 1 capital	Tier 2 capital
5	of which: post-transitional rules under the *Capital Rules for Commercial Banks (Provisional)*	Additional Tier 1 capital	Tier 2 capital
6	of which: eligible at the Bank/Group level	The Bank and the Group level	The Bank and the Group level
7	Instrument type	Additional Tier 1 capital instruments	Tier 2 capital instrument
8	Amount recognised in regulatory capital (In millions of RMB, as at the latest reporting date)	19,659	23,981
9	Par value of instrument	RMB15,252 million	RMB24 billion
10	Accounting classification	Other equity instruments	Debt securities issued
11	Original date of issuance	16 December 2015	21 December 2015
12	Perpetual or dated	Perpetual	Dated
13	of which: original maturity date	No maturity	20 December 2025
14	Issuer call subject to regulatory approval	Yes	Yes
15	of which: optional call date, contingent call dates and redemption amount	The first call date is 16 December 2020, all or partial redeemed	20 December 2020, all redeemed
16	of which: subsequent call dates, if applicable	Every 16 December after the first call date	N/A
	Coupons/dividends		
17	of which: fixed or floating dividend/coupon	Adjustable dividend rate (benchmark rate plus the fixed interest spread) by stages is adopted, benchmark rate is adjustable every five years, and the dividend rate during each adjusting period remains unchanged.	Fixed
18	of which: coupon rate and any related index	The dividend yield fixed at 4.65% for the first five years, is reset based on the five-year U.S. government bond rate plus the fixed interest spread (2.974%) at the dividend reset date for the consecutive five years, and the dividend yield during each reset period remains unchanged (the first dividend yield reset date is 16 December 2020 and the subsequent reset date is 16 December of every 5 years thereafter).	4%
19	of which: existence of dividend brake mechanism	Yes	No
20	of which: fully discretionary, partially discretionary or mandatory	Fully discretionary	Mandatory
21	of which: existence of redemption incentive mechanism	No	No
22	of which: noncumulative or cumulative	Noncumulative	Noncumulative
23	Convertible or non-convertible	Yes	No
24	of which: if convertible, specify conversion trigger(s)	Additional Tier 1 capital instruments triggers or additional Tier 2 capital instruments triggers	N/A
25	of which: if convertible, specify if it is fully or partially	Fully or partially convertible for additional Tier 1 capital instruments triggers, and fully convertible for additional Tier 2 capital instruments triggers	N/A

No.	Main features of eligible regulatory capital instruments	Preference shares	Tier 2 capital instrument
26	of which: if convertible, specify conversion rate	The initial conversion price is the average trading price of H shares of the Bank for the 20 trading days preceding the date of publication of the Board resolution in respect of the issuance plan of the preference shares (namely HKD5.98 per share). Since the date when the Board of Directors passed the resolution to issue the preference shares, where the Bank distributes bonus shares or stock dividends for H ordinary shareholders, issues new shares at a price lower than the market price (excluding the shares converted from financing instruments that are issued by the Bank and subject to the clauses of conversion into ordinary shares) and makes rights issue after the plan on the preference share issuance is approved by the Board of Directors, the Bank will accumulatively adjust the conversion price in sequence for the matters above. In case of cancellation of repurchased shares, merger, split-up or other circumstances that may lead to changes in the Bank's share class, number and/or shareholders' equity and thereby affect the rights and interests of the preference shareholders, the Bank shall have the right to adjust the forced conversion price in a fair and impartial manner, so as to fully protect and balance the rights and interests of the preference shareholders and the ordinary shareholders.	N/A
27	of which: if convertible, specify if it is mandatory or optional conversion	Yes	N/A
28	of which: if convertible, specify instrument type convertible into	Common Equity Tier 1 capital	N/A
29	of which: if convertible, specify issuer of instrument it converts into	CCB	N/A
30	Write-down feature	No	Yes
31	of which: if write-down, specify write-down trigger(s)	N/A	Write-down is triggered at the earlier of followings: (1) CBRC determines issuer cannot survive if no write-down is conducted; (2) related authorities confirm that issuer cannot survive if public capital injection or equivalent support will not be offered.
32	of which: if write-down, specify if it is full or partial	N/A	Full
33	of which: if write-down, specify if it is permanent or temporary	N/A	Permanent
34	of which: if temporary write-down, specify the description of write-up mechanism	N/A	N/A
35	Hierarchy of claims in liquidation (specify instrument type immediately senior to instrument)	The lower priority behind all debts, and the capital instruments issued or guaranteed by the Bank and prior to overseas preference shares, the same priority with capital instruments with the same priority	The lower priority behind the depositor and general creditor, the same priority with other tier 2 debt
36	Non-eligible transitioned features	No	No
37	of which: if yes, specify non-eligible features	N/A	N/A