ICBC

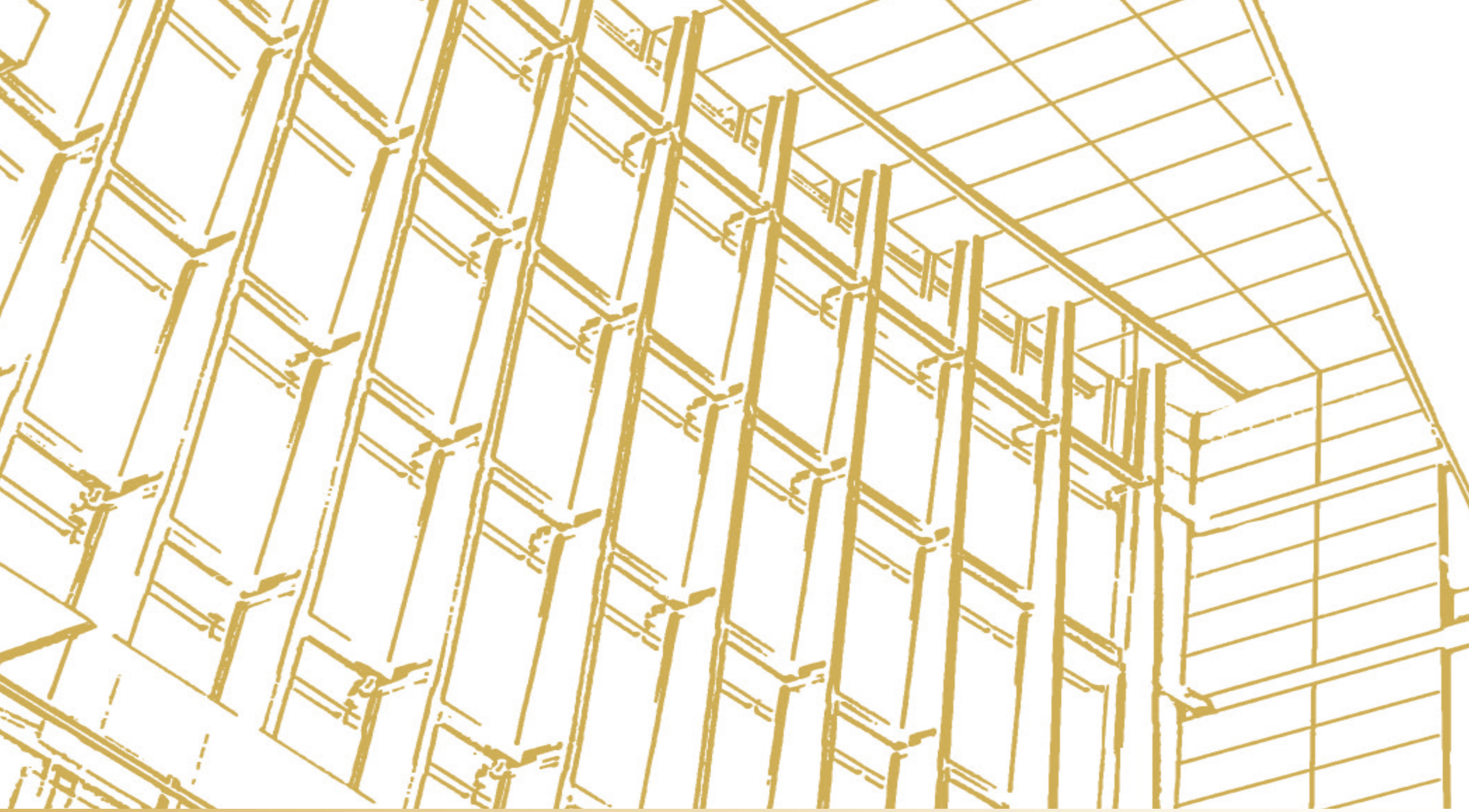
INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED

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

Stock Code: 1398

EUR Preference Shares Stock Code: 4604

2020 Interim Report



Company Profile

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

Through its continuous endeavor and stable development, the Bank has developed into the leading bank in the world, possessing an excellent customer base, a diversified business structure, strong innovation capabilities and market competitiveness. The Bank regards service as the very foundation to seek further development and adheres to creating value through services while providing a comprehensive range of financial products and services to over 8.50 million corporate customers and over 660 million personal customers. The Bank has been consciously integrating the social responsibilities with its development strategy and operation and management activities, and gaining wide recognition in the aspects of supporting high-quality development of manufacturing, promoting inclusive finance, facilitating poverty alleviation, protecting environment and resources and participating in public welfare undertakings.

The Bank always keeps in mind its underlying mission of serving the real economy with its principal business, and along with the real economy it prospers, suffers and grows. Taking a risk-based approach and never overstepping the bottom line, it constantly enhances its capability of controlling and mitigating risks. Besides, the Bank remains steadfast in understanding and following the business rules of commercial banks to strive to be a century-old bank. It also stays committed to seeking progress with innovation while maintaining stability, and continuously enhances the business, regional and international development strategies. The Bank advances the intelligent bank building in depth, unswervingly delivers specialized services, and pioneers a specialized business model, thus making it "a craftsman in large banking".

The Bank was ranked the 1st place among the Top 1000 World Banks by *The Banker*, ranked the 1st place in the Global 2000 listed by *Forbes* and topped the sub-list of commercial banks of the Global 500 in *Fortune* for the eighth consecutive year, and took the 1st place among the Top 500 Banking Brands of *Brand Finance* for the fourth consecutive year.

Strategic Objective: Guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, ICBC will adhere to the general principle of pursuing progress while ensuring stability, apply the new development philosophy, modernize its governance system and capacity, and turn ICBC into a world-class and modern financial enterprise with global competitiveness.

Strategic Significance:

Adherence to the guidance of Party building and strict governance: ICBC adheres to and strengthens the Party's leadership over financial work, deepens the building of governance system and capacity, and improves the scientific decision-making and effectiveness of governance.

Adherence to the customer first and serving the real economy: ICBC sticks to the source of the real economy, commits itself to meeting people's new expectations and demands for financial services, and makes every effort to build the No.1 Personal Bank.

Adherence to the technology driven and value creation: ICBC empowers operation and management by FinTech and creates superior value for the real economy, shareholders, customers, employees and society.

Adherence to the international vision and global operation: ICBC actively utilizes domestic and overseas markets and resources, improves the layout and content of international development, and makes all efforts to serve the dual circulation development pattern in which domestic economic cycle plays a leading role while international economic cycle remains its extension and supplement.

Adherence to the pragmatic transformation and reform: ICBC advances reform in key areas and key links in keeping pace with the times, and seeks more room for transformation and more vitality for reform.

Adherence to the solid foundation by risk control and talent-oriented development: ICBC strengthens the bottom-line thinking, combines prevention and control, and holds onto the lifeline of asset quality. ICBC strengthens humanistic care and corporate culture building, and enhances staff cohesion.

CONTENTS

Definitions

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

Articles of Association	The Articles of Association of Industrial and Commercial Bank of China Limited
Bank ICBC (JSC)	Bank ICBC (Joint stock company)
Capital Regulation	Regulation Governing Capital of Commercial Banks (Provisional) promulgated in June 2012
CBIRC	China Banking and Insurance Regulatory Commission
Company Law	Company Law of the People's Republic of China
CSRC	China Securities Regulatory Commission
HKEX	Hong Kong Exchanges and Clearing Limited
Hong Kong Listing Rules	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Huijin	Central Huijin Investment Ltd.
ICBC (Almaty)	Industrial and Commercial Bank of China (Almaty) Joint Stock Company
ICBC (Argentina)	Industrial and Commercial Bank of China (Argentina) S.A.
ICBC (Asia)	Industrial and Commercial Bank of China (Asia) Limited
ICBC (Austria)	ICBC Austria Bank GmbH
ICBC (Brasil)	Industrial and Commercial Bank of China (Brasil) S.A.
ICBC (Canada)	Industrial and Commercial Bank of China (Canada)
ICBC (Europe)	Industrial and Commercial Bank of China (Europe) S.A.
ICBC (Indonesia)	PT. Bank ICBC Indonesia
ICBC (London)	ICBC (London) PLC
ICBC (Macau)	Industrial and Commercial Bank of China (Macau) Limited
ICBC (Malaysia)	Industrial and Commercial Bank of China (Malaysia) Berhad
ICBC (Mexico)	Industrial and Commercial Bank of China Mexico S.A.
ICBC (New Zealand)	Industrial and Commercial Bank of China (New Zealand) Limited
ICBC (Peru)	ICBC PERU BANK
ICBC (Thai)	Industrial and Commercial Bank of China (Thai) Public Company Limited
ICBC (Turkey)	ICBC Turkey Bank Anonim Şirketi
ICBC (USA)	Industrial and Commercial Bank of China (USA) NA
ICBC Credit Suisse Asset Management	ICBC Credit Suisse Asset Management Co., Ltd.
ICBC International	ICBC International Holdings Limited
ICBC Investment	ICBC Financial Asset Investment Co., Ltd.
ICBC Investments Argentina	ICBC Investments Argentina S.A. Sociedad Gerente de Fondos Comunes de Inversión
ICBC Leasing	ICBC Financial Leasing Co., Ltd.
ICBC Standard Bank	ICBC Standard Bank PLC
ICBC Technology	ICBC Information and Technology Co., Ltd.
ICBC Wealth Management	ICBC Wealth Management Co., Ltd.
ICBC-AXA	ICBC-AXA Assurance Co., Ltd.
ICBCFS	Industrial and Commercial Bank of China Financial Services LLC
IFRSs	The International Financial Reporting Standards promulgated by the International Accounting Standards Board, which comprise the International Accounting Standards
Inversora Diagonal	Inversora Diagonal S.A.
MOF	Ministry of Finance of the People's Republic of China
New Rules on Asset Management	The Guiding Opinions on Regulating the Asset Management Business of Financial Institutions jointly promulgated by PBC, CBIRC, CSRC and State Administration of Foreign Exchange in 2018 and relevant rules
PBC	The People's Bank of China

PRC GAAP	Accounting Standards for Business Enterprises promulgated by MOF
Securities and Futures Ordinance of Hong Kong	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
SEHK	The Stock Exchange of Hong Kong Limited
SSE	Shanghai Stock Exchange
SSF	National Council for Social Security Fund
Standard Bank	Standard Bank Group Limited
State Council	The State Council of the People's Republic of China
The Bank/The Group	Industrial and Commercial Bank of China Limited; or Industrial and Commercial Bank of China Limited and its subsidiaries

Important Notice

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

The 2020 Interim Report of the Bank and the results announcement have been considered and approved at the meeting of the Board of Directors of the Bank held on 28 August 2020. There were 13 directors eligible for attending the meeting, of whom 12 directors attended the meeting in person and 1 director by proxy, namely, Chairman Chen Siqing appointed Vice Chairman Gu Shu to attend the meeting and exercise the voting right on his behalf.

The 2020 interim financial report prepared by the Bank in accordance with PRC GAAP and IFRSs have been reviewed by KPMG Huazhen LLP and KPMG in accordance with Chinese and international standards on review engagements respectively.

Upon the approval at the Annual General Meeting for the Year 2019 held on 12 June 2020, the Bank distributed cash dividends of about RMB93,664 million, or RMB2.628 per ten shares (pre-tax), for the period from 1 January 2019 to 31 December 2019 to the ordinary shareholders whose names appeared on the share register after the close of market on 29 June 2020. The Bank will not declare or distribute interim dividends for 2020, nor will it convert any capital reserves to share capital.

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

28 August 2020

Mr. Chen Siqing, Legal Representative of the Bank, Mr. Gu Shu, President in charge of finance of the Bank, and Mr. Zhang Wenwu, General Manager of the Finance and Accounting Department of the Bank, hereby represent and warrant that the financial statements contained in the Interim Report are authentic, accurate and complete.

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

The Bank is primarily exposed to credit risk, market risk, interest rate risk in the banking book, liquidity risk, operational risk, reputational risk and country risk. The Bank has actively adopted measures to effectively manage various types of risks. Please refer to the section headed "Discussion and Analysis — Risk Management" for detailed information.

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

Corporate Information

Legal name in Chinese

中國工商銀行股份有限公司(「中國工商銀行」)

Legal name in English

INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED ("ICBC")

Legal Representative

Chen Siqing

Registered address and office address

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

Principal place of business in Hong Kong

33/F, ICBC Tower, 3 Garden Road, Central, Hong Kong, China

Authorized representatives

Gu Shu and Guan Xueqing

Board Secretary and Company Secretary

Guan Xueqing
Address: 55 Fuxingmennei Avenue, Xicheng District, Beijing, China
Telephone: 86-10-66108608
Facsimile: 86-10-66107571
E-mail: ir@icbc.com.cn

Selected media for information disclosure

China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily

Website designated by CSRC for publication of the interim report in respect of A shares

www.sse.com.cn

The "HKEXnews" website of HKEX for publication of the interim report in respect of H shares

www.hkexnews.hk

Legal Advisors

Chinese mainland

King & Wood Mallesons
17–18/F, East Tower, World Financial Center, 1 East 3rd Ring Middle Road, Chaoyang District, Beijing, China

Haiwen & Partners
20/F, Fortune Financial Center, 5 East 3rd Ring Middle Road, Chaoyang District, Beijing, China

Hong Kong, China

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

Linklaters
11/F, Alexandra House, Chater Road, Central, Hong Kong, China

Share Registrars

A Share

China Securities Depository and Clearing Corporation Limited, Shanghai Branch
3/F China Insurance Building, 166 Lujiazui Dong Road, Pudong New Area, Shanghai, China
Telephone: 86-4008058058

H Share

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

Location where copies of this interim report are kept

Board of Directors' Office of the Bank

Place where shares are listed, and their names and codes

A Share

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

H Share

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

Domestic Preference Share

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

Stock name: 工行優2
Stock code: 360036

Offshore Preference Share

The Stock Exchange of Hong Kong Limited
Stock name: ICBC EURPREF1
Stock code: 4604

Joint sponsor agencies for domestic preference share "工行優2"

Guotai Junan Securities Co., Ltd.
618 Shangcheng Road, China (Shanghai) Pilot Free Trade Zone
Signatory Sponsor Representatives: Jin Licheng and Zhang Yi
Continuous Supervision Period: 16 October 2019 to 31 December 2020

CITIC Securities Co., Ltd.
CITIC Securities Mansion, North Tower, Time Square Excellence II, 8 Zhongxinsan Road, Futian District, Shenzhen City, Guangdong Province, China
Signatory Sponsor Representatives: Sun Yi and Cheng Yue
Continuous Supervision Period: 16 October 2019 to 31 December 2020

Name and office address of Auditors

Domestic Auditor

KPMG Huazhen LLP
8/F, Tower E2, Oriental Plaza, 1 East Chang'an Avenue, Dongcheng District, Beijing, China
CPAs (Practicing): Li Li and He Qi

International Auditor

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

Financial Highlights

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

Financial Data

	Six months ended 30 June 2020	Six months ended 30 June 2019	Six months ended 30 June 2018
Operating results (in RMB millions)			
Net interest income	306,549	299,301	277,616
Net fee and commission income	88,900	88,501	79,260
Operating income	402,346	394,203	361,302
Operating expenses	87,925	87,154	81,958
Impairment losses on assets	125,456	99,180	83,458
Operating profit	188,965	207,869	195,886
Profit before taxation	189,351	209,209	197,216
Net profit	149,796	168,690	160,657
Net profit attributable to equity holders of the parent company	148,790	167,931	160,442
Net cash flows from operating activities	1,873,733	907,293	92,410
Per share data (in RMB yuan)			
Basic earnings per share	0.42	0.47	0.45
Diluted earnings per share	0.42	0.47	0.45

Financial Data (continued)

	30 June 2020	31 December 2019	31 December 2018
Assets and liabilities (in RMB millions)			
Total assets	33,112,010	30,109,436	27,699,540
Total loans and advances to customers	17,975,652	16,761,319	15,419,905
Corporate loans	10,774,963	9,955,821	9,418,894
Personal loans	6,769,931	6,383,624	5,636,574
Discounted bills	430,758	421,874	364,437
Allowance for impairment losses on loans(1)	525,593	478,730	413,177
Investment	8,365,593	7,647,117	6,754,692
Total liabilities	30,365,254	27,417,433	25,354,657
Due to customers	25,067,870	22,977,655	21,408,934
Corporate deposits	13,070,006	12,028,262	11,481,141
Personal deposits	11,529,086	10,477,744	9,436,418
Other deposits	228,159	234,852	268,914
Accrued interest	240,619	236,797	222,461
Due to banks and other financial institutions	2,973,637	2,266,573	1,814,495
Equity attributable to equity holders of the parent company	2,730,866	2,676,186	2,330,001
Share capital	356,407	356,407	356,407
Net asset value per share(2) (in RMB yuan)	7.08	6.93	6.30
Net core tier 1 capital(3)	2,511,226	2,457,274	2,232,033
Net tier 1 capital(3)	2,711,433	2,657,523	2,312,143
Net capital base(3)	3,162,141	3,121,479	2,644,885
Risk-weighted assets(3)	19,769,139	18,616,886	17,190,992
Credit rating			
S&P(4)	A	A	A
Moody's(4)	A1	A1	A1

Notes: (1) Calculated by adding allowance for impairment losses on loans and advances to customers measured at amortised cost with allowance for impairment losses on loans and advances to customers measured at fair value through other comprehensive income.

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

(3) Calculated in accordance with the Capital Regulation.

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

Financial Indicators

	Six months ended 30 June 2020	Six months ended 30 June 2019	Six months ended 30 June 2018
Profitability (%)			
Return on average total assets(1)	0.95*	1.17*	1.20*
Return on weighted average equity(2)	11.70*	14.41*	15.33*
Net interest spread(3)	1.98*	2.13*	2.16*
Net interest margin(4)	2.13*	2.29*	2.30*
Return on risk-weighted assets(5)	1.56*	1.91*	1.96*
Ratio of net fee and commission income to operating income	22.10	22.45	21.94
Cost-to-income ratio(6)	20.76	21.13	21.51
	30 June 2020	**31 December 2019**	**31 December 2018**
Asset quality (%)			
Non-performing loans ("NPLs") ratio(7)	1.50	1.43	1.52
Allowance to NPLs(8)	194.69	199.32	175.76
Allowance to total loans ratio(9)	2.92	2.86	2.68
Capital adequacy (%)			
Core tier 1 capital adequacy ratio(10)	12.70	13.20	12.98
Tier 1 capital adequacy ratio(10)	13.72	14.27	13.45
Capital adequacy ratio(10)	16.00	16.77	15.39
Total equity to total assets ratio	8.30	8.94	8.47
Risk-weighted assets to total assets ratio	59.70	61.83	62.06

Notes: * indicates annualised ratios.

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

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

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

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

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

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

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

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

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

(10) Calculated in accordance with the Capital Regulation.

Overview of Business Operation

In the first half of the year, against the backdrop of the COVID-19 outbreak and complicated, severe situations at home and abroad, the Bank faithfully implemented decisions and plans made by the Party Central Committee and the State Council, remained committed to the underlying principle of pursuing progress while ensuring stability, made coordinated efforts to the containment of the COVID-19 while ensuring financial support and business development. The Bank has given a qualified answer to this major battle and test, fulfilling its responsibility as a major bank and maintaining steady development.

The Bank's business fundamentals remained stable. The Group reported a net profit before provision of RMB314,807 million, representing an increase of 2.1% compared with the same period of last year, and an operating income of RMB402,346 million, representing an increase of 2.1% compared with the same period of last year. The Bank actively made interest concessions to boost the real economy, with the net profit down 11.2% over the same period of last year. The asset quality remained stable overall. The Group's NPL ratio was 1.50% at the end of June, up 0.07 percentage points from the end of last year. The ratio of overdue loans was 1.37%, down 0.23 percentage points from the end of last year. The "scissors difference" between overdue loans and NPLs turned negative for the first time. The Bank was ranked the 1st place among the Top 1000 World Banks by *The Banker* of the United Kingdom for the eighth consecutive year, and took the 1st place among the Top 500 Banking Brands of *Brand Finance* for the fourth consecutive year.

Serving the real economy with higher efficiency and precision. The Bank provided innovative services and made well-targeted efforts to ensure the stability on six fronts and security in six areas. Financing was strengthened to implement the counter-cyclical regulation policies. New domestic RMB loans amounted to RMB1,095,948 million in the first half of the year, up 7.3% over the end of last year, indicating a year-on-year increase of RMB312,652 million compared with the new RMB loans at the end of the first half of last year. The Bank added RMB467.3 billion of investment in local government bonds and underwrote RMB911.1 billion of bonds as lead underwriter, both ranked first in the market. The Bank launched the "Chunrun Action" to support resumption of business activities, the "Chunrong Action" to help stabilize foreign trade and foreign investment, the special action supporting economic and social development of Hubei Province and the financing action for five healthcare fields[1]. A total of RMB1.2 trillion of financing was provided to support reopening of the economy. Financial services were strengthened for key fields and weaker segments. Corporate loans granted to manufacturing rose by RMB229.2 billion, including RMB82.8 billion of medium to long-term loans. The deferred repayment policy was well implemented. More inclusive finance was granted to a broader range of borrowers at lower interest rates, with inclusive loans growing by RMB168,408 million. The average interest rate of new inclusive loans fell by 37 basis points over the prior year to 4.15%. Loans to private enterprises increased by RMB187,447 million. To bring the poverty alleviation initiatives to a satisfactory conclusion, the Bank launched the "Chunnuan Action" for poverty alleviation through consumption, which reached RMB792 million.

Risk management was strengthened on all fronts. The Bank formulated guidelines for the Group's risk governance system, and improved the global, comprehensive and brand-new risk management system involving all personnel, spanning all processes and covering all risk exposures under the principles of "active prevention, smart control and comprehensive management". Credit risk control was strengthened by creating the intelligent credit risk management solutions of "Three Gates" and "Seven-color Pools"[2]. New rules for credit approval were implemented and credit risk mitigation was improved. The Bank recovered and disposed of RMB104.2 billion NPLs, with the increment increased by RMB12.2 billion compared to the same period of last year. Coordinated efforts were made to manage interest rate, exchange rate and liquidity risks, with a 24-hour mark-to-market mechanism established for proper response to the violent global market fluctuations. The "Year of Policy Governance" thematic event for internal control and compliance was carried out to deepen compliance management at home and abroad.

1 The five healthcare fields refer to hospitals, medical research organizations, drug and medical device manufacturers, drug trading and medical, epidemic containment and public health infrastructures etc.

2 The intelligent credit risk management solutions of "Three Gates" and "Seven-color Pools" are the systematic summary of the Bank's management and control ideas on credit risk. "Three Gates" refer to asset selection at the entrance end, asset management at the threshold end and asset disposal at the exit end. "Seven-color Pools" cover seven color pools with risk rating from low to high, which are driven by intelligent risk control and can strengthen holistic coordination of the credit risk management and realize differential and precise risk management by pool, area and segment.

Transformation was sped up. The overall business vitality was boosted by the implementation of major strategies, reforms and innovations. Domestic RMB deposits (including interbank deposits) rose by RMB2.52 trillion, ranked first in the market. The strategy of "No.1 Personal Bank" made a good start. The number of personal customers increased by 14.00 million to 664 million. The Bank established the overall strategic framework for becoming the preferred bank for domestic foreign exchange business. The strategy of serving regional coordinated development of the country began to bear fruit. The e-ICBC strategy was upgraded. FinTech was leveraged to empower business development and build the best customer experience. A closed-loop marketing service system connecting G, B and C ends was preliminarily established in line with the rule of social fund flows and customer demand changes. Intra-group collaboration was enhanced to build a new ecosphere of international and diversified development.

United as one, ICBC is in action to fight against COVID-19

In the first half of 2020, the Chinese people united in the fight against COVID-19 outbreaks under the strong leadership of the CPC Central Committee with Comrade Xi Jinping at its core. The major strategic achievements made in COVID-19 containment across the country have manifested the power, spirit and efficiency of China.

All officers and employees of ICBC took actions at orders and braved difficulties on the fronts of COVID-19 containment and financial services. The Bank made coordinated efforts to rein in the COVID-19 outbreak while supporting the real economy effectively, achieving effective COVID-19 containment and efficient financial services and upholding the spirit of new era as a responsible giant bank with practical actions.

Effective COVID-19 Containment

All at the Bank were mobilized to join its coordinated, well-planned global fight against COVID-19

The ICBC leading group on COVID-19 response and the special leading team on pandemic containment were established, putting the life, safety and health of employees first. Over **40** COVID-19 meetings were held and more than **30** bank-wide policies for COVID-19 response were formulated.

The Bank as a whole implemented the "Six Duties" and "Duties in Four Dimensions" across the board

The whole Bank, especially officers and employees at Hubei Branch, Wuhan Branch, Beijing Branch and other institutions stood fast in spite of difficulties and built a solid line of defense against the COVID-19 pandemic.

▲ Chairman Chen Siqing presides over the meeting of the Head Office's leading group for response to the COVID-19 pandemic

▲ ICBC Hebei Branch provides pairing assistance to Bank ICBC (JSC) and ICBC Amsterdam Branch with protective materials

The Bank fulfilled its corporate social responsibility and in fighting the COVID-19

Showing great concern for the pandemic, the Bank and its employees donated RMB**133** million in cash and RMB**117** million in kind to support the COVID-19 response. The Bank harnessed its global presence to purchase badly needed COVID-19 supplies around the world, contributing to the global fight against the virus.

▲ The Cash Operation Center of ICBC Qinghai Branch performs well in cash management and disinfection

▲ ICBC Hubei Chongyang Sub-branch performs well in business resumption and COVID-19 containment

The Bank made significant phased achievements in COVID-19 containment

Either confirmed or suspected cases of COVID-19 among domestic in-service employees were reduced to zero. Overseas employees sick with COVID-19 received proper medical treatment.

Efficient Financial Services

In an effort to ensure the stability on six fronts and security in six areas, the Bank provided innovative, targeted financial services as a strong backing for economic and social recovery.

▲ A face mask manufacturer financed by ICBC

▲ An anti-epidemic supplies manufacturer financed by ICBC

"Chunrun Action" to support resumption of business activities

RMB **1.2** trillion financing was accumulatively provided to **41** thousand enterprises in key fields for reopening of business, including loans of RMB **944.7** billion

"Chunnuan Action" to back poverty alleviation through consumption

The total amount in relation to poverty alleviation through consumption reached RMB **792** million

"Chunrong Action" to help stabilize foreign trade and foreign investment

RMB **211.7** billion financing in RMB and foreign currencies was accumulatively granted to key foreign-trade and foreign-funded core enterprises in China

Special action to support the economic and social development of Hubei Province

Over RMB **50.0** billion financing was accumulatively provided to key enterprises in Hubei Province and nearly RMB **14.0** billion was invested in Hubei local government bonds

ECONOMIC, FINANCIAL AND REGULATORY ENVIRONMENTS

The COVID-19 pandemic plunged the global economy into a deep recession in the first half of 2020. National economic activities slowed down due to lockdowns, closures and mass quarantine. International trade shrank markedly. Many central banks cut interest rates in large scale, and the currency policies of the major states collectively entered into the zero interest rate zone. Developed economies further strengthened quantitative easing to reopen the economy. "Black Swan" events frequently hit international financial markets under the combined effects of stagnant real economy and financial risks.

China has continued to do well in the prevention and control of COVID-19 pandemic, witnessing quickened advancement in work, production, business and market resumption. China's economic growth in the second quarter bounced back positive from negative. In the first half of the year, China's gross domestic product (GDP) fell by 1.6%, and consumer price index (CPI) rose by 3.8% compared to the same period of last year. Retail sales of consumer goods, fixed asset investment (excluding rural households), industrial added value of above-scale enterprises and total imports and exports of trade in goods fell by 11.4%, 3.1%, 1.3% and 3.2% respectively compared to the same period of last year.

PBC's prudent monetary policy has been more flexible and appropriate. And PBC appropriately managed open market operation and pace to maintain a reasonable abundance of liquidity and keep the steady performance of financial markets. It gave a full play to the targeted supporting roles of re-lending, rediscounting and other instruments, in an effort to step up the monetary credit support for hedging the fallout of COVID-19 pandemic. Furthermore, PBC deepened the market-based interest rate reform, improved the formation mechanism for loan prime rate (LPR) and promoted the application of LPR with outstanding floating-rate loans shifting to the new pricing benchmark to reduce the effective lending rates. The bottom line for risk prevention was firmly held to effectively guard against financial risks.

Both monetary credit and social financing expanded on a steady footing. At the end of June, the balance of broad money (M2) was RMB213.5 trillion, up 11.1% compared to the same period of last year. The balance of RMB loans stood at RMB165.2 trillion, up 13.2% over the same period of last year. The balance of RMB deposits amounted to RMB207.5 trillion, an increase of 10.6% compared to the same period of last year. The existing social financing scale size stood at RMB271.8 trillion, up 12.8% as compared to the same period of last year. In the first half of the year, the issuance size of various bonds in the bond market reached RMB26.0 trillion, representing an increase of 21.4% as compared to the same period of last year. At the end of June, the Shanghai Composite Index dropped by 2.1% from the end of last year; and the Shenzhen Component Index rose by 15.0% over the end of last year. The central parity rate of RMB against US dollar reported 7.0795, a depreciation of 1.5% from the end of last year.

The asset scale of the Chinese banking sector grew steadily, with the quality of credit assets showing a basically stable trend. At the end of the second quarter, the RMB and foreign-currency assets of financial institutions in China's banking sector totaled RMB309.4 trillion, up 9.7% compared with the same period of last year. The balance of NPLs of commercial banks reached RMB2.74 trillion, with a NPL ratio of 1.94% and allowance to NPLs of 182.4%. Besides, the core tier 1 capital adequacy ratio, tier 1 capital adequacy ratio and capital adequacy ratio were 10.47%, 11.61% and 14.21%, respectively.

FINANCIAL STATEMENTS ANALYSIS

Income Statement Analysis

In the first half of 2020, the Bank actively carried out and moved forward the policy requirements in fighting against COVID-19, supporting the real economy, making fee reduction and interest concessions and defusing risks, and maintained steady business overall. The Bank realized a net profit of RMB149,796 million in the first half of 2020, representing a decrease of 11.2% as compared to the same period of last year. Annualised return on average total assets stood at 0.95%, and annualised return on weighted average equity was 11.70%. Operating income amounted to RMB402,346 million, recording an increase of 2.1%. Specifically, net interest income was RMB306,549 million, growing by 2.4%. Non-interest income reached RMB95,797 million, rising by 0.9%. Operating expenses amounted to RMB87,925 million, representing an increase of 0.9%, and the cost-to-income ratio was 20.76%. Impairment losses on assets were RMB125,456 million, indicating an increase of 26.5%. Income tax expense decreased by 2.4% to RMB39,555 million.

CHANGES OF KEY INCOME STATEMENT ITEMS

In RMB millions, except for percentages

Item	Six months ended 30 June 2020	Six months ended 30 June 2019	Increase/ (decrease)	Growth rate (%)
Net interest income	306,549	299,301	7,248	2.4
Non-interest income	95,797	94,902	895	0.9
Operating income	402,346	394,203	8,143	2.1
Less: Operating expenses	87,925	87,154	771	0.9
Less: Impairment losses on assets	125,456	99,180	26,276	26.5
Operating profit	188,965	207,869	(18,904)	(9.1)
Share of profits of associates and joint ventures	386	1,340	(954)	(71.2)
Profit before taxation	189,351	209,209	(19,858)	(9.5)
Less: Income tax expense	39,555	40,519	(964)	(2.4)
Net profit	149,796	168,690	(18,894)	(11.2)
Attributable to: Equity holders of the parent company	148,790	167,931	(19,141)	(11.4)
Non-controlling interests	1,006	759	247	32.5

Net Interest Income

In the first half of 2020, net interest income amounted to RMB306,549 million, representing an increase of RMB7,248 million or 2.4% compared to the same period of last year, mainly due to the increase in investment and financing support for the real economy and total interest-generating assets. Interest income amounted to RMB529,790 million, growing by RMB21,633 million or 4.3%, and interest expenses rose by RMB14,385 million or 6.9% to RMB223,241 million. The Bank continued to make interest concessions for the real economy, further lower the financing costs for enterprises and speed up the pricing benchmark switch to Loan Prime Rate (LPR). Net interest spread and net interest margin came at 1.98% and 2.13%, 15 basis points and 16 basis points lower than those of the same period of last year, respectively.

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

In RMB millions, except for percentages

	Six months ended 30 June 2020			Six months ended 30 June 2019		
Item	Average balance	Interest income/ expense	Average yield/ cost (%)	Average balance	Interest income/ expense	Average yield/ cost (%)
Assets						
Loans and advances to customers	16,988,463	368,997	4.37	15,565,865	347,076	4.50
Investment	6,776,476	118,487	3.52	5,959,219	107,102	3.62
Due from central banks(2)	2,870,026	20,927	1.47	2,987,287	22,923	1.55
Due from banks and other financial institutions(3)	2,239,422	21,379	1.92	1,861,237	31,056	3.36
Total interest-generating assets	**28,874,387**	**529,790**	**3.69**	**26,373,608**	**508,157**	**3.89**
Non-interest-generating assets	2,892,234			2,801,819		
Allowance for impairment losses on assets	(485,382)			(449,670)		
Total assets	**31,281,239**			**28,725,757**		
Liabilities						
Deposits	21,881,254	177,272	1.63	20,298,590	158,304	1.57
Due to banks and other financial institutions(3)	3,284,237	29,723	1.82	2,618,923	32,161	2.48
Debt securities issued	1,018,414	16,246	3.21	1,010,266	18,391	3.67
Total interest-bearing liabilities	**26,183,905**	**223,241**	**1.71**	**23,927,779**	**208,856**	**1.76**
Non-interest-bearing liabilities	2,170,326			2,150,512		
Total liabilities	**28,354,231**			**26,078,291**		
Net interest income		**306,549**			**299,301**	
Net interest spread			**1.98**			**2.13**
Net interest margin			**2.13**			**2.29**

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

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

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

ANALYSIS OF CHANGES IN INTEREST INCOME AND EXPENSE

In RMB millions

Item	Comparison between six months ended 30 June 2020 and 30 June 2019		
	Increase/(decrease) due to		Net increase/ (decrease)
	Volume	Interest	
Assets			
Loans and advances to customers	31,984	(10,063)	21,921
Investment	14,348	(2,963)	11,385
Due from central banks	(808)	(1,188)	(1,996)
Due from banks and other financial institutions	3,651	(13,328)	(9,677)
Changes in interest income	**49,175**	**(27,542)**	**21,633**
Liabilities			
Deposits	12,912	6,056	18,968
Due to banks and other financial institutions	6,157	(8,595)	(2,438)
Debt securities issued	166	(2,311)	(2,145)
Changes in interest expenses	**19,235**	**(4,850)**	**14,385**
Impact on net interest income	**29,940**	**(22,692)**	**7,248**

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

Interest Income

Interest Income on Loans and Advances to Customers

Interest income on loans and advances to customers was RMB368,997 million, RMB21,921 million or 6.3% higher as compared to the same period of last year, as affected by the increase in loans and advances to customers.

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

In RMB millions, except for percentages

Item	Six months ended 30 June 2020			Six months ended 30 June 2019		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Short-term loans	3,401,926	61,109	3.61	3,260,250	65,692	4.06
Medium to long-term loans	13,586,537	307,888	4.56	12,305,615	281,384	4.61
Total loans and advances to customers	**16,988,463**	**368,997**	**4.37**	**15,565,865**	**347,076**	**4.50**

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

In RMB millions, except for percentages

Item	Six months ended 30 June 2020			Six months ended 30 June 2019		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Corporate loans	9,170,420	198,996	4.36	8,463,506	189,388	4.51
Discounted bills	455,433	6,254	2.76	348,872	6,182	3.57
Personal loans	5,980,945	139,885	4.70	5,354,568	121,855	4.59
Overseas business	1,381,665	23,862	3.47	1,398,919	29,651	4.27
Total loans and advances to customers	**16,988,463**	**368,997**	**4.37**	**15,565,865**	**347,076**	**4.50**

Interest Income on Investment

Interest income on investment amounted to RMB118,487 million, representing an increase of RMB11,385 million or 10.6% as compared to the same period of last year, mainly due to the increase in investment.

Interest Income on Due from Central Banks

Interest income on due from central banks was RMB20,927 million, representing a decrease of RMB1,996 million or 8.7% as compared to the same period of last year, mainly due to the adjustment of mandatory reserve requirement ratio and interest rate reduction on excess reserves.

Interest Income on Due from Banks and Other Financial Institutions

Interest income on due from banks and other financial institutions was RMB21,379 million, representing a decrease of RMB9,677 million or 31.2% as compared to the same period of last year, principally due to the overall sharp decline in the money market interest rate in the first half of the year.

Interest Expense

Interest Expense on Deposits

Interest expense on deposits amounted to RMB177,272 million, representing an increase of RMB18,968 million or 12.0% as compared to the same period of last year, mainly due to the expansion in the size of due to customers and the rise of average cost.

ANALYSIS OF AVERAGE DEPOSIT COST BY PRODUCTS

In RMB millions, except for percentages

	Six months ended 30 June 2020			Six months ended 30 June 2019		
Item	Average balance	Interest expense	Average cost (%)	Average balance	Interest expense	Average cost (%)
Corporate deposits						
Time deposits	4,536,974	53,725	2.38	4,401,246	51,813	2.37
Demand deposits	6,427,278	24,832	0.78	6,239,762	23,203	0.75
Subtotal	**10,964,252**	**78,557**	**1.44**	**10,641,008**	**75,016**	**1.42**
Personal deposits						
Time deposits	5,613,283	81,222	2.91	5,052,482	65,759	2.62
Demand deposits	4,382,010	8,560	0.39	3,814,418	7,449	0.39
Subtotal	**9,995,293**	**89,782**	**1.81**	**8,866,900**	**73,208**	**1.66**
Overseas business	**921,709**	**8,933**	**1.95**	**790,682**	**10,080**	**2.57**
Total deposits	**21,881,254**	**177,272**	**1.63**	**20,298,590**	**158,304**	**1.57**

Interest Expense on Due to Banks and Other Financial Institutions

Interest expense on due to banks and other financial institutions was RMB29,723 million, representing a decrease of RMB2,438 million or 7.6% as compared to the same period of last year, principally due to the overall sharp decline in the money market interest rate in the first half of the year.

Interest Expense on Debt Securities Issued

Interest expense on debt securities issued was RMB16,246 million, indicating a decrease of RMB2,145 million or 11.7% over the same period of last year, mainly attributable to the slight decrease in the size and interest rates of certificates of deposit issued by overseas institutions. Please refer to "Note 28. to the Financial Statements: Debt Securities Issued" for the debt securities issued by the Bank.

Non-interest Income

In the first half of 2020, non-interest income increased by RMB895 million or 0.9% to RMB95,797 million, accounting for 23.8% of the Bank's operating income. Specifically, net fee and commission income grew by 0.5% to RMB88,900 million, and other non-interest income increased by 7.7% to RMB6,897 million.

NET FEE AND COMMISSION INCOME

In RMB millions, except for percentages

Item	Six months ended 30 June 2020	Six months ended 30 June 2019	Increase/ (decrease)	Growth rate (%)
Bank card business	23,366	22,480	886	3.9
Settlement, clearing business and cash management	20,216	20,544	(328)	(1.6)
Personal wealth management and private banking services	15,274	15,501	(227)	(1.5)
Investment banking business	14,796	15,037	(241)	(1.6)
Guarantee and commitment business	7,672	7,808	(136)	(1.7)
Corporate wealth management services	7,622	7,504	118	1.6
Asset custody business	4,020	3,986	34	0.9
Trust and agency services	1,057	1,010	47	4.7
Others	1,593	1,378	215	15.6
Fee and commission income	**95,616**	**95,248**	**368**	**0.4**
Less: Fee and commission expense	**6,716**	**6,747**	**(31)**	**(0.5)**
Net fee and commission income	**88,900**	**88,501**	**399**	**0.5**

The Bank highly focused on serving the real economy and satisfying the financial needs of consumers, and made continuous efforts to promote the transformation and innovation of fee-based business. In the first half of 2020, the Bank's net fee and commission income hit RMB88,900 million, representing an increase of RMB399 million or 0.5% as compared to the same period of last year. The bank card business income recorded an increase of RMB886 million, as mainly benefited by the increase in credit card installment income. The income from corporate wealth management services recorded an increase of RMB118 million, mainly due to the increase in income from agency precious metal business, corporate wealth management products sales and underwriting of financial bonds. Income from others climbed by RMB215 million, principally because the expanded size of pension business drove the income increase. Though hit by the COVID-19 pandemic, the Bank adhered to the business transformation and implemented policies like fee reduction and interest concessions. As a result, the income from settlement, clearing business and cash management, private banking services, investment banking business, guarantee and commitment business etc. decreased as compared to the same period of last year.

OTHER NON-INTEREST RELATED GAINS

In RMB millions, except for percentages

Item	Six months ended 30 June 2020	Six months ended 30 June 2019	Increase/ (decrease)	Growth rate (%)
Net trading (expense)/income	(1,635)	5,873	(7,508)	(127.8)
Net gain/(loss) on financial investments	7,987	(3,424)	11,411	N/A
Other operating income, net	545	3,952	(3,407)	(86.2)
Total	**6,897**	**6,401**	**496**	**7.7**

Other non-interest related gains amounted to RMB6,897 million, representing an increase of RMB496 million or 7.7% as compared to the same period of last year. Among these, net trading expense was mainly due to the fluctuation of commodity trading prices; the increase in net gain on financial investments was primarily a result of the rise of income from financial commodity trading; the reduction in other net operating income was mainly because the external environment and business transformation caused the decrease in single premium income of ICBC-AXA.

Operating Expenses

In RMB millions, except for percentages

Item	Six months ended 30 June 2020	Six months ended 30 June 2019	Increase/ (decrease)	Growth rate (%)
Staff costs	54,938	56,220	(1,282)	(2.3)
Property and equipment expenses	12,574	12,355	219	1.8
Taxes and surcharges	4,406	3,851	555	14.4
Amortisation	1,171	1,188	(17)	(1.4)
Others	14,836	13,540	1,296	9.6
Total	**87,925**	**87,154**	**771**	**0.9**

The Bank continued to enhance the sophisticated management of expenses. The operating expenses amounted to RMB87,925 million, representing an increase of RMB771 million or 0.9% as compared to the same period of last year.

Impairment Losses on Assets

In the first half of 2020, the Bank continued to enhance its risk compensation capability and set aside the impairment losses on assets of RMB125,456 million, an increase of RMB26,276 million or 26.5% as compared to the same period of last year. Specifically, the impairment losses on loans was RMB111,705 million, indicating an increase of RMB19,809 million or 21.6%. Please refer to "Note 17. to the Financial Statements: Loans and Advances to Customers; Note 9. to the Financial Statements: Impairment Losses on Assets" for details.

Income Tax Expense

Income tax expense decreased by RMB964 million or 2.4% to RMB39,555 million as compared to the same period of last year. The effective tax rate was 20.89%. Please see "Note 10. to the Financial Statements: Income Tax Expense" for the reconciliation of income tax expense at the PRC statutory income tax rate and the effective income tax expense.

Segment Information

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

SUMMARY OPERATING SEGMENT INFORMATION

In RMB millions, except for percentages

Item	Six months ended 30 June 2020		Six months ended 30 June 2019	
	Amount	Percentage (%)	Amount	Percentage (%)
Operating income	**402,346**	**100.0**	**394,203**	**100.0**
Corporate banking	200,773	49.9	203,670	51.7
Personal banking	156,888	39.0	144,228	36.6
Treasury operations	42,476	10.6	44,231	11.2
Others	2,209	0.5	2,074	0.5
Profit before taxation	**189,351**	**100.0**	**209,209**	**100.0**
Corporate banking	77,613	41.0	87,516	41.8
Personal banking	78,123	41.3	83,896	40.1
Treasury operations	34,301	18.1	37,671	18.0
Others	(686)	(0.4)	126	0.1

Note: Please see "Note 43. to the Financial Statements: Segment Information" for details.

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

SUMMARY GEOGRAPHICAL SEGMENT INFORMATION

In RMB millions, except for percentages

Item	Six months ended 30 June 2020		Six months ended 30 June 2019	
	Amount	Percentage (%)	Amount	Percentage (%)
Operating income	**402,346**	**100.0**	**394,203**	**100.0**
Head Office	55,780	13.9	55,846	14.2
Yangtze River Delta	66,464	16.5	66,387	16.8
Pearl River Delta	51,869	12.9	50,558	12.8
Bohai Rim	71,327	17.7	71,715	18.3
Central China	49,843	12.4	46,947	11.9
Western China	60,854	15.1	57,473	14.6
Northeastern China	15,610	3.9	14,777	3.7
Overseas and others	30,599	7.6	30,500	7.7
Profit before taxation	**189,351**	**100.0**	**209,209**	**100.0**
Head Office	19,503	10.3	33,466	16.0
Yangtze River Delta	32,900	17.4	40,671	19.4
Pearl River Delta	27,560	14.6	26,551	12.7
Bohai Rim	36,250	19.1	32,585	15.6
Central China	21,386	11.3	23,110	11.0
Western China	29,897	15.8	29,683	14.2
Northeastern China	6,150	3.2	3,507	1.7
Overseas and others	15,705	8.3	19,636	9.4

Note: Please see "Note 43. to the Financial Statements: Segment Information" for details.

Balance Sheet Analysis

In the first half of 2020, in response to the hit of COVID-19 pandemic and the complicated development trends externally, the Bank promoted the growth and structure optimization of total assets and liabilities and comprehensively improved its performance in serving the real economy based on the macroeconomic policies and the demand of the real economy. Adhering to the development strategy of integrated investment and financing, the Bank further made the financial services for the real economy more adaptable and inclusive, consolidated the deposit business development foundation and its competitive advantage in the deposit market, promoted balanced development of amounts and prices of assets and liabilities, and spared no efforts to reduce financing costs of the real economy.

Assets Deployment

As at the end of June 2020, total assets of the Bank amounted to RMB33,112,010 million, RMB3,002,574 million or 10.0% higher than that at the end of the prior year. Specifically, total loans and advances to customers (collectively referred to as "total loans") increased by RMB1,214,333 million or 7.2% to RMB17,975,652 million, investment increased by RMB718,476 million or 9.4% to RMB8,365,593 million, and cash and balances with central banks increased by RMB224,622 million or 6.8% to RMB3,542,538 million.

In RMB millions, except for percentages

Item	At 30 June 2020		At 31 December 2019	
	Amount	Percentage (%)	Amount	Percentage (%)
Total loans and advances to customers	17,975,652	—	16,761,319	—
Add: Accrued interest	53,005	—	43,731	—
Less: Allowance for impairment losses on loans and advances to customers measured at amortised cost	525,327	—	478,498	—
Net loans and advances to customers[1]	17,503,330	52.9	16,326,552	54.2
Investment	8,365,593	25.3	7,647,117	25.4
Cash and balances with central banks	3,542,538	10.7	3,317,916	11.0
Due from banks and other financial institutions	1,243,071	3.8	1,042,368	3.5
Reverse repurchase agreements	1,371,519	4.1	845,186	2.8
Others	1,085,959	3.2	930,297	3.1
Total assets	**33,112,010**	**100.0**	**30,109,436**	**100.0**

Note: (1) Please see "Note 17. to the Financial Statements: Loans and Advances to Customers" for details.

Loan

In the first half of 2020, focusing on the tasks in ensuring stability on six fronts and security in six areas, the Bank, on the premise of keeping basic stability of the overall credit policy, timely adjusted the credit tactics, satisfied the epidemic prevention and control, the resumption of work and production, emergency loans, and postponed repayment of principal and interest and other funding needs at the special phase, actively supported the development of the real economy, and increased credit support for private enterprises and inclusive finance. As at the end of June 2020, total loans amounted to RMB17,975,652 million, RMB1,214,333 million or 7.2% higher compared with the end of the previous year, of which RMB denominated loans of domestic branches were RMB16,019,716 million, RMB1,095,948 million or 7.3% higher than that at the end of 2019.

DISTRIBUTION OF LOANS BY BUSINESS LINE

In RMB millions, except for percentages

Item	At 30 June 2020		At 31 December 2019	
	Amount	Percentage (%)	Amount	Percentage (%)
Corporate loans	10,774,963	59.9	9,955,821	59.4
Discounted bills	430,758	2.4	421,874	2.5
Personal loans	6,769,931	37.7	6,383,624	38.1
Total	**17,975,652**	**100.0**	**16,761,319**	**100.0**

DISTRIBUTION OF CORPORATE LOANS BY MATURITY

In RMB millions, except for percentages

Item	At 30 June 2020		At 31 December 2019	
	Amount	Percentage (%)	Amount	Percentage (%)
Short-term corporate loans	2,735,356	25.4	2,458,321	24.7
Medium to long-term corporate loans	8,039,607	74.6	7,497,500	75.3
Total	**10,774,963**	**100.0**	**9,955,821**	**100.0**

Corporate loans rose by RMB819,142 million or 8.2% from the end of last year. The Bank continuously supported major projects and people's livelihood projects in the areas of the construction of new type urbanization, urban infrastructure and public services, and investment and financing demands of the projects under construction, enhanced the support for high quality credit market of manufacturing and promoted the competitiveness of the domestic trade finance business products, thus loans maintained a fast growth in the national strategic regions like Yangtze River Delta, Guangdong-Hong Kong-Macau Greater Bay Area, Beijing-Tianjin-Hebei Region, Central China and Chengdu-Chongqing Economic Circle.

DISTRIBUTION OF PERSONAL LOANS BY PRODUCT LINE

In RMB millions, except for percentages

Item	At 30 June 2020		At 31 December 2019	
	Amount	Percentage (%)	Amount	Percentage (%)
Residential mortgages	5,486,556	81.1	5,166,279	80.9
Personal consumption loans	190,441	2.8	193,516	3.0
Personal business loans	435,159	6.4	345,896	5.4
Credit card overdrafts	657,775	9.7	677,933	10.7
Total	**6,769,931**	**100.0**	**6,383,624**	**100.0**

Personal loans increased by RMB386,307 million or 6.1% compared with the end of last year. Specifically, residential mortgages grew by RMB320,277 million or 6.2%; personal business loans increased by RMB89,263 million or 25.8%, primarily attributable to the rapid growth of Quick Lending for Operation, e-Mortgage Quick Loan and other online loan products in the inclusive finance.

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

Investment

In the first half of 2020, the Bank appropriately increased the investment and actively supported the development of the real economy. As at the end of June 2020, investment amounted to RMB8,365,593 million, representing an increase of RMB718,476 million or 9.4% from the end of the previous year. Among these, bonds rose by RMB698,390 million or 10.2% to RMB7,561,240 million.

In RMB millions, except for percentages

Item	At 30 June 2020 Amount	At 30 June 2020 Percentage (%)	At 31 December 2019 Amount	At 31 December 2019 Percentage (%)
Bonds	7,561,240	90.4	6,862,850	89.7
Equity instruments	148,053	1.8	135,882	1.8
Funds and others(1)	555,119	6.6	558,366	7.3
Accrued interest	101,181	1.2	90,019	1.2
Total	**8,365,593**	**100.0**	**7,647,117**	**100.0**

Note: (1) Includes assets invested by funds raised by the issuance of principal-guaranteed wealth management products by the Bank.

DISTRIBUTION OF INVESTMENT IN BONDS BY ISSUERS

In RMB millions, except for percentages

Item	At 30 June 2020 Amount	At 30 June 2020 Percentage (%)	At 31 December 2019 Amount	At 31 December 2019 Percentage (%)
Government bonds	5,343,683	70.7	4,767,297	69.5
Central bank bonds	33,086	0.4	21,979	0.3
Policy bank bonds	716,657	9.5	652,522	9.5
Other bonds	1,467,814	19.4	1,421,052	20.7
Total	**7,561,240**	**100.0**	**6,862,850**	**100.0**

In terms of distribution by issuers, the Bank proactively supported the development of the real economy, and therefore government bonds increased by RMB576,386 million or 12.1% over the end of last year; central bank bonds increased by RMB11,107 million or 50.5%; policy bank bonds went up by RMB64,135 million or 9.8%; and other bonds increased by RMB46,762 million or 3.3%.

DISTRIBUTION OF INVESTMENT IN BONDS BY REMAINING MATURITY

In RMB millions, except for percentages

Remaining maturity	At 30 June 2020 Amount	At 30 June 2020 Percentage (%)	At 31 December 2019 Amount	At 31 December 2019 Percentage (%)
Undated(1)	36	0.0	10	0.0
Less than 3 months	469,642	6.2	335,735	4.9
3 to 12 months	988,173	13.1	1,007,366	14.7
1 to 5 years	3,409,604	45.1	3,267,720	47.6
Over 5 years	2,693,785	35.6	2,252,019	32.8
Total	**7,561,240**	**100.0**	**6,862,850**	**100.0**

Note: (1) Refers to overdue bonds.

DISTRIBUTION OF INVESTMENT IN BONDS BY CURRENCY

In RMB millions, except for percentages

Item	At 30 June 2020		At 31 December 2019	
	Amount	Percentage (%)	Amount	Percentage (%)
RMB-denominated bonds	6,888,149	91.1	6,221,395	90.7
USD-denominated bonds	449,733	5.9	439,219	6.4
Other foreign currency bonds	223,358	3.0	202,236	2.9
Total	**7,561,240**	**100.0**	**6,862,850**	**100.0**

In terms of currency structure, RMB-denominated bonds rose by RMB666,754 million or 10.7% over the end of last year. USD-denominated bonds increased by an equivalent of RMB10,514 million, up 2.4%; other foreign currency bonds increased by an equivalent of RMB21,122 million or 10.4%. During the reporting period, the Bank improved the investment portfolio structure of foreign currency bonds and properly increased the investment in bonds denominated in other currencies.

DISTRIBUTION OF INVESTMENT BY MEASURING METHOD

In RMB millions, except for percentages

Item	At 30 June 2020		At 31 December 2019	
	Amount	Percentage (%)	Amount	Percentage (%)
Financial investments measured at fair value through profit or loss	1,023,536	12.2	962,078	12.6
Financial investments measured at fair value through other comprehensive income	1,527,183	18.3	1,476,872	19.3
Financial investments measured at amortised cost	5,814,874	69.5	5,208,167	68.1
Total	**8,365,593**	**100.0**	**7,647,117**	**100.0**

As at the end of June, the Group held RMB1,453,473 million of financial bonds[1], including RMB716,657 million of policy bank bonds and RMB736,816 million of bonds issued by banks and non-bank financial institutions, accounting for 49.3% and 50.7% of financial bonds, respectively.

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

TOP 10 FINANCIAL BONDS HELD BY THE BANK

In RMB millions, except for percentages

Bond name	Nominal value	Annual interest rate (%)	Maturity date	Allowance for impairment losses[1]
Policy bank bonds 2015	21,818	4.21	13 April 2025	–
Policy bank bonds 2019	19,318	3.48	8 January 2029	–
Policy bank bonds 2019	17,730	3.45	20 September 2029	–
Policy bank bonds 2015	16,390	4.29	7 April 2025	–
Policy bank bonds 2019	13,455	3.86	20 May 2029	–
Policy bank bonds 2015	13,430	3.81	5 February 2025	–
Policy bank bonds 2015	13,010	4.25	13 April 2022	–
Policy bank bonds 2019	12,315	3.74	12 July 2029	–
Policy bank bonds 2015	12,160	3.94	10 July 2022	–
Policy bank bonds 2012	11,500	4.04	25 June 2022	–

Note: (1) Excludes stage 1 allowance for impairment losses set aside in accordance with the expected credit loss model.

Reverse Repurchase Agreements

The reverse repurchase agreements were RMB1,371,519 million, an increase of RMB526,333 million or 62.3% compared to the end of last year, mainly because liquidity was reasonably sufficient and the Bank appropriately increased the amount of money lent to the market.

Liabilities

As at the end of June 2020, total liabilities reached RMB30,365,254 million, an increase of RMB2,947,821 million or 10.8% compared with the end of last year.

In RMB millions, except for percentages

	At 30 June 2020		At 31 December 2019	
Item	Amount	Percentage (%)	Amount	Percentage (%)
Due to customers	25,067,870	82.6	22,977,655	83.8
Due to banks and other financial institutions	2,973,637	9.8	2,266,573	8.3
Repurchase agreements	250,847	0.8	263,273	1.0
Debt securities issued	726,613	2.4	742,875	2.7
Others	1,346,287	4.4	1,167,057	4.2
Total liabilities	**30,365,254**	**100.0**	**27,417,433**	**100.0**

Due to Customers

Due to customers is the Bank's main source of funds. As at the end of June 2020, the balance of due to customers was RMB25,067,870 million, RMB2,090,215 million or 9.1% higher than that at the end of the previous year. In terms of customer structure, the balance of corporate deposits grew by RMB1,041,744 million or 8.7%; and the balance of personal deposits increased by RMB1,051,342 million or 10.0%. In terms of maturity structure, the balance of time deposits rose by RMB971,230 million or 8.5%, while the balance of demand deposits grew by RMB1,121,856 million or 10.1%. In terms of currency structure, RMB deposits stood at RMB23,450,436 million, an increase of RMB1,941,281 million or 9.0%. Foreign currency deposits were equivalent to RMB1,617,434 million, an increase of RMB148,934 million or 10.1%.

DISTRIBUTION OF DUE TO CUSTOMERS BY BUSINESS LINE

In RMB millions, except for percentages

	At 30 June 2020		At 31 December 2019	
Item	Amount	Percentage (%)	Amount	Percentage (%)
Corporate deposits				
Time deposits	5,677,555	22.6	5,295,704	23.0
Demand deposits	7,392,451	29.5	6,732,558	29.3
Subtotal	**13,070,006**	**52.1**	**12,028,262**	**52.3**
Personal deposits				
Time deposits	6,739,033	26.9	6,149,654	26.8
Demand deposits	4,790,053	19.1	4,328,090	18.8
Subtotal	**11,529,086**	**46.0**	**10,477,744**	**45.6**
Other deposits(1)	**228,159**	**0.9**	**234,852**	**1.0**
Accrued interest	**240,619**	**1.0**	**236,797**	**1.1**
Total	**25,067,870**	**100.0**	**22,977,655**	**100.0**

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

DISTRIBUTION OF DUE TO CUSTOMERS BY GEOGRAPHIC AREA

In RMB millions, except for percentages

	At 30 June 2020		At 31 December 2019	
Item	Amount	Percentage (%)	Amount	Percentage (%)
Head Office	40,035	0.2	45,507	0.2
Yangtze River Delta	4,954,584	19.8	4,474,455	19.5
Pearl River Delta	3,263,715	13.0	2,988,476	13.0
Bohai Rim	6,764,100	26.9	6,212,525	27.0
Central China	3,603,603	14.4	3,324,189	14.5
Western China	4,096,744	16.3	3,801,033	16.5
Northeastern China	1,278,198	5.1	1,184,289	5.2
Overseas and others	1,066,891	4.3	947,181	4.1
Total	**25,067,870**	**100.0**	**22,977,655**	**100.0**

Due to Banks and Other Financial Institutions

Due to banks and other financial institutions was RMB2,973,637 million, an increase of RMB707,064 million or 31.2% from the end of last year, mainly due to the increase in deposits from banks and other financial institutions.

Shareholders' Equity

As at the end of June 2020, shareholders' equity amounted to RMB2,746,756 million in aggregate, RMB54,753 million or 2.0% higher than that at the end of the previous year. Equity attributable to equity holders of the parent company recorded an increase of RMB54,680 million or 2.0% to RMB2,730,866 million. Please refer to the "Financial Statements: Consolidated Statement of Changes in Equity" for details.

For details on off-balance sheet items, please refer to "Note 38. to the Financial Statements: Commitments and Contingent Liabilities; Note 39. to the Financial Statements: Designated Funds and Loans".

Analysis on Statement of Cash Flows

Net cash inflows from operating activities amounted to RMB1,873,733 million, representing an increase of RMB966,440 million as compared to the same period of last year, mainly attributable to increased cash inflows resulted from an increase of due to customers and due to banks and other financial institutions. Specifically, cash outflows of operating assets decreased by RMB67,010 million and cash inflows of operating liabilities increased by RMB923,318 million.

Net cash outflows from investing activities amounted to RMB560,389 million. Specifically, cash inflows were RMB1,082,410 million, representing an increase of RMB133,100 million as compared to the same period of last year, mainly due to the increased cash inflows received from the recovery of financial investment; and cash outflows were RMB1,642,799 million, representing an increase of RMB379,422 million, mainly due to the increase in cash outflows paid for financial investment.

Net cash outflows from financing activities amounted to RMB96,376 million, of which, cash inflows were RMB441,364 million, mainly due to the issuance of debt securities; and cash outflows were RMB537,740 million, mainly due to the repayment of debt securities.

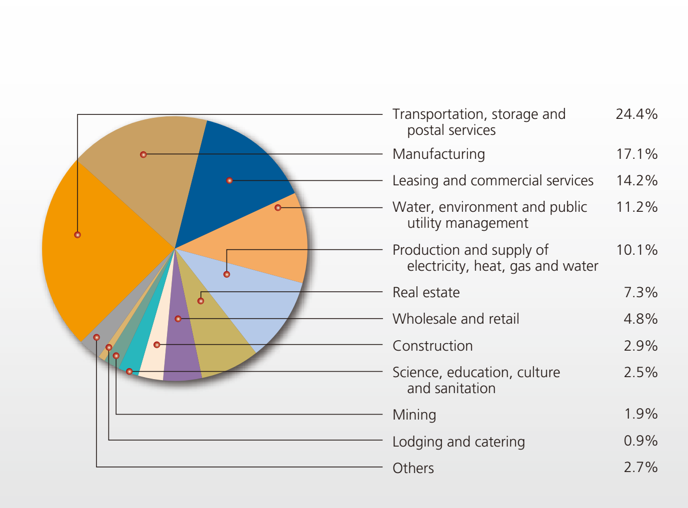
BUSINESS OVERVIEW

Corporate Banking

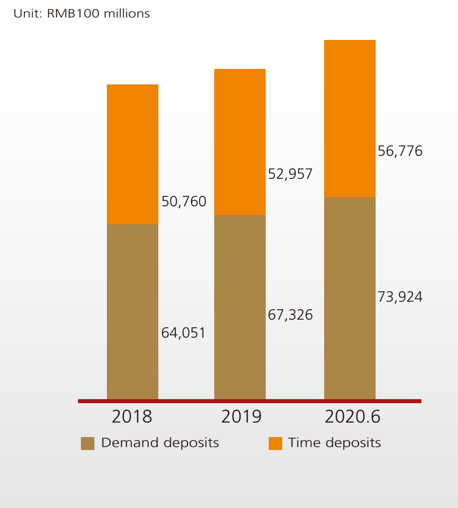
The Bank accelerated the pace of corporate credit supply to support COVID-19 containment, bring enterprises back to business and serve the high-quality development of the real economy. Outstanding corporate loans were switched to the new pricing benchmark to effectively lower the financing costs.

- ✧ More loans were granted for manufacturing. Medium to long-term manufacturing loans were stepped up in support of the growth of manufacturers. As at the end of June 2020, the Bank's corporate loans to manufacturing stood at RMB1.66 trillion, an increase of RMB229,201 million or 16.1% compared with the end of the prior year. Specifically, medium to long-term corporate loans to manufacturers was RMB518,630 million, an increase of RMB82,841 million or 19.0%. The Bank ranked first among domestic commercial banks by either size or increment of corporate loans to manufacturers or medium to long-term corporate loans to manufacturers.
- ✧ Good financial services were provided for private enterprises. The Bank provided comprehensive financial services for private enterprises during the pandemic to support their resumption of business. As at the end of June 2020, the Bank's balance of loans to private enterprises stood at RMB2.13 trillion, an increase of RMB187,447 million or 9.7% compared with the end of last year. 120 thousand private enterprises had outstanding loans with the Bank, an increase of 31 thousand.
- ✧ At the end of June 2020, the Bank maintained 8,517 thousand corporate customers, representing an increase of 419 thousand from the end of the previous year. The balance of corporate loans reached RMB10,774,963 million, representing an increase of RMB819,142 million or 8.2%. The balance of corporate deposits reached RMB13,070,006 million, representing an increase of 1,041,744 million or 8.7%.

Domestic Corporate Loans by Industry



Corporate Deposits



Inclusive Finance

More inclusive loans were granted. The temporary loan deferral policy was strictly implemented so that the payments on small and micro inclusive loans were postponed where necessary. Borrower-specific interest rate management was carried out for small and micro enterprises. The Bank took the initiative to make interest rate concessions and reduce relevant charges on loans, thus relieving the burden on enterprises.

- ✧ Three major online products were improved. The three major online products, namely "Quick Lending for Operation", "Online Revolving Loan" and "Digital Supply Chain", were continuously improved. They became the major inclusive loan facilities for their high efficiency, low cost and wide replicability.
- ✧ The "Anti-epidemic Loan" was launched quickly based on the production and sales data on COVID-19 supplies. Based on the electricity bill, logistics bill and purchase order data of enterprises, the Bank introduced the "Power eLoan", "SF Express Loan", "Cloud Flash Loan" and "Reopen Loan" to help small and micro enterprises resume business during the pandemic.
- ✧ Online unsecured lending was stepped up. Innovative scenario-based financing products were developed based on corporate credit, transaction, asset and behavior data. The Bank launched a total of 12 nationwide products (e.g. "Settlement Loan", "Merchant Loan", "Employer Loan" and "Cross-border Loan") and many regional products (e.g. "Medical Insurance Loan" and "Park Loan"). Based on the information on industrial chain fund flows, logistics and trade flows, the Bank continued to improve the digital supply chain financing instruments and developed such products as digital credit certificates and "e-Chain Quick Loan". The financing service covered all links of the industrial chain, serving nearly 800 industrial chains in total.
- ✧ At the end of June 2020, the balance of small and micro enterprise loans within the scope of inclusive finance amounted to RMB639,929 million, representing an increase of RMB168,408 million or 35.7% over the beginning of the year. The number of customers was 531 thousand, an increase of 108 thousand customers. The average interest rate of loans granted in the first half of 2020 decreased by 37 basis points over 2019 to 4.15%.
- ✧ The Bank actively implemented the state policies related to financial services for agriculture, rural areas and farmers in an effort to promote agriculture-related inclusive financial services across the board. At the end of June 2020, farmer business loans and small and micro enterprise agriculture-related loans which belonged to the scope of inclusive loans combined to RMB142,385 million, representing an increase of RMB30,809 million or 27.6% over the beginning of the year. These loans were issued to 95 thousand customers, representing an increase of 12 thousand customers.

Institutional Banking

- ✧ The Bank supported COVID-19 containment actively. As the only banking channel for the central government's anti-epidemic fund appropriation and a major banking channel for local government payments, the Bank efficiently completed 17 thousand emergency payments from central and local governments on a 7×24 basis during the Chinese New Year holiday in their fight against the COVID-19.
- ✧ The focus was put on education and training, agriculture, rural areas and rural people, medical insurance and public finance. The education and training funds supervision platform covered 30 provinces. The rural collective funds, assets and resources management platform covered 25 provinces. The Bank was the first bank in China to launch the medical insurance E-certificate, ranking first by geographical coverage rate of the medical insurance clearing-related mobile payment platform. The "ICBC e Government Service" integrated service platform covered all provinces (or equivalent) except Tibet.

Settlement and Cash Management

- ✧ The Bank expanded its global customer base focused on three major clusters, namely Chinese companies "Going Global", foreign companies "Coming to China" and local customers of overseas institutions. Taking the state policy opportunities including the Guangdong-Hong Kong-Macau Greater Bay Area and Hainan Free Trade Port, the Bank proactively innovated service modes and leveraged on its signature products such as Global Centralized Payment and Cross-border Cash Pooling to effectively meet target customers' global treasury management demand, including cross-border centralized fund management, cross-border payment link and account information reporting, and cemented the customer base.

- Cash management services were upgraded with "finance + technology". Based on ICBC's one-click access, the cloud platform for treasury management enabled centralized management of multiple bank accounts and funds, unified settlement and fund planning, thus effectively helping enterprises integrate their in-house resources. The "ICBC Pooling" platform iteratively introduced "Bank Account Management Cloud", "Creditor Mate" and other products integrated deeply into various transaction scenarios, including supply chain, government purchasing, hospital purchasing and construction. While facilitating business operations of corporate customers, the Bank has boosted the bank service efficiency and customer experience significantly.
- At the end of June 2020, the Bank maintained 9,931 thousand corporate settlement accounts, representing an increase of 5.2% over the end of the previous year, and the volume of corporate settlements reached RMB1,187.76 trillion. There were 1,395 thousand cash management customers and 8,403 global cash management customers, up 5.4%.

International Settlement and Trade Finance

- The "Chunrong Action" was launched to support the stability of foreign trade and foreign investment. In implementing the state policies to ensure the stability on six fronts and security in six areas, the Bank signed the Memorandum of Understanding on Cooperation in Stabilizing Foreign Trade and Foreign Investment with the Ministry of Commerce. Special financial services were provided for 1,072 core Chinese importers/exporters and foreign enterprises operating in China and 2,590 overseas upstream and downstream enterprises, based on collaboration between domestic and overseas institutions of the Bank comprising its global service network. As at the end of June 2020, the Bank issued RMB211,720 million of financing in RMB and foreign currencies to core Chinese importers/exporters and foreign enterprises operating in China, and USD4,779 million of financing to overseas upstream and downstream enterprises.
- Innovative products and services were introduced to meet the diverse product demand of Chinese importers/exporters and foreign enterprises operating in China. With a wide spectrum of international banking products, such as export invoice financing, order financing, international factoring and ICBC Express, the Bank provided total-process cross-border financial services, including international settlement and international trade finance, to major Chinese importers/exporters and China-based foreign enterprises. The new international financial services were innovated, such as the cross-border supply chain factoring, the cross-border transferring of domestic forfaiting and domestic factoring.
- In the first half of 2020, domestic branches disbursed an aggregate of USD34,810 million in international trade finance. International settlements amounted to USD1,474,917 million, of which USD587,748 million was handled by overseas institutions.

Investment Banking

- The Bank actively served the real economy. Explorations were made in the collaboration between commercial banking and investment banking to step up the support for manufacturing, strategic emerging industries and private-sector economy. In terms of mergers and acquisitions (M&A), M&A services were provided with a focus on listed companies, industrial M&A, SOE reforms and the Belt and Road Initiative. The Bank maintained its leadership in the domestic and overseas M&A markets. In terms of financial restructuring, the Bank promoted debt restructuring of troubled enterprises, moved financial services and risk prevention forward to earlier stages and enhanced the ability to defuse risks through investment banking. In terms of structured finance, the perpetual debt financing mode was pursued to help de-leveraging and capital structure improvement of enterprises. In terms of asset securitization, processes and mechanisms were refined to secure steady development of asset securitization investment and actively managed securitization, thereby meeting the corporate demand for comprehensive financial services.
- Financial consulting and advisory services were upgraded iteratively. "ICBC e Intelligence" improved the "E Think Tank", "E Master" and "Forums", to enhance service experience. "ICBC e Security" provided risk-related big data services to effectively prevent and contain telecom frauds. "ICBC e RM" introduced a listed company benchmarking system. The Bank introduced the "ICBC e Confirmation Service", the first of its kind, to put the whole bank confirmation process online, significantly boosting service efficiency and customer experience.
- In the first half of the year, the Bank acted as the lead underwriter for 1,412 domestic bond projects with a total value of RMB911,069 million, preserving its No.1 position in the market in terms of domestic leading underwriting scale.

Discounted Bills

✧ The Bank innovated products actively. "ICBC e Discount", an electronic bank acceptance discounting self-service, won the Shanghai Financial Innovation Award. "Supply Chain Bill Pay", an innovative bill supply chain product, was the first of its kind to be showcased in the "National Supply Chain Innovation Achievements Exhibition" organized by the Ministry of Commerce.

✧ In the first half of 2020, discounted bills amounted to RMB879,371 million, an increase of 19.0% compared with the same period of last year, ranked first in the market. Discounted bills for small and micro enterprises reached RMB263,520 million, with an outstanding balance of RMB262,731 million, an increase of RMB48,855 million or 22.8% from the end of the prior year.

Personal Banking

In the first half of the year, the Bank made steady progress in the transformation of personal banking under the strategy of "No.1 Personal Bank".

✧ To meet the demand for online, digital and intelligent services boosted by the COVID-19 pandemic, the Bank pursued cooperation in internet finance based on "ICBC e Wallet", and launched online payroll service solutions to support enterprises back to business.

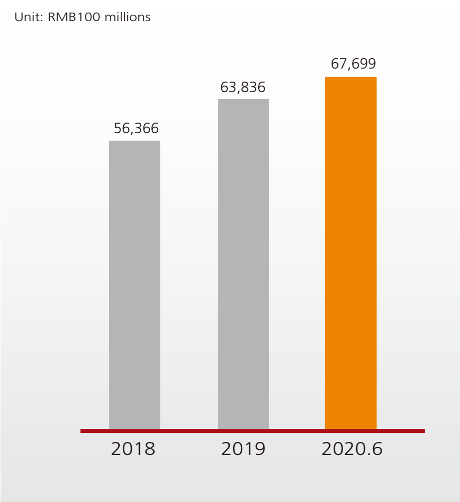
✧ Online, contactless personal loan services were provided to customers using biometrics, audiovisual and other technologies, thus upgrading customer experience and promoting healthy development of personal lending.

✧ The Bank stepped up agency distribution of funds grabbing the opportunity of capital market development. The Bank continued to shift from agency insurance to regular insurance sales. The thematic marketing campaigns including "ICBC-AXA Day" and "ICBC Car Fans Day" "ICBC-Tai Ping Good Day" and "ICBC-China Life Day" were carried out. In the first half of 2020, funds under agency sales amounted to RMB334.1 billion, and personal insurance products under agency sales reported at RMB73.0 billion.

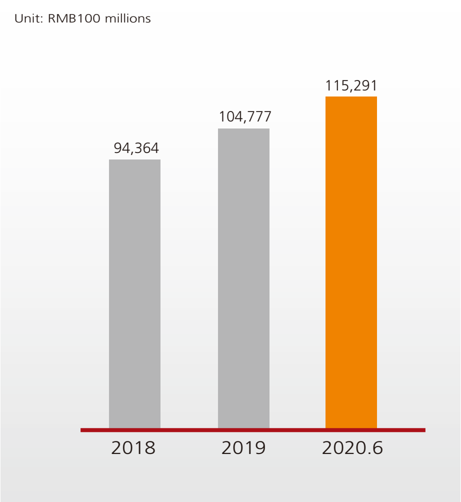
✧ The Bank was awarded the "Best (Mega) Retail Bank in China" by *The Asian Banker* consecutively, and ranked first in the World's Most Valuable Banking Brands published by *Brand Finance*.

✧ At the end of June 2020, personal financial assets stood at RMB15.5 trillion. The personal deposits arrived at RMB11,529,086 million, representing an increase of RMB1,051,342 million or 10.0%. The personal loans stood at RMB6,769,931 million, representing an increase of RMB386,307 million or 6.1%. The Bank had 664 million personal customers, including 14,374 thousand personal loan customers, representing an increase of 14.03 million and 361 thousand respectively.

Personal Loans



Personal Deposits



Private Banking

Aiming to build a "No.1 Private Bank" with an overall leading edge, the Bank has cemented its brand strengths and scale advantages to provide customers with selected products and comprehensive services that are competitive across the board.

- The private banking product system was improved through diverse allocation and selection of quality products. The first fund-based family trust contract was successfully signed, marking the launch of an innovative family trust business.
- A professional evaluation system for investment advisors was established, and the coordinated work mechanism for wealth advisors and investment advisors was enhanced. The "Private Banking • Wealth Management", an online live streaming class about wealth management products, was first launched to improve professional skills of advisors.
- ICBC Mobile was upgraded to a premier version providing an exclusive point of access for private banking clients. The online subscription process was streamlined and the family and enterprise modules were set up to boost the online service satisfaction.
- At the end of June 2020, a total of 105,623 individual customers had at least RMB8 million worth of financial assets with the Bank, representing an increase of 15,399 customers or 17.1% compared with the end of last year. The assets under management amounted to RMB1,829.9 billion, representing an increase of RMB275.2 billion or 17.7%. At the end of June 2020, a total of 169,060 individual customers had at least RMB6 million worth of average daily balance of financial assets per month with the Bank in the past six months, representing an increase of 10,904 customers or 6.9% compared with the end of last year. The assets under management amounted to RMB2,090.9 billion, indicating an increase of RMB195.5 billion or 10.3%.

Bank Card Business

- The "Palace Museum Card", "Fortune God Card", "Phoenix Card", etc. were promoted as featured debit cards rich in traditional Chinese culture elements.
- The Bank accelerated its building of the "No.1 Credit Card Bank". It launched the "Constellation Card" and "Endeavour Card", carried out "I GO" promotional campaigns continuously and stepped up the marketing of online acquiring service to six types of e-commerce platforms and eight scenarios.
- The Bank pushed out the "e-Installment Marketing Day" campaign, kicked off the "e-Installment Partners" initiative and accelerated the marketing of such new products like Home Decoration Installment and Cash Installment. The Home Life Card launched in selected cities was tailored for high-quality customers to enjoy home improvement installment service.
- At the end of June 2020, the Bank issued 1,098 million bank cards, an increase of 26.72 million cards from the end of the previous year, including 939.17 million debit cards and 159.23 million credit cards. Overdraft balance of credit cards fell by RMB20,158 million or 3.0% from the end of the previous year to RMB657,775 million. In the first half of 2020, the spending volume of bank cards registered RMB9.76 trillion, including RMB8.48 trillion of debit cards spending (third-party payments were involved) and RMB1.28 trillion of credit cards spending.

Asset Management Services

The Bank pushed forward the transformation of asset management business and products in a steady manner and comprehensively enhanced investment management and research capabilities. Relying on the strength of the Group's asset management, custody and pension businesses, the Bank established a mega asset management business system allowing allocation of capital in all markets and value creation across the whole value chain and linking the functions of its comprehensive subsidiaries specialized in fund, insurance, leasing, investment banking and wealth management, thus to provide diversified, integrated and specialized services for the clients.

Wealth Management Services

✧ The Bank remained customer-centric and shaped a product portfolio focused on fixed-income products and supplemented by equity and hybrid products. A wide spectrum of competitive products were launched, including "Tian Li Bao", "Xin De Li", "Xin Wen Li", "Xin Tian Yi", "Quan Xin Equity" and "Bo Gu Tong Li".

✧ The innovative "Chi Ying" product series with various maturities was introduced to meet the diverse demand of customers. The Bank accelerated the net worth-based transformation of wealth management products and improved the product supply structure.

✧ ICBC Wealth Management maintained solid development. The "Summer Wealth Management Festival" was held on the first anniversary of ICBC Wealth Management, and RMB100 billion of themed products were launched. Either the products or the investment size under the New Rules on Asset Management exceeded RMB1 trillion, ensuring smooth transformation and innovative development. The subsidiary took the initiative in joining the Group's enterprise risk management system, strengthened the risk prevention and control over main risks and key activities and accelerated the building of a risk management platform.

✧ At the end of June 2020, the balance of non-principal-guaranteed wealth management products stood at RMB2,494,572 million.

Asset Custody Services

✧ The Bank seized the market development opportunities, achieved solid growth in custody services and further strengthened its leading position as the largest custodian among local peers.

✧ The size of mutual funds under custody hit a new record high, riding on the capital market development. Seizing the opportunity of the occupational annuity reform, the Bank increasingly sharpened its edge in the pension fund custody service. The size of insurance products under custody expanded increasingly, breaking the mark of RMB5 trillion.

✧ At the end of June 2020, total net value of assets under the Bank's custody reported at RMB17.6 trillion.

Pension Services

✧ The Bank's leading position was further cemented. It won the bids for manager of enterprise annuity funds of some major customers, including CASC, Kweichow Moutai, China Tobacco Sichuan, Yankuang Group and CSPC.

✧ The Bank fulfilled its social responsibility as a large bank to ensure public wellbeing and health. During the COVID-19 pandemic, the Bank reduced management fees of customers and provided 7×24 "zero-contact" online services to ensure service continuity.

✧ At the end of June 2020, the pension funds under the Bank's trusteeship amounted to RMB248.0 billion; the Bank managed 11.08 million individual enterprise annuity accounts, and the pension funds under the Bank's custody totaled RMB791.2 billion. The Bank continued to lead other domestic banks in terms of the scale of enterprise annuity funds under the Bank's trusteeship, number of individual enterprise annuity accounts and enterprise annuity funds under the Bank's custody.

Financial Market Business

Money Market Activities

- In the RMB money market, liquidity was reasonably sufficient in the first half of the year. The Bank increased the strength and efficiency of money operation. The financing maturities and structure were reasonably managed in line with the Bank's liquidity management plan, with a focus on ensuring market liquidity supply during the pandemic period and stepping up financing support for counterparties in regions hit hard by the COVID-19 outbreak.
- In the foreign exchange money market, the Bank improved the maturity structure of foreign-currency funds to increase the yield. The Bank took good advantage of market opportunities for different currencies and carried out inter-bank lending business vigorously. The Bank took an active part in the innovation of the domestic foreign exchange money market and launched the foreign currency repurchase business with domestic RMB bonds pledged as collateral.

Investment

- In terms of RMB bond investment, the Bank actively supported the implementation of the proactive fiscal policy. In the first half of the year, the Bank ranked first across the market by size of new investment in both local government bonds and special local government bonds, providing strong funding support for the real economy areas such as infrastructure construction and public wellbeing enhancement. As a socially responsible state-owned large bank, the Bank also invested in the special government bonds for COVID-19 control, ranking the first place in the market by investment scale. To constantly enhance the quality and efficiency of serving the real economy, both the new investment in bonds issued by manufacturers and the investment in bonds issued by private enterprises grew substantially over the same period of last year.
- In terms of foreign-currency bond investment, the Bank strengthened market forecasts, made timely adjustments to the investment strategy, reasonably scheduled the investment and expanded the investment scale appropriately. The investment in offshore foreign-currency bonds of Chinese enterprises was strengthened, in an effort to meet the overseas financing demand of Chinese enterprises during the COVID-19 pandemic. The Bank seized market opportunities to structurally improve the foreign currency bond portfolio to diversify investment risks and enhance the overall yield and credit quality of the portfolio.

Financing

- Well-timed inquiries and negotiations were made in line with the Bank's liquidity management plan, promoting steady expansion of business scale. The Bank advanced the online migration of interbank deposits, expanded the base of counterparties and harnessed online channels to ensure steady and orderly business activity during the COVID-19 pandemic.
- For details on the Bank's certificates of deposit and debt securities issued, please refer to "Notes to the Financial Statements: 26. Certificates of Deposit; 28. Debt Securities Issued".

Franchise Treasury Business

- In the aspect of foreign exchange settlement and sales and foreign exchange trading, the Bank continuously diversified the business currencies and optimized trading functions of the three major online channels, namely internet banking, mobile banking and the electronic trading platform. The Bank promoted the exchange rate hedging products, providing efficient, high-quality and all-round RMB/foreign currency exchange and foreign exchange risk management services for Chinese importers/exporters and foreign enterprises.
- In terms of paper commodities trading, the Bank actively provided customers with risk warning and pre-deal investor education through issuing important announcements on the portal website, sending reminding messages, livestreaming and other means in response to the drastic fluctuation of international commodity market.

- ✧ In terms of corporate commodity derivative trading, the Bank leveraged on its electronic trading platform, which enabled convenient, quick and contactless transactions, to help customers respond promptly to the volatile international commodity prices during the COVID-19 pandemic.
- ✧ In terms of the over-the-counter bond business, the Bank managed to distribute the special government bonds for epidemic control and China Development Bank's COVID-19 bonds and poverty alleviation bonds in the over-the-counter market, contributing to the national fight against the virus and poverty and supporting economic growth.
- ✧ In terms of foreign institutional investors' trading in the interbank market, the Bank served foreign institutional investors from nearly 60 countries and regions to meet their demand for investment and trading in China's interbank market.

Asset Securitization Business

- ✧ In the first half of 2020, the Bank issued three tranches of credit assets securitization programs totaling RMB16,102 million. Specifically, there was one tranche of residential mortgage-backed securities (RMBS) programs amounted to RMB15,633 million, and one tranche of non-performing credit card assets securitization programs totaled RMB349 million, and one tranche of non-performing personal consumption loans securitization programs worth RMB120 million. The asset securitization business effectively supported the Bank in disposing of NPLs, revitalizing stock assets and optimizing credit structure.

Precious Metal Business

- ✧ The "Magnificent China" precious metal product series embedded with glorious Chinese cultures was developed. In the first half of the year, the Bank launched regional precious metal products themed "Liangzhu Culture", "Mazu Culture" and "Root Culture". The "Palace Museum Lucky Bag" was launched in partnership with the Palace Museum, in addition to the "Bright Future Golden Card" co-branded with the National Museum of China.
- ✧ To meet the customer demand for safe-haven asset allocations, the Bank improved the gold accumulation service, upgraded the agency gold repurchase scenarios and conducted "contactless" online marketing with vigor.
- ✧ The Bank's gold and silver trading on behalf of Shanghai Gold Exchange registered a higher year-on-year increase than market average, keeping the Bank in the first place by either trading or clearing amount of gold and silver in the exchange market.

FinTech

The Bank continued to advance the ecosystem (ECOS) project across the board, and strengthened FinTech innovation and support in the new situation of regular COVID-19 containment to empower the implementation of the Bank's major development strategies.

- ✧ **Innovative financial services were launched to support COVID-19 containment and reopening of business.** Leveraging on cloud computing, distributed computing and other cutting-edge technologies, the customer managers' cloud office was developed and brought online in just one week to provide customers with safe, convenient and "contactless" cloud-based financial services on a 7×24 basis. Based on the open, integrated crossover biosphere for comprehensive financial services, the emergency supplies management system and the personal health information registration management system were launched in succession and provided free of charge for key epidemic containment entities (including commend centers, public health agencies and medical institutions), enterprises and communities, covering nearly 30 provinces and serving over 26 thousand enterprises. The Bank participated in the "Digital Transformation Partnership Action Plan" of National Development and Reform Commission, and developed a number of online credit loans dedicated to small and micro enterprises and cloud-based financing products under the online service mode. With its digital supply chain financing product system, the Bank provided diverse financing services to more than 3 thousand leading enterprises. The "Anti-epidemic Loan", "Medical Insurance Loan", "Reopen Loan" and "Employer Loan" financial services were launched quickly to help micro, small and medium-sized enterprises get out of difficulties and pursue digital transformation.

- **New FinTech research and application were deepened.** In terms of new FinTech research, the FinTech Research Institute issued the White Paper on Financial Applications of Blockchain and the White Paper on Bank Innovation in the 5G Era, the first to issue such research reports in the banking industry. In terms of big data, the Bank embarked on building the big data service cloud platform 2.0. As the first financial institution to fully realize the "Six Integrations" standard set by the National Committee on Big Data Standards Promotion, the Bank sped up the construction of the data factors market. In terms of artificial intelligence, the robotic process automation (RPA) technology was employed to quickly launch the work order processing robots for credit card interest expenses, enabling unattended and automatic processing or work orders to boost efficiency significantly. In terms of blockchain, "ICBC Charity Chain" was developed using the blockchain technology, providing nearly 200 charitable organizations with integrated services including financial services, charity transparency and public welfare traceability. The "Land Acquisition and Relocation Fund Management Blockchain Platform" was developed in-house to address difficulties in land acquisition and relocation work, such as great complexities, inefficient fund use and hard-to-track fund flows. In terms of the Internet of Things (IoT), such functions as outlet crowd density analysis were realized based on the IoT platform.

- **The smart banking ecosystem (ECOS) was employed to promote implementation of the Bank's major development strategies.** The Bank stepped up business innovation, accelerated export of the ICBC e Wallet scenarios and deepened intelligent operation in an effort to build the "No.1 Personal Bank". The Bank established an open business biosphere for international settlement and international trade finance, boosted the intelligent and automated level of business processing in the global documentation system, advanced the cross-border payment operations management system, and created a direct link between the domestic centralized payment system and the local clearing systems in the United Arab Emirates, Singapore, Peru and New Zealand. To provide innovation guidance and technological support for key regional branches, the "Xiongan Smart Social Security" APP, the public service platform for Xiongan smart social security and the Xiongan New Area displacement subsidies system were developed for Xiongan New Area. The blockchain platform for Xiongan land acquisition and relocation fund management was optimized to enhance the competitiveness of the strategic regions.

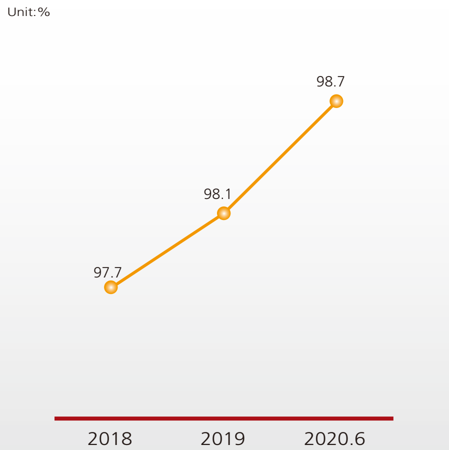
- **The business continuity of information systems and the capability of information security protection were improved continuously.** The Bank continued to strengthen the production operations management system, maintaining security and stability of information systems and providing safe, stable financial services for customers. The Bank detected high-risk vulnerabilities in the mainstream open-source micro-services framework and immediately controlled relevant internal system risks effectively. This finding was officially recognized by China Information Technology Security Evaluation Center and certified for the first time by China National Vulnerability Database of Information Security (CNNVD), demonstrating the ICBC contribution to the national information security. The Bank's information security technology has been registered for cybersecurity rating 2.0. Third-party security assessment was carried out on an ongoing basis. Independent service organizations were engaged to conduct special tests and security assessment of the Bank's internet-related systems. The cybersecurity rating evaluation agency was engaged to conduct cybersecurity rating evaluation, and all the evaluation results confirmed conformity.

- The Bank ranked first across the banking industry for seven consecutive years in CBIRC's IT supervision ratings, the only 2A banking institution. In the first half of 2020, the Bank was granted 44 patents, and the total number of patents owned by the Bank increased to 651, ranking first in the domestic banking industry.

Internet Finance

The Bank worked hard on the public services, industrial and consumption fronts of internet finance, and seized the opportunity of digital transformation of government agencies and business entities to deepen the layout of government service and industrial internet. Tapping deeper into consumer internet, the Bank made all-out effort to develop online personal financial services with "No.1 Personal Mobile Banking" at its core. In the first half of the year, the internet financial transaction amount hit RMB328.22 trillion, an increase of 5.4% over the same period of the previous year; the proportion of internet financial transactions rose 0.6 percentage points from the end of last year to 98.7%.

Proportion of Internet Financial Transaction



Note: The proportion of internet financial transactions refers to the number of internet financial transactions against the total number transactions of the bank.

Deepening the Digital Transformation of Government Service

The Bank created 3,739 effective internet scenarios for intelligent government service, intelligent travel, healthcare and social security, intelligent campus, judicial finance and poverty alleviation through consumption.

✧ Intelligent government service: "ICBC e Government Service" was promoted as a combined solution providing "government service + financial service" to 24 thousand institutional users in total. As one of its first strategic partners, the Bank provided financial service support for the Online Canton Fair.

✧ Intelligent travel: With the three core products, namely ETC, unconscious payment and QR code payment service for public transportation, the intelligent travel service was promoted to passengers, vehicles, roads and parks, serving nearly 10 million users through ICBC unconscious payment in the first half of the year.

✧ Healthcare and social security: The Bank advanced the mobile payment platform for medical insurance and medical insurance e-certificate, cooperating with medical insurance bureaus in 66 cities of 24 provinces.

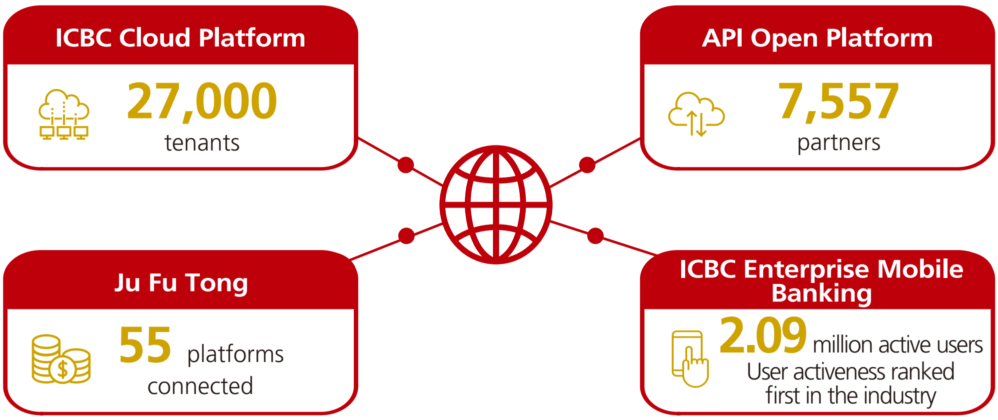
✧ Intelligent campus: "Campus Affairs Management Cloud" service provided comprehensive services including tuition payment and management to schools, students and their parents. It was used by 17 thousand schools, contributing an increase of over 600 thousand new customers.

✧ Intelligent justice: The "Court Affairs Management Cloud" judicial auction module of ICBC Mall was used by over 150 courts across the country, boasting the highest auction success rate among the seven licensed judicial auction platforms in China.

Facilitating the Internet-based Transformation of Industries

Through such infrastructure platforms as ICBC Cloud Platform, API Open Platform, Ju Fu Tong and ICBC Enterprise Mobile Banking, the Bank provides multi-level, classified and differentiated services. It has developed an open banking mode and strengthened support for the platform economy and small and micro enterprises.

- ICBC Cloud Platform: The "industry + finance" integrated services are provided under an "available immediately upon renting" model. The platform covers six major industries and 19 segments, offering 17 standard cloud services including Education Cloud, Party Building and Labor Union Cloud, Property Management Cloud and Medical Supply Chain Cloud.
- API Open Platform: The platform provides customized, component-based API services, opening over 120 products that fall in 18 categories and more than 1,400 application interfaces. The Bank continued to optimize "ICBC e Corporate Payment", a corporate online payment brand, based on the API open platform, embedded the corporate payment and settlement products and the scenarios of the supply-chain core enterprise platform into the brand and improved payment features, providing a full range of corporate online payment and settlement services.
- Ju Fu Tong: The "Ju Fu Tong" scenarios-embedded comprehensive financial services were promoted to technologically strong partners. Partnership has been established with leading enterprises in railway, civil aviation, household appliance and other industries as well as local governance service platforms.
- ICBC Enterprise Mobile Banking: With a focus on small and micro enterprises, the Bank build the main front of online mobile financial services for corporate banking. In response to the COVID-19 pandemic, such key features as U-shield face ID, foreign exchange settlement and corporate credit report inquiry were launched to further improve the product mix and user experience. Riding on the open-ended and scenario-based development trends, the platform-industry connection was enhanced based on ICBC Cloud, mini-programs and other innovative features. Seven products of ICBC Cloud and "ICBC e Social Security" mini-program went live.



Note: These data are as at 30 June 2020.

Upgrading Online Personal Services

With "No.1 Personal Mobile Banking" as its core, a high-traffic access point driven by both ICBC platforms and internet scenarios was built to provide service across boundaries and industries, both on-line and off-line.

- ICBC Mobile: The "Happy Home" version of the personal mobile banking was rolled out for the county-area market, offering financial services targeted at urban people, rural people and merchants. The version was piloted and extended to 20 key counties in eight provinces. In adherence to technology-driven innovation, agile iteration and quick response mechanisms were created. The Bank launched "contactless" features quickly after the COVID-19 outbreak occurred, including online card password modification, LPR switch, non-ICBC credit card repayment, and sped up the online migration of counter-based operations.
- ICBC Mall: The Bank adhered to high-quality operation with distinctive characteristics. Thanks to accelerated moves in key fields including purchasing, business travel and cross-border e-commerce, the "5e+4" featured segments[1] recorded RMB103.8 billion of transactions in the first half of the year, representing a nearly five-fold increase compared to the same period of last year. During the "Premium Brands Online Shopping Festival", over 500 premium brands offered many concessions and reaped over RMB100 million worth of sales to personal customers.
- ICBC Link: As a novel marketing platform, the customer managers' cloud office was rolled out to support customer managers in their online product promotion and services. At the end of June 2020, 18 thousand customer managers of the Bank opened their cloud offices to meet offsite service needs of customers during the COVID-19 pandemic.
- ICBC e Life: The Bank launched two online consumer loan products, "e-Business Dream Loan" and "ICBC-XW Loan", jointly with Sichuan-based XWBank. As an inclusive finance facility, "e-Business Dream Loan" is offered to the Bank's acquiring merchants, helping their business resumption during the pandemic. "ICBC-XW Loan" is an online personal loan facility targeted at internet users, with risk mitigated measure by insurance. This facility helps scale up the Bank's customers under the circumstance of controllable risk.
- Digital Branch: The Bank opened its outlets on top internet platforms. It rolled out the "Digital Branch" in conjunction with Alipay and partnered with WeChat to promote smart time deposit. Through such channels, over 1 million individual customers were on-boarded and the balance of time certificates of deposit exceeded RMB4.0 billion.
- Mobile Payment: The "Safe at Home, Ease of Mind" and "Door-to-Door Grocery" campaigns were carried out to meet consumer demand for quick and contactless micro-payments during the pandemic period. The "Travel Safely Back to Work" campaign was organized in support of travel by railway, online ride-hailing and bike. The Bank kept close track of local governments' consumption stimulus measures, distributing consumer coupons in Shenzhen, Chengdu, Wuhan, Inner Mongolia, Shanxi, etc. to boost recovery of the real economy.
- ICBC e Wallet: The "ICBC e Wallet" online payroll service was launched after the COVID-19 outbreak, enabling employers to pay wages and salaries quickly, safely and efficiently.

ICBC Mobile
ICBC Mobile maintained its industry-dominance in customer size and activeness
385 million customers

ICBC Mall
155 million users

ICBC 工銀e錢包
There were **320** external cooperation platforms, with more than **20.00** million personal customers served online

ICBC e Life
69.65 million users

ICBC Link
173 million users

Note: These data are as at 30 June 2020.

1 "5e+4" featured segments refer to ICBC e Procurement, ICBC e Assets, ICBC e Cross-border, ICBC e Travel, ICBC e Public Welfare, Court Affairs Management Cloud, Car Cloud Loan, Ji Ke Platform and Open Platform.

Channel Development and Service Enhancement

The Bank dedicates itself to improving customer service, furthering outlet transformation and strengthening innovation in channels, in an effort to pursue coordinated development of all channels and continuously sharpen the edge in financial services.

Channel Development

- The network of outlets was improved. Coordinated effort was made to rationalize the geographical layout of outlets to effectively boost the service coverage for core regions, potential markets and high-quality customer groups. The county-area network was structurally adjusted to increase physical presence in selected key counties and no-presence counties and to increase the service coverage in poverty counties, thus enhancing the supply and quality of county-area financial services. At the end of June 2020, the Bank had 15,787 outlets, 25,602 self-service banks and 79,544 ATMs whose trading volume amounted to RMB2,923.4 billion in the first half of 2020.
- Intelligent transformation of outlets was advanced. Intelligent transformation of outlets was empowered by 5G, cloud computing, biometrics, blockchain and remote video technologies. Intelligent service features and application scenarios were optimized. The "medialess" service features of outlets covered substantially all the high-frequency transactions of customers. The Bank continued to promote coordination and integration of online, offline and remote banking channels. At the end of June 2020, the Bank had 15,688 intelligent outlets, put in place 79,763 intelligent devices and covered 292 personal and corporate business items with intelligent services.
- The intelligent application of cloud banking was accelerated. The Cloud Banking Center upgraded its system and innovated its business to refine the intelligent service applications for customer services, risk control and outbound call. In the first half of the year, the center completed 250 million intelligent voice call and intelligent text service transactions, averaging 1.4 million transactions a day.

Service Enhancement

- Service models were innovated to improve customer experience. A new "online, traceable and door-to-door" mode of operations services was established across the board. Online appointment and offline delivery were realized for personal credit report and debit card replacement without card number change. Online appointment and offline self-service collection were realized for foreign currency withdrawal. The "ICBC e Confirmation Service" product, the first of its kind, was launched to meet stay-at-home customers' demand for contactless financial services during the pandemic. "Bank-wide Expedited Payment" was introduced to provide online, one-stop cross-border remittance service, the first of its kind, to ensure efficient and safe payment of COVID-19 funds.
- Service efficiency was enhanced by improving job skills. A comprehensive outlet post system was established to further enhance the overall competencies of customer service managers, lobby service staff and customer maintenance personnel, in a bid to build a team of versatile customer service managers and provide customers with better quality of service experience.

Consumer Protection

- The Bank actively implemented the laws, regulations and regulatory requirements on the consumer protection, in an all-out effort to ensure proper consumer protection during epidemic containment and resumption of business. Regulatory requirements were implemented quickly in terms of deferred payments on credit cards and loans, operation of outlets, management of self-service facilities and E-banking transactions, thus effectively protecting legitimate rights and benefits during special periods.
- The consumer protection policies and procedures were improved, including formulation and issuance of the Measures for Management of Customer Complaints (Version 2020), to further strengthen and standardize the Bank's work on customer complaints management. The Bank deepened the "customer-centric" business philosophy, tried to eliminate root causes of customer complaints, stepped up crackdown on revealed problems in major business fields and geographical areas and took a variety of actions to handle complaints more effectively and improve customer experience.
- Financial literacy publicity and education on regular COVID-19 containment was carried out effectively via the WeChat Public Account, Weibo, website and other online channels, with a focus on key contents and special populations. Such publicity and education was carried out more broadly and effectively in an easy-to-understand manner, helping consumers establish correct consumption and risk perceptions.

Human Resources Management

- Staff was further restructured to strengthen the skilled workforce. The Bank further refined the Group's staff size and structure. The Bank intensified effort to develop talents with key skills and international competencies for "No.1 Personal Bank" and foreign exchange business. The state policy to ensure stability of employment was actively implemented through well-organized campus recruitment. ICBC University opened a "New Stars School" as a premium platform for bank-university cooperation. As an innovative online internship management mode, the "Stars Training Camp" summer internship program was launched.
- The Bank perfected the compensation incentive and guarantee system, and made the use of resources more effective. Under the "Strategic Support, Precision Input" principle, remuneration resources were better allocated to increase their support for priority areas of business. The Head Office's organizational structure and the branch hierarchy were improved to gradually strengthen the development of county-area sub-branches. The IT-assisted human resources management was advanced to boost the digital management capability.
- Solid work was conducted on employee education and training. Such training modes as livestreaming class and online training camp were promoted amid the COVID-19 pandemic, including the training on foreign exchange business, to empower business development and employee growth. The "ICBC Support for Private Enterprises" ICBC Mall online training camp for small and micro merchants and other online training programs were livestreamed to help bring enterprises back to business. In the first half of 2020, the Bank organized 8,626 sessions of training, and the trainees reached 3.05 million.
- ICBC boosted its corporate culture development to promote core values and strategies of ICBC Group, foster consensus on development and give an impetus to strategy implementation. The Bank launched the "ONE ICBC ONE FAMILY" global campaign thematic event, compiled the "ICBC Culture • Wonder Vision" global cultural program video clips, and produced the promotional videos for corporate culture development of overseas institutions to enhance unity within the Group.

Internationalized and Diversified Operation

Internationalized Operation

The Bank steadily pushed for internationalized development and continued to improve its global network. Auckland Branch and Panama Branch were granted licenses. Financial support was strengthened for Chinese enterprises "Going Global" and the Belt and Road Initiative. Coordinated efforts were made to advance the integrated and joint development mechanism and financial innovation in the Guangdong-Hong Kong-Macau Greater Bay Area. The Bank enhanced coordinated domestic and overseas development, pursued in-depth development of overseas operations and business lines and accelerated the cross-border RMB business development. In response to the COVID-19 pandemic, the Bank took various actions to stabilize foreign trade and foreign investment leveraging on its strengths in international operation, in an effort to help enterprises resume business. To fulfill its social responsibility, the Bank also supported the fight against COVID-19 in host countries of overseas institutions.

- Corporate banking: The Bank harnessed its global presence to help connect overseas customers to domestic manufacturers of anti-epidemic supplies and thus help them fight the virus. The Bank actively served the Belt and Road Initiative, promoted international cooperation on production capacity and third-party market cooperation on a win-win basis and provided cross-border customers with "one-stop" comprehensive financial services by providing a basket of products, including overseas bond issuance, cross-border acquisition, project finance, derivatives trading and global cash management, in an effort to build a new cross-border business landscape featuring a combination of RMB and foreign currencies and an integration of domestic and overseas operations. The Bank was among market leaders in overseas IPO underwriting and sponsorship, underwriting and issuance of offshore bonds and underwriting of Chinese issuers' offshore bonds.

- Personal banking: the Bank endeavored to enhance public convenience in the Guangdong-Hong Kong-Macau Greater Bay Area by launching the "Bay Area Service Link" and "Bay Area Account Link". ICBC e Life set up the "Bay Area Community" column and introduced the "ICBC Greater Bay Area Virtual Credit Card". Online account opening and card application were realized for credit cards and debit cards. The overseas mobile payment and "ICBC e Payment" features were improved. The discount campaigns of contactless payment were carried out to our customers. Personal consumer finance products, such as "Card-and-loan-in-one" and "ICBC e Loan", were successfully launched to enable combined online application for overseas credit card product and loan product.

- Internet financial services: the overseas internet finance product system, including personal and corporate internet banking and mobile banking, served 41 countries or regions, providing services in 14 languages. ICBC Mall cross-border e-commerce consisted of B2C, B2B and outbound financial service segments, offering products from Asia, Africa, Europe, Australia, North America and South America. ICBC Mall has over 500 registered merchants, rolling out cross-border comprehensive financial service solutions for cross-border traders.

- Financial market business: The Bank established the inter-bank bond and foreign exchange market business partnership with foreign institutional investors from nearly 60 countries and regions. The Bank took the lead in underwriting the first panda bond issued by an international development institution for COVID-19 containment and the first panda bond issued by an internet firm. The investment and underwriting of bonds related to the virus control were stepped up. The green channel was established to handle foreign exchange settlement and sales for cross-border purchase of anti-epidemic supplies with priority. Timely and high-quality hedging services were provided for commodity importers and exporters.

- Global asset management services: The "Global Anying", "Global Select" and "Global Premier" cross-border RMB product line was further deployed with a focus on investment in Chinese issuers' USD bonds, IPOs in Hong Kong and top QDII funds. New growth driver funds and other cross-border PE investment projects were steadily advanced leveraging on QFLP license.

- Global custody service: Despite the COVID-19 shocks, the Bank introduced new marketing methods, achieved steady growth in assets under custody and remained in the first place by number of qualified foreign institutional investors among Chinese banks. Global custody products were run steadily, thanks to the strengthened risk management of the global custody network during the pandemic. The Bank actively participated in cross-border capital market innovation program, served the capital market reform and opening-up and provided depository service support for overseas red-chip companies returning to the domestic capital market.

- The Bank proactively advanced the cross-border RMB business. The cross-border RMB product mix was further diversified to support cross-border trade and investment facilitation, COVID-19 containment and reopening of business. The Bank promoted innovative development of cross-border business in key regions, including the Lingang New Area in Shanghai, Guangdong-Hong Kong-Macau Greater Bay Area and Hainan Free Trade Port. The Bank stepped up its efforts to develop key offshore RMB markets and boost the overall capability of offshore RMB services. The cross-border e-commerce financial service platform was functionally expanded to strengthen cooperation with third-party payment companies and cross-border e-commerce platforms. In the first half of the year, the Bank's cross-border RMB business volume exceeded RMB2.5 trillion.

- At the end of June, the Bank established 425 institutions in 49 countries and regions and indirectly covered 20 African countries as a shareholder of Standard Bank Group. The Bank also established correspondent banking relationships with 1,442 overseas banking institutions in 143 countries and regions, making its service network covering six continents and important international finance centers around the world. The Bank maintained 125 institutions in 21 countries and regions along the Belt and Road.

MAJOR INDICATORS FOR OVERSEAS INSTITUTIONS

Item	Assets (in USD millions)		Profit before taxation (in USD millions)		Number of institutions	
	At 30 June 2020	At 31 December 2019	Six months ended 30 June 2020	Six months ended 30 June 2019	At 30 June 2020	At 31 December 2019
Hong Kong and Macau	207,153	197,279	888	1,044	106	107
Asia-Pacific Region (except Hong Kong and Macau)	121,836	108,867	580	614	91	90
Europe	82,394	80,926	213	16	75	79
America	52,249	51,836	149	281	152	151
Africa Representative Office	–	–	–	–	1	1
Eliminations	(38,002)	(37,213)				
Subtotal	**425,630**	**401,695**	**1,830**	**1,955**	**425**	**428**
Investment in Standard Bank(1)	3,316	3,988	39	189		
Total	**428,946**	**405,683**	**1,869**	**2,144**	**425**	**428**

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

- At the end of June, total assets of the Bank's overseas institutions (including overseas branches, overseas subsidiaries and investment in Standard Bank) were USD428,946 million, representing an increase of USD23,263 million or 5.7% from the end of the previous year, and they accounted for 9.2% of the Group's total assets. Profit before taxation during the reporting period came in at USD1,869 million, accounting for 7.0% of the Group's profit before taxation, which fell by USD275 million or 12.8% compared to the same period of last year. Total loans amounted to USD201,844 million, representing an increase of USD1,011 million or 0.5% over the end of last year. Total deposits were USD149,644 million, increasing by USD14,895 million or 11.1%.

Diversified Operation

- ICBC Credit Suisse Asset Management actively served the real-sector economic development, capital market reform and innovation and diverse investment demand of customers. Placing equal emphasis on inter-group coordination and market-based expansion, risk prevention and opportunity grabbing, the Bank transformed its business operation steadily, kept improving its research skills and investment results and maintained good growth momentum in the scale of pension investment management and hybrid funds, showing continuous improvements in quality and efficiency of operation.
- ICBC Leasing has maintained solid business development, playing an effective role in serving the real economy with financial leasing. In terms of aviation leasing, the company steadily pursued cooperation with premium airlines, selected high-quality aircraft assets and focused on mainstream aircraft models to conduct business. In terms of shipping leasing, the company implemented major projects in a well-organized manner. In terms of equipment leasing, the company pursued development in major transport and energy projects. In response to the COVID-19 outbreak, expedited channels were opened up swiftly to accommodate the reopening, operation and working capital needs of frontline businesses in the battle against the pandemic and help medical organizations and entity enterprises to fight the virus and resume work.
- ICBC-AXA transformed its business steadily while providing anti-pandemic insurance services efficiently. It immediately provided personal insurance to frontline health workers in the fight against COVID-19 in Hubei Province, extended the cover of five accidental injury insurance products to include COVID-19 deaths and enhanced claim settlement services related to the coronavirus. The company seized opportunities to develop health assurance business and improve the product mix with vigor. The investment structure was improved in line with market changes and the investment assets were screened for risks. The line of defense for compliance was fortified, anti-money laundering work management intensified and consumer protection strengthened.
- ICBC International managed to maintain steady and sustained development by coordinating regular COVID-19 containment with business operations. Work measures were developed in response to the virus outbreak to serve listed companies and investors well, ensure continuity of 24-hour trading service and help stabilize market sentiments. The company continued to rank among the top few by scale of IPO or overseas bond underwriting. It was the first Chinese financial institution to launch the cross-border two-way RMB cash pooling service.
- ICBC Investment focused work on the strategic plans for supply-side structural reform, steadily pursued a bigger scale, broader extent and better quality of market-oriented debt-for-equity swap and increasingly boosted the quality and efficiency of serving the real economy. ICBC Investment provided comprehensive financial services for debt-for-equity swap companies and took an active part in their corporate governance. It strengthened intra-group collaboration and diversified fundraising channels to support the reform and development of debt-for-equity swap companies.
- ICBC Wealth Management continued to refine its products and services, improve its core competencies in investment and research, strengthened enterprise risk management and achieved solid business growth. It improved the product management capability with a sound "basic + innovative + strategic" products system offering a full spectrum of products through all channels around the clock. The proportions of regular-open products, medium to long-term products and hybrid products were increased to meet the multi-level and diverse investment needs of customers. The company optimized its investment decision-making mechanism, strengthened the active management capability and further cemented its core strengths in fixed income and project investment. It fostered skills in multi-asset, equity, cross-border and quantitative investment, in a bid to expand its extent and return of investment.
- ICBC Technology served the Group's overall development, steadily implemented the Group's major strategic plans and leveraged on its technological strengths to support the China's key regional development strategies. It participated in a number of projects in the Beijing-Tianjin-Hebei region and the Yangtze River Delta, making breakthroughs in intelligent government service, financial ecosphere cloud platform and commercialization of FinTech products. ICBC Technology supported COVID-19 containment with the power of technology in terms of emergency supplies management, personal health registration and generation of health QR codes.

DISTRIBUTION MAP OF OVERSEAS INSTITUTIONS

Major Controlled Subsidiaries and Equity Participating Company

Major Overseas Subsidiaries

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (ASIA) LIMITED

ICBC (Asia) is a wholly-owned Hong Kong registered bank by the Bank, and has an issued share capital of HKD44,188 million. It provides comprehensive commercial banking services, and the major businesses, including commercial credit, trade finance, investment service, retail banking, E-banking, custody, credit card, receiving bank services for IPOs and dividend distribution etc. At the end of June 2020, ICBC (Asia) recorded total assets of USD122,425 million and net assets of USD17,472 million. It generated a net profit of USD430 million in the first half of the year.

ICBC INTERNATIONAL HOLDINGS LIMITED

ICBC International, a licensed integrated platform for financial services in Hong Kong that is wholly-owned by the Bank, has a paid-up capital of HKD4,882 million. It mainly renders a variety of financial services, including corporate finance, investment management, sales and trading, and asset management. At the end of June 2020, ICBC International recorded total assets of USD8,971 million and net assets of USD1,434 million. It generated a net profit of USD60.09 million in the first half of the year.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (MACAU) LIMITED

ICBC (Macau) is the largest local legal banking entity in Macau. It has a share capital of MOP589 million, in which the Bank holds an 89.33% stake. ICBC (Macau) mainly engages in comprehensive commercial banking services such as deposit, loan, trade finance and international settlement. At the end of June 2020, ICBC (Macau) recorded total assets of USD47,242 million and net assets of USD3,420 million. It generated a net profit of USD187 million in the first half of the year.

PT. BANK ICBC INDONESIA

ICBC (Indonesia) is a full-licensed commercial banking subsidiary of the Bank registered in Indonesia, with a paid-up capital of IDR3.71 trillion, in which the Bank holds a 98.61% stake. ICBC (Indonesia) mainly specializes in financial services such as deposit, loan, trade finance, settlement, agency services, interbank borrowing and lending and foreign exchange. At the end of June 2020, ICBC (Indonesia) recorded total assets of USD3,793 million and net assets of USD417 million. It generated a net profit of USD6.89 million in the first half of the year.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (MALAYSIA) BERHAD

ICBC (Malaysia) is a wholly-owned subsidiary of the Bank established in Malaysia. With a paid-up capital of MYR833 million, it is able to provide a full range of commercial banking services. At the end of June 2020, ICBC (Malaysia) recorded total assets of USD1,016 million and net assets of USD280 million. It generated a net profit of USD5.77 million in the first half of the year.

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

ICBC (Thai), a subsidiary of the Bank in Thailand, has a share capital of THB20,132 million, in which the Bank holds a 97.86% stake. ICBC (Thai) holds a comprehensive banking license and provides various services including deposit, loan, trade finance, remittance, settlement, leasing and consulting. At the end of June 2020, ICBC (Thai) recorded total assets of USD9,553 million and net assets of USD1,047 million. It generated a net profit of USD40.06 million in the first half of the year.

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

ICBC (Almaty), a wholly-owned subsidiary of the Bank, was incorporated in Kazakhstan with a share capital of KZT8,933 million. It principally engages in commercial banking services such as deposit, loan, international settlement and trade finance, foreign currency exchange, guarantee, account management, internet banking and bank card service. At the end of June 2020, ICBC (Almaty) recorded total assets of USD443 million and net assets of USD70.25 million. It generated a net profit of USD6.15 million in the first half of the year.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (NEW ZEALAND) LIMITED

ICBC (New Zealand), a wholly-owned subsidiary of the Bank in New Zealand, has a paid-up capital of NZD234 million. ICBC (New Zealand) provides corporate and personal banking services such as account management, transfer and remittance, international settlement, trade finance, corporate credit, residential mortgages and credit card business. At the end of June 2020, ICBC (New Zealand) recorded total assets of USD1,572 million and net assets of USD170 million. It generated a net profit of USD5.94 million in the first half of the year.

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

ICBC (Europe), a wholly-owned subsidiary of the Bank, was incorporated in Luxembourg with a paid-up capital of EUR437 million. Paris Branch, Brussels Branch, Amsterdam Branch, Milan Branch, Madrid Branch, Warsaw Branch and Greece Representative Office are structured under ICBC (Europe), which mainly offers financial services including loan, trade finance, settlement, treasury, investment banking, custody, franchise wealth management, etc. At the end of June 2020, ICBC (Europe) recorded total assets of USD6,563 million and net assets of USD710 million. It suffered a net loss of USD4.22 million in the first half of the year.

ICBC (LONDON) PLC

ICBC (London), a wholly-owned subsidiary of the Bank, was incorporated in the United Kingdom with a paid-up capital of USD200 million. It provides banking services such as deposit and exchange, loan, trade finance, bond underwriting, international settlement, funds clearing, foreign exchange trading and retail banking services. At the end of June 2020, ICBC (London) recorded total assets of USD1,894 million and net assets of USD452 million. It generated a net profit of USD5.53 million in the first half of the year.

ICBC STANDARD BANK PLC

ICBC Standard Bank, a subsidiary of the Bank in the United Kingdom, has an issued share capital of USD1,083 million, in which the Bank holds a 60% stake directly. ICBC Standard Bank mainly provides global commodity trading businesses such as base metals, precious metals, commodities and energy as well as global financial markets businesses such as exchange rate, interest rate and credit. At the end of June 2020, ICBC Standard Bank recorded total assets of USD27,549 million and net assets of USD1,236 million. It generated a net profit of USD70.26 million in the first half of the year.

BANK ICBC (JOINT STOCK COMPANY)

Bank ICBC (JSC), a wholly-owned subsidiary of the Bank, was incorporated in Russia with a share capital of RUB10,810 million. It mainly provides a full spectrum of corporate banking services including corporate and project loan, trade finance, deposit, settlement, securities brokerage, custody, franchise treasury business and securities trading, foreign currency exchange, global cash management, investment banking and corporate financial consulting, as well as personal banking services. At the end of June 2020, Bank ICBC (JSC) recorded total assets of USD975 million and net assets of USD186 million. It generated a net profit of USD5.39 million in the first half of the year.

ICBC TURKEY BANK ANONIM ŞIRKETI

ICBC (Turkey), a subsidiary of the Bank in Turkey, has a share capital of TRY860 million, in which the Bank holds a 92.84% stake. It holds commercial banking, investment banking and asset management licenses, and provides corporate customers with comprehensive financial services including deposit, project loan, syndicated loan, trade finance, small and medium-sized enterprise loan, investment and financing advisory, securities brokerage and asset management, and renders personal customers with financial services such as deposit, consumption loan, residential mortgages, credit card and E-banking. At the end of June 2020, ICBC (Turkey) recorded total assets of USD3,342 million and net assets of USD215 million. It generated a net profit of USD14.60 million in the first half of the year.

ICBC AUSTRIA BANK GmbH

ICBC (Austria), a wholly-owned subsidiary of the Bank in Austria, has a share capital of EUR100 million. ICBC (Austria) provides financial services such as corporate deposit, loan, trade finance, international settlement, cash management, cross-border RMB business, foreign exchange transactions, and financial advisory for cross-border investment and financing. At the end of June 2020, ICBC (Austria) recorded total assets of USD573 million and net assets of USD106 million. It suffered a net loss of USD1.05 million in the first half of the year.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (USA) NA

ICBC (USA), a controlled subsidiary of the Bank in the United States, has a paid-up capital of USD369 million, in which the Bank holds an 80% stake. Holding a full-functional commercial banking license registered in the UFIQAC, ICBC (USA) is a member of Federal Deposit Insurance Corporation, providing corporate and retail banking services such as deposit, loan, settlement and remittance, trade finance, cross-border settlement, cash management, E-banking and bank card services. At the end of June 2020, ICBC (USA) recorded total assets of USD2,890 million and net assets of USD446 million. It generated a net profit of USD4.84 million in the first half of the year.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA FINANCIAL SERVICES LLC

ICBCFS, a wholly-owned subsidiary of the Bank in the United States, has a paid-up capital of USD50.00 million. It mainly specializes in securities clearing business in Europe and America, and offers securities brokerage services including securities clearing and financing for institutional customers. At the end of June 2020, ICBCFS recorded total assets of USD22,174 million and net assets of USD106 million. It generated a net profit of USD14.14 million in the first half of the year.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (CANADA)

ICBC (Canada) is a subsidiary of the Bank in Canada with a paid-up capital of CAD208.00 million, in which the Bank holds an 80% stake. Holding a full-functional commercial banking license, ICBC (Canada) provides corporate and retail banking services such as deposit, loan, settlement and remittance, trade finance, foreign exchange trading, funds clearing, cross-border RMB settlement, RMB currency notes, cash management, E-banking, bank card and investment and financing information consulting service. At the end of June 2020, ICBC (Canada) recorded total assets of USD1,795 million and net assets of USD258 million. It generated a net profit of USD1.17 million in the first half of the year.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA MEXICO S.A.

ICBC (Mexico), a wholly-owned subsidiary of the Bank in Mexico, has a paid-up capital of MXN1,597 million. Holding a full-functional commercial banking license, ICBC (Mexico) offers corporate deposit, loan, international settlement, trade finance, foreign exchange trading and other services. At the end of June 2020, ICBC (Mexico) recorded total assets of USD222 million and net assets of USD39.61 million. It suffered a net loss of USD3.71 million in the first half of the year.

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

ICBC (Brasil), a wholly-owned subsidiary of the Bank in Brazil, has a paid-up capital of BRL202 million. ICBC (Brasil) offers commercial banking and investment banking services such as deposit, loan, trade finance, international settlement, fund transaction, franchise wealth management and financial advisory. At the end of June 2020, ICBC (Brasil) recorded total assets of USD495 million and net assets of USD40.95 million. It suffered a net loss of USD0.58 million in the first half of the year.

ICBC PERU BANK

ICBC (Peru), a wholly-owned subsidiary of the Bank in Peru, has a paid-up capital of USD120 million. Holding a full-functional commercial banking license, ICBC (Peru) offers corporate deposit, loan, financial leasing, international settlement, trade finance, foreign exchange trading, E-banking and other services. At the end of June 2020, ICBC (Peru) recorded total assets of USD497 million and net assets of USD105 million. It generated a net profit of USD6.28 million in the first half of the year.

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

ICBC (Argentina), a wholly-owned subsidiary of the Bank in Argentina, has a share capital of ARS1,345 million. With the full-functional commercial banking license, ICBC (Argentina) provides a full range of commercial banking services including working capital loan, syndicated loan, structured financing, trade finance, personal loan, auto loan, spot/forward foreign exchange trading, financial markets, cash management, investment banking, bond underwriting, asset custody, leasing, international settlement, E-banking, credit card, asset management, etc. At the end of June 2020, ICBC (Argentina) recorded total assets of USD4,466 million and net assets of USD534 million. It generated a net profit of USD110 million in the first half of the year.

Major Domestic Subsidiaries

ICBC CREDIT SUISSE ASSET MANAGEMENT CO., LTD.

ICBC Credit Suisse Asset Management, a subsidiary of the Bank, has a paid-up capital of RMB200 million, in which the Bank holds an 80% stake. It mainly engages in fund placement, fund distribution, asset management and such other businesses as approved by CSRC, and owns many business qualifications including mutual fund, QDII, enterprise annuity, specific asset management, domestic and overseas investment manager of social security fund, RQFII, insurance asset management, special asset management, occupational annuity, manager of basic pension insurance investment. It is one of the fund companies with the most comprehensive qualifications in the industry. ICBC Credit Suisse Asset Management (International) and ICBC Credit Suisse Investment Management Co., Ltd. are structured under ICBC Credit Suisse Asset Management. At the end of June 2020, ICBC Credit Suisse Asset Management managed a total of 155 domestic mutual funds and over 540 enterprise annuity accounts and segregated management accounts as well as non-listed assets and overseas portfolios, with the assets under management reaching RMB1.29 trillion; it recorded total assets of RMB12,000 million and net assets of RMB10,280 million, and generated a net profit of RMB938 million in the first half of the year.

ICBC FINANCIAL LEASING CO., LTD.

ICBC Leasing, a wholly-owned subsidiary of the Bank, has a paid-up capital of RMB18.0 billion. It mainly operates the financial leasing of large-scale equipment in critical fields such as aviation, shipping, energy and power, rail transit and equipment manufacturing. It also engages in various financial and industrial services including leased assets trading, securitization of investment assets, assets management and economic consulting. At the end of June 2020, ICBC Leasing recorded total assets of RMB268,343 million and net assets of RMB38,539 million. It generated a net profit of RMB2,066 million in the first half of the year.

ICBC-AXA ASSURANCE CO., LTD.

ICBC-AXA, a subsidiary of the Bank, has a paid-up capital of RMB12,505 million, in which the Bank holds a 60% stake. ICBC-AXA engages in a variety of insurance businesses such as life insurance, health insurance and accident insurance, and re-insurance of these businesses, businesses in which use of insurance capital is permitted by laws and regulations of the State, and other businesses approved by CBIRC. At the end of June 2020, ICBC-AXA recorded total assets of RMB183,097 million and net assets of RMB15,533 million. It generated a net profit of RMB587 million in the first half of the year.

ICBC FINANCIAL ASSET INVESTMENT CO., LTD.

ICBC Investment, a wholly-owned subsidiary of the Bank, has a paid-up capital of RMB12.0 billion and is one of the first pilot banks in China to conduct debt-for-equity swap authorized by the State Council. It holds the franchise license of non-bank financial institution and is mainly engaged in debt-for-equity swap and the supporting business. ICBC Investment established a private equity fund management subsidiary with the private fund manager's license — ICBC Capital Management Co., Ltd., which was approved to conduct market-based equity investment business as a pilot entity in Shanghai in March 2020. At the end of June 2020, ICBC Investment recorded total assets of RMB136,238 million and net assets of RMB14,808 million. It generated a net profit of RMB591 million in the first half of the year.

ICBC WEALTH MANAGEMENT CO., LTD.

ICBC Wealth Management, a wholly-owned subsidiary of the Bank, has a paid-up capital of RMB16.0 billion. It engages mainly in the issuance of wealth management products, wealth management advisory and consulting service and other activities approved by CBIRC, qualified for general derivatives trading and foreign exchange business. At the end of June 2020, ICBC Wealth Management recorded total assets of RMB16,824 million and net assets of RMB16,594 million. It generated a net profit of RMB256 million in the first half of the year.

Major Equity Participation Company

STANDARD BANK GROUP LIMITED

Standard Bank is the largest commercial bank in Africa. Its scope of business covers commercial banking, investment banking, life insurance business and other areas. The Bank holds 20.06% ordinary shares of Standard Bank. Based on mutual benefit and win-win cooperation, the two sides furthered their cooperation in equity cooperation, customer expansion, project financing, product innovation, risk management, FinTech and staff exchange. At the end of June 2020, Standard Bank recorded total assets of ZAR2,610,912 million and net assets of ZAR218,453 million. It generated a net profit of ZAR4,122 million in the first half of the year.

RISK MANAGEMENT

Enterprise Risk Management System

In the first half of 2020, the Bank continued to promote the global, comprehensive and brand-new risk management system involving all personnel, spanning all processes and covering all risk exposures under the principles of "active prevention, smart control and comprehensive management". It improved the enterprise risk management system and identified the responsibilities of "three lines of defense" in risk management; upgraded risk appetite management system and strengthened risk limit management and control; accelerated system building and data governance regarding risk management to consolidate risk management foundation; pushed ahead with application of machine learning, knowledge graph, face recognition and other cutting-edge technologies to make risk management more intelligent; enhanced risk monitoring and early warning.

Credit Risk

Credit Risk Management

The Bank gained achievements in supporting the real economy and preventing and controlling credit risk, reasonably launched credit policies in major risk areas, lent a hand to alleviate enterprises' operation difficulties resulted from the COVID-19 and introduced special policy of deferred repayment for personal customers affected by the pandemic, taking targeted measures to well manage and control credit risk.

The Bank continued to improve the credit rules, and consolidated the basis for credit management. It refined the joint credit granting management mechanism and standardize its management responsibilities and procedure, thereby managing the joint credit granting in a steady manner; updated and integrated working capital loan management policies, intensified the management of risk control process and completed supporting system improvement; launched regulations for loans supporting technology upgrading of manufacturing enterprises, firmly backed technology upgrading scenarios of manufacturing enterprises and satisfied the financing demands of high-quality projects on the national or provincial governments' list of technology transformation program for industrial enterprises.

The Bank strengthened the strategic guiding role of credit policy, and continued to improve its credit structure. It continued to meet the investment and financing demands of new urbanization construction, major projects and livelihood projects in fields such as urban infrastructure and public service, and projects under construction. It further supplemented the standards and requirements of credit policy of manufacturing industry, focused on supporting high-quality customers and projects in emerging fields such as new-generation IT and high-end equipment, and enhanced differentiated policy management for traditional manufacturing continuously. The Bank made active efforts to meet the financing demands of service industries striving to achieve consumption upgrade. To implement national major strategic region planning, the Bank researched and formulated credit policies of the Yangtze River Delta, Guangdong-Hong Kong-Macau Greater Bay Area, Beijing-Tianjin-Hebei Region, Central China and Chengdu-Chongqing Economic Circle while carried out credit policy guidance, support and management in those regions focusing on their characteristics.

The Bank strengthened risk management of the real estate industry. It continued to promote classification of the real estate market, reinforce risk management in commercial real estate by cities, mainly supported ordinary commercial housing projects aimed to satisfy rigid demands that are in line with regulatory guidance, and proactively and prudently promoted financing for commercial rental housing projects. It increased efforts in making government-subsidized housing projects in compliance with laws and regulations, strictly controlled financing for commercial property development and shantytown renovation projects for commercial use, and prudently controlled the real estate M&A financing.

The Bank strengthened credit risk management of small and micro enterprises. It continued to build a credit risk prevention and control system covering the whole process for small and micro enterprises. To progress towards the "digital inclusive finance", it built a credit risk management system of small and micro enterprises featured "data driven, intelligent warning, dynamic management and continuous operation". It improved customer selection and model access mechanism to tighten customer entry. It further advanced the mode of management throughout the term of business combining on-site inspection and off-site monitoring, specified responsibility for on-site inspection, augmented data source of off-site monitoring and bettered monitoring models, so as to increase the accuracy and coverage of off-site monitoring. It also strengthened efforts to collect and dispose NPLs, created new ways of collecting and disposing NPLs, and increased the quality and effectiveness of controlling credit risk of small and micro enterprises.

The Bank enhanced risk management of personal loans. It dynamically adjusted risk management and control policy for personal loans in line with the development of the COVID-19 pandemic, spared no efforts to provide credit and supporting services in the period of the pandemic, and concentrated on alleviating credit risk of customers whose repayment ability was severely weakened due to the pandemic. It upgraded and enriched monitoring models for personal loans and enhanced its capability of monitoring and early warning; completed post-loan management mechanism for personal loans, further revamped the rules for extending personal short-term loans, and focused on managing, collecting and disposing NPLs; carried out case prevention management steadily, stepped up efforts to track and remedy risk events, and took serious measures to trace and solve key risk points.

The Bank stepped up risk management of credit card business. It improved risk policy of credit card business, put into practice the regulatory requirement of "mandatory credit deduction" across the board and refined the carried standards. It fully established intensive operation mechanism for credit card business and realized centralized approval of standardized personal credit card issuance and credit limit adjustment, practically enhancing credit risk management capability. To keep out frauds in credit card business, it perfected anti-fraud process and mechanism in credit card application and strengthened authenticity check. The Bank deepened the construction of a smart system for credit management and pioneered the application of AI robot in telephone interview and voiceprint recognition in manual survey, to recognize deceptive credit card application by agencies.

The Bank improved credit risk management of treasury operations. As for investment business, it closely followed the whole Bank's and industrial credit policies and strengthened pre-investment analysis. It kept a close eye on redemption risk of bonds due within the year, intensified monitoring of existing business in key risk industries and strengthened management throughout the term of business. In terms of money market businesses, it improved mechanism on pre-lending risk monitoring, and strengthened pre-access examination of counterparties and dynamic monitoring of risks. It imposed intensive systemic control over authorization, credit granting, access of counterparties, collateral, transaction price and other critical risk management links, ensuring compliance in business handling. It improved management throughout the term of business, and developed a sound mechanism in this regard. As to derivatives, the Bank actively promoted the negotiation and signing of ISDA, NAFMII and other relevant legal agreements, strictly managed and controlled derivative business counterparty credit limit through the Global Financial Market Transaction platform, and continued to conduct regular monitoring of client margins and credit limit.

Credit Risk Analysis

At the end of June 2020, the maximum credit risk exposure without taking account of any collateral and other credit enhancements reached RMB34,952,001 million, representing an increase of RMB2,805,856 million compared with the end of the previous year. Please refer to "Note 44.(a)(i) to the Financial Statements: Maximum Exposure to Credit Risk without Taking Account of Any Collateral and Other Credit Enhancements". For mitigated risk exposures of credit risk asset portfolio, please refer to the section headed "Information Disclosed Pursuant to the Capital Regulation".

DISTRIBUTION OF LOANS BY FIVE-CATEGORY CLASSIFICATION

In RMB millions, except for percentages

	At 30 June 2020		At 31 December 2019	
Item	Amount	Percentage (%)	Amount	Percentage (%)
Pass	17,272,255	96.09	16,066,266	95.86
Special mention	433,436	2.41	454,866	2.71
NPLs	269,961	1.50	240,187	1.43
Substandard	148,494	0.83	97,864	0.58
Doubtful	103,115	0.57	113,965	0.68
Loss	18,352	0.10	28,358	0.17
Total	**17,975,652**	**100.00**	**16,761,319**	**100.00**

The quality of loans remained stable generally. As at the end of June 2020, according to the five-category classification, pass loans amounted to RMB17,272,255 million, representing an increase of RMB1,205,989 million compared to the end of the previous year and accounting for 96.09% of total loans. Special mention loans amounted to RMB433,436 million, representing a decrease of RMB21,430 million and accounting for 2.41% of total loans, dropping 0.30 percentage points. NPLs amounted to RMB269,961 million, showing an increase of RMB29,774 million, and NPL ratio was 1.50%, with an increase of 0.07 percentage points.

DISTRIBUTION OF LOANS AND NPLS

In RMB millions, except for percentages

	At 30 June 2020				At 31 December 2019			
Item	Loan	Percentage (%)	NPLs	NPL ratio (%)	Loan	Percentage (%)	NPLs	NPL ratio (%)
Corporate loans	10,774,963	59.9	225,245	2.09	9,955,821	59.4	200,722	2.02
Short-term corporate loans	2,735,356	15.2	117,931	4.31	2,458,321	14.7	108,671	4.42
Medium to long-term corporate loans	8,039,607	44.7	107,314	1.33	7,497,500	44.7	92,051	1.23
Discounted bills	430,758	2.4	623	0.14	421,874	2.5	623	0.15
Personal loans	6,769,931	37.7	44,093	0.65	6,383,624	38.1	38,842	0.61
Residential mortgages	5,486,556	30.5	15,772	0.29	5,166,279	30.8	11,679	0.23
Personal consumption loans	190,441	1.1	3,771	1.98	193,516	1.2	4,459	2.30
Personal business loans	435,159	2.4	7,135	1.64	345,896	2.1	7,710	2.23
Credit card overdraft	657,775	3.7	17,415	2.65	677,933	4.0	14,994	2.21
Total	**17,975,652**	**100.0**	**269,961**	**1.50**	**16,761,319**	**100.0**	**240,187**	**1.43**

Corporate NPLs were RMB225,245 million, representing a NPL ratio of 2.09%. Personal NPLs stood at RMB44,093 million, representing a NPL ratio of 0.65%.

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

In RMB millions, except for percentages

	At 30 June 2020				At 31 December 2019			
Item	Loan	Percentage (%)	NPLs	NPL ratio (%)	Loan	Percentage (%)	NPLs	NPL ratio (%)
Transportation, storage and postal services	2,270,350	24.4	19,457	0.86	2,131,892	24.9	17,466	0.82
Manufacturing	1,604,220	17.1	68,306	4.26	1,445,154	16.9	73,976	5.12
Leasing and commercial services	1,327,291	14.2	20,429	1.54	1,187,749	13.9	11,664	0.98
Water, environment and public utility management	1,050,689	11.2	6,557	0.62	910,504	10.6	4,122	0.45
Production and supply of electricity, heat, gas and water	949,124	10.1	2,561	0.27	934,414	10.9	1,900	0.20
Real estate	680,206	7.3	9,624	1.41	638,055	7.5	10,936	1.71
Wholesale and retail	449,163	4.8	57,848	12.88	406,532	4.7	42,492	10.45
Construction	273,794	2.9	5,288	1.93	252,104	2.9	5,344	2.12
Science, education, culture and sanitation	235,006	2.5	3,656	1.56	208,560	2.4	3,214	1.54
Mining	176,183	1.9	7,860	4.46	166,434	2.0	7,305	4.39
Lodging and catering	88,635	0.9	10,697	12.07	88,448	1.0	7,163	8.10
Others	255,052	2.7	3,726	1.46	190,096	2.3	6,511	3.43
Total	**9,359,713**	**100.0**	**216,009**	**2.31**	**8,559,942**	**100.0**	**192,093**	**2.24**

The Bank continued to improve and adjust the allocation of credits to industries, and spared no effort to provide more support to the real economy development, and funded major enterprises dedicated to the pandemic prevention and control with all strength. Specifically, loans to manufacturing increased by RMB159,066 million or 11.0% over the end of last year, mainly for pandemic prevention and control, relevant supplies, as well as for capital turnover and reserve in business resumption. Loans to water, environment and public utility management increased by RMB140,185 million, representing a growth rate of 15.4%, mainly for steadily meeting investment and financing demands arising from significant projects and projects for people's livelihood in the areas of urban infrastructure, environmental protection and public services. Loans to leasing and commercial services increased by RMB139,542 million, representing a growth rate of 11.7%, mainly due to fast growth in commercial services including investment and asset management and development zones etc. Loans to transportation, storage and postal services increased by RMB138,458 million, representing a growth rate of 6.5%, mainly to provide more credit support for major projects in such fields as highway and railway.

Severely affected by the COVID-19 outbreak, certain loans to wholesale and retail, leasing and commercial services turned non-performing, leading to a faster rise in the balance of NPLs.

DISTRIBUTION OF LOANS AND NPLS BY GEOGRAPHIC AREA

In RMB millions, except for percentages

Item	At 30 June 2020				At 31 December 2019			
	Loan	Percentage (%)	NPLs	NPL ratio (%)	Loan	Percentage (%)	NPLs	NPL ratio (%)
Head Office	756,366	4.2	22,931	3.03	774,578	4.6	20,725	2.68
Yangtze River Delta	3,415,230	19.0	43,930	1.29	3,124,793	18.6	26,024	0.83
Pearl River Delta	2,575,490	14.3	26,343	1.02	2,341,370	14.0	23,629	1.01
Bohai Rim	2,925,074	16.3	60,672	2.07	2,739,585	16.3	49,037	1.79
Central China	2,666,243	14.8	35,444	1.33	2,445,215	14.7	35,638	1.46
Western China	3,239,846	18.0	44,752	1.38	2,991,010	17.8	40,164	1.34
Northeastern China	820,730	4.6	26,198	3.19	798,691	4.8	35,944	4.50
Overseas and others	1,576,673	8.8	9,691	0.61	1,546,077	9.2	9,026	0.58
Total	**17,975,652**	**100.0**	**269,961**	**1.50**	**16,761,319**	**100.0**	**240,187**	**1.43**

MOVEMENTS OF ALLOWANCE FOR IMPAIRMENT LOSSES ON LOANS

In RMB millions

Item	Movements of allowance for impairment losses on loans and advances to customers measured at amortised cost				Movements of allowance for impairment losses on loans and advances to customers measured at FVOCI			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2020	**215,316**	**78,494**	**184,688**	**478,498**	**227**	**–**	**5**	**232**
Transfer:								
to stage 1	15,048	(13,555)	(1,493)	–	–	–	–	–
to stage 2	(4,643)	6,233	(1,590)	–	–	–	–	–
to stage 3	(1,766)	(28,635)	30,401	–	–	–	–	–
Charge	56,921	24,949	29,801	111,671	34	–	–	34
Write-offs and transfer out	–	–	(65,739)	(65,739)	–	–	–	–
Recoveries of loans and advances previously written off	–	–	1,920	1,920	–	–	–	–
Other movements	89	(75)	(1,037)	(1,023)	0	–	–	0
Balance at 30 June 2020	**280,965**	**67,411**	**176,951**	**525,327**	**261**	**–**	**5**	**266**

Note: Please see "Note 17. to the Financial Statements: Loans and Advances to Customers" for details.

At the end of June 2020, the allowance for impairment losses on loans stood at RMB525,593 million, of which RMB525,327 million on loans measured at amortised cost, and RMB266 million on loans measured at fair value through other comprehensive income. Allowance to NPLs was 194.69%, and allowance to total loans ratio was 2.92%.

DISTRIBUTION OF LOANS BY COLLATERAL

In RMB millions, except for percentages

	At 30 June 2020		At 31 December 2019	
Item	Amount	Percentage (%)	Amount	Percentage (%)
Loans secured by mortgages	8,378,844	46.6	7,884,774	47.1
Pledged loans	1,491,265	8.3	1,427,911	8.5
Guaranteed loans	2,229,901	12.4	2,078,921	12.4
Unsecured loans	5,875,642	32.7	5,369,713	32.0
Total	**17,975,652**	**100.0**	**16,761,319**	**100.0**

OVERDUE LOANS

In RMB millions, except for percentages

	At 30 June 2020		At 31 December 2019	
Overdue periods	Amount	% of total loans	Amount	% of total loans
Less than 3 months	78,351	0.44	83,084	0.50
3 months to 1 year	79,332	0.44	89,625	0.53
1 to 3 years	67,660	0.38	66,848	0.40
Over 3 years	20,134	0.11	28,659	0.17
Total	**245,477**	**1.37**	**268,216**	**1.60**

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

Overdue loans stood at RMB245,477 million, representing a drop of RMB22,739 million from the end of the previous year. Among them, loans overdue for over 3 months amounted to RMB167,126 million, representing a decrease of RMB18,006 million.

RESCHEDULED LOANS

Rescheduled loans and advances amounted to RMB9,682 million, representing an increase of RMB2,363 million as compared to the end of the previous year. Rescheduled loans and advances overdue for over 3 months amounted to RMB2,324 million, representing an increase of RMB989 million.

BORROWER CONCENTRATION

The total amount of loans granted by the Bank to the single largest customer and top ten single customers accounted for 3.3% and 13.3% of the Bank's net capital base respectively. The total amount of loans granted to the top ten single customers was RMB421,454 million, accounting for 2.3% of the total loans. The table below shows the details of the loans granted to the top ten single borrowers of the Bank as at the end of June 2020.

In RMB millions, except for percentages

Borrower	Industry	Amount	% of total loans
Borrower A	Transportation, storage and postal services	105,583	0.6
Borrower B	Transportation, storage and postal services	61,614	0.3
Borrower C	Manufacturing	47,305	0.3
Borrower D	Transportation, storage and postal services	44,298	0.2
Borrower E	Transportation, storage and postal services	38,250	0.2
Borrower F	Transportation, storage and postal services	27,270	0.2
Borrower G	Transportation, storage and postal services	26,186	0.2
Borrower H	Manufacturing	24,804	0.1
Borrower I	Manufacturing	23,783	0.1
Borrower J	Manufacturing	22,361	0.1
Total		**421,454**	**2.3**

Note: Due to rounding, percentages presented herein are for reference only.

Large Exposures Management

The Bank actively established and improved the management structure and system for large exposures, improved relevant rules and regulations, and clarified requirements on management framework, calculation method, policy and procedures related to large exposures management. Efforts were also continuously made to promote the information system to effectively manage the Bank's large exposures.

Risk Management for Asset Management

The Bank actively implemented the requirements of New Rules on Asset Management, closely followed the principle of isolating risks of agency investment and businesses that it operates for its own account, continued to develop a system for managing asset management business risk, and effectively promoted the sound development of asset management business. The Bank formulated standard fundamental principles and rules for non-standard agency investment business after the inception of ICBC Wealth Management, and propelled the transformation of risk management system for asset management business. The Bank revised fundamental administrative policies for non-standard agency investment business, strengthened the refined and differentiated management of asset-backed securities, debt-for-equity swap, investment in equity of non-financial and unlisted enterprises and other key businesses, and consolidated the foundation of risk management and control over approval authorization for agency investment risk, partnership management and archive management. It continued to improve asset management business-related IT system functions, implemented post-investment valuation function for non-standard agency debt investment business, updated functions such as full amount guarantee verification and guarantor limit management for agency investment business and management of agency investment in portfolios of funds throughout the term of business, and further strengthened systematic management to cover the whole-process of agency investment business.

The Bank established and improved a risk monitoring system under the principle of thorough penetration and conducted regular inspections of all assets for risk by building penetrative bond base and project library. It made more efforts to study and predict market trends in order to set reasonable and forward-looking risk pre-warning indicators. Sticking to the principle of rendering everything under control and imposing strict control, the Bank included such risk control indicators as investment concentration and product leverage ratio into system procedure-based hard control, conducting investment business in a standardized and effective manner. It laid down comprehensive stress testing rules for wealth management products so as to carry out stress testing for products. It upgraded efficient, transparent and controllable examination system covering the whole process, strictly implemented investment restriction requirements in New Rules on Asset Management, and took stringent measures to prevent from stepping into areas banned by the regulators. It actively bettered credit rating mechanism and built credit rating system which covers the whole market and will be adjusted continuously. It paid close attention to market changes, deepened industry analysis and tapped into new business modes, constantly enhancing the perspectiveness of pre-investment approval. It also structured a dynamic and prudent liquidity risk management system, properly matched the term of product with investment term, focused on disposing liquidity risk during critical times and improved large-value subscription and redemption mechanism.

Please refer to the section headed "Information Disclosed Pursuant to the Capital Regulation" for further information on credit risk capital measurement.

Market Risk

The Bank continued to promote the market risk management, advanced market risk management of overseas institutions, and formed emergency plans to deal with material market risk for overseas institutions. It improved the group-wide market risk appetite transmission mechanism, strictly controlled the Group's market risk limit, carried out forward-looking analysis on the Group's interest rate risk, currency risk and product risk, formulated rapid risk reporting mechanism during the pandemic, and improved regulations on market data quality management. The Bank continued to improve functions of the Global Market Risk Management (GMRM) system, promoted the upgrading, management and application of stress testing and other functions, and made unceasing efforts to apply GMRM to overseas institutions.

Management of Market Risk in the Trading Book

The Bank continuously strengthened trading book market risk management and product control, adopted the value-at-risk (VaR), stress testing, sensitivity analysis, exposure analysis, profit/loss analysis, price monitoring and other means to measure and manage trading book products. It continued to improve the portfolio-based market risk limit management system, refined the limit indicator system, completed dynamic management mechanism, and realized quick and flexible limit monitoring and dynamic adjustments based on the GMRM system to meet the requirements of new products and businesses for timeliness. For VaR of the trading book, please refer to "Note 44. (c)(i) to the Financial Statements: VaR".

Currency Risk Management

The Bank closely watched the changes in external environment and market conditions, took a combination of measures such as limit management and hedging of risks to timely adjust and optimize the aggregate amount and structure of foreign exchange assets and liabilities, and strengthened assets and liabilities currency structure management and capital fund preservation management of overseas institutions. The currency risk was generally under control.

FOREIGN EXCHANGE EXPOSURE

In RMB (USD) millions

Item	At 30 June 2020 RMB	At 30 June 2020 USD equivalent	At 31 December 2019 RMB	At 31 December 2019 USD equivalent
Exposure of on-balance sheet foreign exchange items, net	462,276	65,347	372,187	53,453
Exposure of off-balance sheet foreign exchange items, net	(302,143)	(42,711)	(176,923)	(25,410)
Total foreign exchange exposure, net	**160,133**	**22,636**	**195,264**	**28,043**

Please refer to "Note 44. (c)(ii) to the Financial Statements: Currency Risk" for the exchange rate sensitivity analysis.

Please refer to the section headed "Information Disclosed Pursuant to the Capital Regulation" for further information on market risk capital measurement.

Interest Rate Risk in the Banking Book

Upholding the idea of risk management creating value, the Bank developed a more forward-looking, proactive and adaptable strategy and policy system for interest rate risk, applied a combination of quantity, pricing and derivative instruments regarding assets and liabilities to optimize duration structure and respond to the downward pressure of interest rate and the COVID-19 pandemic, prevented and controlled interest rate risk in the pricing benchmark conversion of existing loans, thereby maintaining stable overall income and long-term value. It continuously improved interest rate risk management process, focused on developing mechanism to prevent and control interest rate risk at the product access, and reinforced the performing of duties at the first defense line of interest rate risk. It continued to apply technologies to interest rate risk management system, increasing the efficiency of preventing and controlling interest rate risk across the Group, throughout the whole process and in all products.

Analysis on Interest Rate Risk in the Banking Book

Interest Rate Exposure Analysis

At the end of June 2020, the Bank had a positive cumulative interest rate sensitivity exposure within one year of RMB306,814 million, representing an increase of RMB451,970 million from the end of the previous year, mainly resulted from the increase in repriced or matured loans and advances to customers and reverse repurchase agreements within one year. It had a positive cumulative interest rate sensitivity exposure above one year of RMB1,685,746 million, representing a decrease of RMB444,463 million, mainly due to the increase in repriced or matured due to customers above one year.

INTEREST RATE RISK EXPOSURE

In RMB millions

	Less than 3 months	3 months to 1 year	1 to 5 years	Over 5 years
At 30 June 2020	(8,312,162)	8,618,976	(749,625)	2,435,371
At 31 December 2019	(1,593,786)	1,448,630	220,030	1,910,179

Note: Please refer to "Note 44. (d) to the Financial Statements: Interest Rate Risk in the Banking Book" for details.

Please refer to the section headed "Information Disclosed Pursuant to the Capital Regulation" for further information on interest rate sensitivity analysis in the banking book.

Liquidity Risk

The Bank upheld a steady and prudent liquidity risk management strategy, stepped up efforts to manage liquidity risk, and took measures to see that the Group's liquidity is stable and safe. It strengthened monitoring over key businesses, customers and funds to ensure sound liquidity risk management during payment peak times, national holidays and critical times. It analyzed, researched and predicted factors affecting liquidity risk, made coordinated efforts to manage liquidity risks in both domestic and overseas institutions, in RMB and foreign currencies, and on- and off-balance sheet, ensuring stable liquidity and sufficient liquidity reserves. Based on these efforts, the Bank's liquidity risk management system was improved steadily, with more automatic supporting system for monitoring, measuring and managing liquidity risks, so as to boost effective and refined management of liquidity risk.

Liquidity Risk Analysis

At the end of June 2020, RMB liquidity ratio and foreign currency liquidity ratio of the Bank were 43.1% and 93.1% respectively, both meeting the regulatory requirements. Loan-to-deposit ratio was 70.6%. Please refer to the section headed "Discussion and Analysis — Other Information Disclosed Pursuant to Regulatory Requirements" for details.

Net stable funding ratio aims to ensure commercial banks have sufficient stable sources of funding to meet the needs for stable funding of assets and off-balance sheet risk exposures. The net stable funding ratio is the ratio of the available stable funding to the required stable funding. As at the end of the second quarter of 2020, the net stable funding ratio was 127.89%, 1.45 percentage points lower than that at the end of the previous quarter, mainly due to the rapid growth in the required stable funding. For the quantitative information for net stable funding ratio in accordance with the Disclosure Rules on Net Stable Funding Ratio of Commercial Banks, please refer to the section headed "Unaudited Supplementary Financial Information".

The daily average liquidity coverage ratio for the second quarter of 2020 was 136.32%, 18.27 percentage points higher than the previous quarter, mainly attributable to the increase in the size of both eligible high-quality liquid assets and cash inflows in the future 30 days. High-quality liquid assets cover cash, available central bank reserve under stress and primary and secondary bond assets that can be included in the liquidity coverage ratio under the regulatory requirements. For the quantitative information for liquidity coverage ratio in accordance with the Administrative Measures for the Information Disclosure of Liquidity Coverage Ratio of Commercial Banks, please refer to the section headed "Unaudited Supplementary Financial Information".

The Bank also assessed its liquidity risk profile by using liquidity exposure analysis. Deposits maintained steady growth with a high deposition rate, and at the same time the Bank made major investment in highly liquid bond assets, and possessed sufficient liquidity reserves. Therefore, the overall liquidity of the Bank maintained at a safe level. At the end of June 2020, the positive liquidity exposure within 1 month increased, mainly due to the increase of matured reverse repurchase agreements with corresponding term. The negative liquidity exposure for the 3 months to 1 year category decreased, mainly caused by the decrease of matured due to customers with corresponding term and the growth of matured loans and advances to customers with corresponding term.

LIQUIDITY EXPOSURE ANALYSIS

In RMB millions

	Overdue/ repayable on demand	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Undated	Total
At 30 June 2020	(14,308,325)	730,071	(566,060)	(118,565)	2,689,650	11,185,198	3,134,787	2,746,756
At 31 December 2019	(13,148,663)	372,311	(701,406)	(715,546)	3,498,846	10,069,296	3,317,165	2,692,003

Note: Please refer to "Note 44. (b) to the Financial Statements: Liquidity Risk" for details.

Internal Control and Operational Risk

Internal Control

The Bank continually refined its internal control mechanism and concentrated to promote better and more effective internal control system of the Group. It revised Measures for Internal Regulation Management of the Group and continued to apply the internal regulation management system to overseas institutions. It finished compiling Internal Control Manual and pushed forward with its application and formation of long-term management mechanism. It restructured the internal control assessment system for domestic branches improving assessment methods and making innovation of assessment tools, to work out and improve the division of responsibilities mechanism, as well as the incentive and constraint mechanism of assessment criteria. To improve the Group's compliance management level on an on-going basis, it strengthened the performing of duties in compliance of the first line of defense. It pushed ahead with a mechanism for long-term overseas compliance management, and built a compliance management structure featuring "one mode for one region" and "risk-based" mode to control overseas institutions' compliance practice based on their grade, so as to strengthen differentiated supervision and instruction in key institutions. Moreover, it advanced closed-loop management cover the whole process, improved appraisal and accountability mechanism for compliance, and built up a compliance team.

Operational Risk Management

The Bank continued to push the Group's operational risk management and control to a higher level in line with the regulatory focus and operational risk trends under the circumstance of pandemic prevention and control. It attached importance to prevent and manage operational risk in credit loan, operation settlement, authorization management and other business. It focused on risk governance in lawsuit-related risks, regulatory punishment and other key areas and took special actions to prevent and control lawsuit-related risk. It performed gridding and intelligent risk inspections in terms of employees' unusual conducts. It refined the operational risk management system, intensified the mapping relation between operational risk and business lines, and continuously strengthened the application of operational risk management tools and data quality management. It also refined limit management of operational risk and performed well in monitoring and reporting limit indicators. During the reporting period, the operational risk management and control system of the Bank operated smoothly and the operational risk was controllable on the whole.

Legal Risk

The Bank constantly improved its capacity to prevent and control legal risk, and made continuous efforts to improve the full-process legal risk prevention and control mechanism in a systematic manner. Following the current financial regulatory requirements, the Bank further advanced the prevention, control and mitigation of relevant legal risks in key fields and links, improved function design and well-conceived mechanism for electronic signing system, and made productive efforts to make legal risk management and control more procedure-based, and build a better-structured system.

Anti-Money Laundering

In strict compliance with anti-money laundering ("AML") laws and regulations of China and host countries (regions) of overseas institutions, the Bank fully implemented the "risk-based" regulatory requirements in respect of AML, earnestly fulfilled the legal obligations and social responsibilities concerning AML. The Bank constantly developed the Group's AML governance capability, improved AML organizational structure, and enhanced appraisal, incentive and constraint mechanism regarding AML. The Bank promoted domestic and overseas Know Your Customer ("KYC") special rectification, and tightened the compliance inspections and supervision on high-risk areas. The Bank promoted the domestic money laundering risk evaluation project, carried out key AML risk assessment on overseas institutions, and reorganized the money laundering risks evaluation system for customers, products and institutions. The Bank reinforced control over the whole process and thorough management in major risk areas and invested more resources to develop intelligent AML system. Meanwhile, it stepped up training for AML compliance personnel to accelerate the implementation of "risk-based and precautionary" money laundering risk management idea.

Please refer to the section headed "Information Disclosed Pursuant to the Capital Regulation" for further information on operational risk capital measurement.

Reputational Risk

The Bank constantly advanced the building of the reputational risk management policies and mechanism, realizing better management in this regard. It supplemented reputational risk management policies, reinforced the management of reputational risk sources and specified responsibilities of management entity. It actively responded to public concerns in terms of hotspot issues. It also organized a series of campaigns with great influence for publicity to enhance its brand image. During the reporting period, the Bank's reputational risk was controllable with no material reputational risk event occurred.

Country Risk

In the first half of 2020, facing the increasingly complicated international political and economic environment, the Bank continued to enhance country risk management. It continuously improved the policies and procedures for country risk management; closely watched changes in country risk exposures, constantly tracked, monitored and reported country risks; and timely updated and adjusted the country risk rating and limits. It also conducted stress tests on country risk actively, strengthened early warning for country risks, and effectively controlled country risks while pushing ahead with the internationalization.

CAPITAL MANAGEMENT

In the first half of the year, the Bank further deepened the capital management reform, strengthened capital saving and optimization, carried forward the disposal of inefficient capital occupation, intensified the constraint of economic capital on risk-weighted assets and continued to elevate the capital use efficiency. It holistically balanced the supplementation of endogenous and exogenous capital, and further consolidated the capital base to reinforce its capacity in supporting the real economy. During the reporting period, all capital indicators performed well, of which capital adequacy ratio was kept at a sound and appropriate level.

Capital Adequacy Ratio and Leverage Ratio

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

As at the end of June, the core tier 1 capital adequacy ratio, tier 1 capital adequacy ratio and capital adequacy ratio stood at 12.70%, 13.72% and 16.00% respectively, complying with regulatory requirements.

CAPITAL ADEQUACY RATIO

In RMB millions, except for percentages

Item	At 30 June 2020	At 31 December 2019
Core tier 1 capital	**2,526,951**	**2,472,774**
Paid-in capital	356,407	356,407
Valid portion of capital reserve	148,563	149,067
Surplus reserve	292,625	292,149
General reserve	305,006	304,876
Retained profits	1,421,369	1,367,180
Valid portion of minority interests	4,079	4,178
Others	(1,098)	(1,083)
Core tier 1 capital deductions	**15,725**	**15,500**
Goodwill	9,128	9,038
Other intangible assets other than land use rights	3,604	2,933
Cash flow hedge reserves that relate to the hedging of items that are not fair valued on the balance sheet	(4,987)	(4,451)
Investments in core tier 1 capital instruments issued by financial institutions that are under control but not subject to consolidation	7,980	7,980
Net core tier 1 capital	**2,511,226**	**2,457,274**
Additional tier 1 capital	**200,207**	**200,249**
Additional tier 1 capital instruments and related premium	199,456	199,456
Valid portion of minority interests	751	793
Net tier 1 capital	**2,711,433**	**2,657,523**
Tier 2 capital	**450,708**	**463,956**
Valid portion of tier 2 capital instruments and related premium	252,624	272,680
Surplus provision for loan impairment	196,774	189,569
Valid portion of minority interests	1,310	1,707
Net capital base	**3,162,141**	**3,121,479**
Risk-weighted assets(2)	**19,769,139**	**18,616,886**
Core tier 1 capital adequacy ratio	**12.70%**	**13.20%**
Tier 1 capital adequacy ratio	**13.72%**	**14.27%**
Capital adequacy ratio	**16.00%**	**16.77%**

Notes: (1) Please refer to "Note 44. (e) to the Financial Statements: Capital Management" for details.

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

For more information of capital measurement of the Bank, please refer to the section headed "Information Disclosed Pursuant to the Capital Regulation".

LEVERAGE RATIO

In RMB millions, except for percentages

Item	At 30 June 2020	At 31 March 2020	At 31 December 2019	At 30 September 2019
Net tier 1 capital	2,711,433	2,744,542	2,657,523	2,636,734
Balance of adjusted on- and off-balance sheet assets	35,239,614	34,044,105	31,982,214	32,402,109
Leverage ratio	**7.69%**	**8.06%**	**8.31%**	**8.14%**

Note: Please refer to the section headed "Unaudited Supplementary Financial Information" for details on disclosed leverage ratio information.

Capital Financing Management

On the basis of capital replenishment by retained profits, the Bank proactively expanded the channels for exogenous capital replenishment and continuously promoted the innovation of capital instruments, to reinforce the capital strength, optimize capital structure and control the cost of capital rationally.

The proposals on the issuance of domestic and offshore preference shares were reviewed and approved at the First Extraordinary General Meeting of 2018 of the Bank. In March and July 2020, the Bank received replies from CBIRC and CSRC respectively, approving the issuance of no more than 300 million offshore preference shares with the proceeds not exceeding RMB30.0 billion equivalent of USD, which will be counted as the additional tier 1 capital of the Bank in accordance with relevant regulatory requirements.

The Annual General Meeting for the Year 2019 of the Bank considered and approved the Proposal on the Issuance of Undated Additional Tier 1 Capital Bonds and Eligible Tier 2 Capital Instruments. The Bank planned to newly issue capital instruments with the total amount up to RMB80.0 billion equivalent, including undated additional tier 1 capital bonds in the offshore market in foreign currency of RMB40.0 billion equivalent, which will be used to replenish additional tier 1 capital of the Bank; and eligible tier 2 capital instruments of RMB40.0 billion or equivalent foreign currency in the domestic and offshore markets to replenish the Bank's tier 2 capital. The Annual General Meeting for the Year 2019 of the Bank considered and approved the Proposal on the Issuance of No More Than RMB90 Billion Eligible Tier 2 Capital Instruments. The Bank planned to newly issue eligible tier 2 capital instruments with the total amount up to RMB90.0 billion in the domestic market to replenish the Bank's tier 2 capital. The above-mentioned issuance plan on undated additional tier 1 capital bonds is still subject to the approval by the relevant regulatory authorities. In August 2020, the Bank received replies from CBIRC and PBC, approving the Bank to publicly issue tier 2 capital bonds of no more than RMB130.0 billion in China's national inter-bank bond market.

The Board of Directors of the Bank reviewed and approved the Proposal on the Issuance of Undated Additional Tier 1 Capital Bonds on 28 August 2020. The Bank planned to issue undated additional tier 1 capital bonds of no more than RMB100.0 billion in domestic market, which will be used to replenish additional tier 1 capital of the Bank. The issuance plan for the undated additional tier 1 capital bonds is still subject to the approval of the Shareholders' General Meeting of the Bank, after which, it is still subject to the approval of the relevant regulatory authorities.

For details on the issuance of capital instruments of the Bank, please refer to the announcements published by the Bank on the website of SSE, the "HKEXnews" website of HKEX and the website of the Bank.

OUTLOOK

The global economy will face a variety of adversities in the second half of 2020, including sharp contraction in international trade and investment, turbulent international financial markets, restricted international exchange, economic de-globalization and rising geopolitical risks. With major strategic achievements made in COVID-19 containment, China is establishing a new development pattern in which domestic economic cycle functions as the main body and both domestic and international economic cycles promote each other, with domestic market as the mainstay. Development was accelerated in the fields of new infrastructure, new urbanization initiatives, transportation and water conservancy and major projects. Digital economy, smart manufacturing and biopharmaceuticals have become new drivers and poles of growth, paving the way for banks to turn crisis into an opportunity and changes into a new beginning.

In the second half of 2020, the Bank will remain guided by the Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, strive for the goal of building a moderately prosperous society in all respects, follow the "48-character" guideline of "guidance of Party building and strict governance, customer first and serving the real economy, technology driven and value creation, international vision and global operation, pragmatic transformation and reform, solid foundation by risk control and talent-oriented development" and accurately understand the "**big, comprehensive, stable, new, optimal and strong**" orientation of development. Meanwhile, the Bank will make coordinated effort on regular COVID-19 containment, financial services and business development and provide financial services that are increasingly adaptive, competitive and inclusive. **First, the Bank will serve the real economy in a well-targeted manner.** The Bank will further implement the "Chunrun Action", "Chunrong Action" and "Chunnuan Action", reasonably manage the aggregate size, pace, destinations, structure and price of financing and make interest concessions to boost the real economy. Targeted and direct financial services will be used as the principal measure for ensuring the stability on six fronts and security in six areas. High-quality, efficient financial services will be provided to help shape the "dual circulation" development pattern. **Second, strategy implementation will be strengthened to sharpen the overall competitive edge.** The Bank will make all-out effort to build the No.1 Personal Bank strategy, the preferred bank for domestic foreign exchange business strategy, and better serve China's regional coordinated development strategy. The Bank will give full play to its strengths in corporate banking, institutional banking, financial markets, investment banking and asset management to generate synergies and multiplicative effects. **Third, a new ecosphere of international, diversified development will be built to enhance the integrated service capacity.** International, diversified development will be focused on meeting customers' comprehensive financial demands. The Bank will move faster to build a comprehensive service system with complete functions, smooth collaboration and strong competitiveness, so as to provide one-stop financial service solutions to customers. **Fourth, transformation and innovation will be accelerated to secure the high ground in future competition.** The Bank will ride on the digital economy trends to pursue e-ICBC strategy upgrades, create novel digital development modes, introduce new products offering the best user experience, build new platforms for innovation empowerment and improve the new mechanisms for tech-driven development in an all-out effort to serve the "Digital China" initiative. **Fifth, the risk bottom line will be defended to keep risk response ahead of market curve.** The Bank will adhere to the "preventive, forward-looking, remedial and analogical" approach to improve the global, comprehensive and brand-new risk management system involving all personnel, spanning all processes and covering all risk exposures under the principles of "active prevention, smart control and comprehensive management" and achieve sustainable growth through cycles to build a world-class and modern financial enterprise.

OTHER INFORMATION DISCLOSED PURSUANT TO REGULATORY REQUIREMENTS

Major Regulatory Indicators

Item		Regulatory criteria	At 30 June 2020	At 31 December 2019	At 31 December 2018
Liquidity ratio (%)	RMB	>=25.0	43.1	43.0	43.8
	Foreign currency	>=25.0	93.1	85.9	83.0
Loan-to-deposit ratio (%)	RMB and foreign currency		70.6	71.6	71.0
Percentage of loans to single largest customer (%)		<=10.0	3.3	3.1	3.8
Percentage of loans to top 10 customers (%)			13.3	12.6	12.9
Loan migration ratio (%)	Pass		1.0	1.5	1.7
	Special mention		23.1	26.1	25.3
	Substandard		21.7	36.0	38.8
	Doubtful		3.6	15.6	25.2

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

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

In respect of the financial statements of the Bank prepared under PRC GAAP and those under IFRSs, net profit attributable to equity holders of the parent company for the six months ended 30 June 2020 and equity attributable to equity holders of the parent company as at the end of the reporting period have no differences.

Corporate Bonds

The Bank did not issue any corporate bonds that need to be disclosed as per the "No. 3 Standards on the Content and Format of Information Disclosure of Companies with Public Offerings — Content and Format of Half-Year Reports" (Revision 2017) or "No. 39 Standards on the Content and Format of Information Disclosure of Companies with Public Offerings — Content and Format of Half-Year Reports on Corporate Bonds".

HOT TOPICS IN THE CAPITAL MARKET

COVID-19 Impact and Response

The Bank has achieved initial success in containing the COVID-19 pandemic while serving the economic and social development in the first half of 2020.

1. Loans, bonds and other financing facilities were used to support resumption of business activities. In the first half of 2020, the Bank's domestic RMB loans increased by RMB1,095,948 million over the previous year, a year-on-year increase of RMB312,652 million. The investments in local government bonds and anti-epidemic bonds newly increased by RMB467.3 billion and RMB110.0 billion respectively.

2. The interest rate policy transmission was further strengthened to cut the financing costs in the real economy. Loans were reasonably priced. In the first half of the year, new corporate loans were issued at much lower interest rates than last year. Outstanding loans were switched to the new pricing benchmark in a well-organized manner to effectively lower the financing costs for the real economy.

3. The repayment deferral policy was implemented to relieve the pressure of financially stressed customers. The Bank helped corporate customers through difficulties by interest payment rescheduling, extension and refinance. Special relief and support policies were introduced for individual customers infected with COVID-19 or frontline medical workers.

4. All-out effort was made to ensure the public access to day-to-day financial services. Physical outlets reasonably arranged business hours and maintained proper cleaning and disinfection to ensure public access to essential financial services. For online business, the Bank launched "contactless" service for LPR switch, corporate credit reference, online social security, online payroll service, online diagnosis and treatment and online education. In addition, the "Emergency Supply Management System" was developed and opened free of charge to key epidemic containment entities, including epidemic prevention and control centers, public health agencies and medical institutions. 3,111 entities were supported in the first half of the year, benefiting nearly 30,000 entities.

5. Domestic and overseas institutions joined the global fight against the pandemic. After the domestic COVID-19 outbreak, domestic and overseas institutions of the Bank lent a hand to Wuhan and Hubei, donating over RMB230 million of cash and supplies in total. When the virus spread overseas, domestic institutions of the Bank purchased most wanted supplies for overseas institutions to support the host governments, local communities, local enterprises and overseas Chinese students in containing the coronavirus, and anti-epidemic lectures were given to overseas Chinese to build a community with shared future for mankind.

The pandemic sent the world economy into a serious recession, posing heavier pressure on banks' business operations and asset quality in 2020. In an effort to ensure the stability on six fronts and security in six areas, the Bank will serve the real economy by providing more and cheaper funding. General risk screening was conducted and loans were closely monitored using big data and other risk control technologies, thus ensuring early risk prevention and response and minimizing the risk of assets.

Serving the Real Economy and Unimpeded Flows

The Bank took a variety of positive and effective actions to implement the policies aimed at ensuring the stability on six fronts and security in six areas, support the real economy, ensure unimpeded flows, restore the industry chain ecosphere and support small and micro enterprises.

1. The "Chunrun Action" was launched to help bring enterprises back to business. All at the Bank worked together and strengthened allocation of resources to boost the availability, quality and stability of financial services for resumption of business. In the first half of the year, the "Chunrun Action" provided RMB1.2 trillion of full-caliber financing to 41 thousand enterprises in seven major industries including the five healthcare fields, essential living supplies, transport and logistics, equipment manufacturing, energy and chemicals, telecom operation as well as foreign trade and investment.

2. The "Chunrong Action" was carried out to ensure stability of global supply chains. The Bank put together its in-house resources and sought external cooperation to cut the financing costs of enterprises, support the restocking demand of upstream enterprises and relieving the liquidity pressure of downstream enterprises, in a bid to protect core enterprises from supply chain disruptions and upstream and downstream enterprises from liquidity drought. In the first half of the year, the Bank sorted out 1,072 importers, exporters and foreign enterprises hit by the pandemic, developed tailored assistance solutions for them and issued RMB211.7 billion of financing in RMB and foreign currencies.

3. The "Chunnuan Action" was launched to promote poverty alleviation through consumption and boost "micro-circulation". To relieve poverty-stricken areas from the COVID-19 shocks, the Bank's "Chunnuan Action" connected overstocked agricultural products directly to buyers through various channels. In the first half of the year, this poverty alleviation through consumption program helped sell RMB792 million worth of products from poor areas. In addition, the Bank developed the "precision poverty alleviation + agricultural supply chain" service model and explored the "bank + insurance + futures" joint poverty alleviation model, thereby effectively helping the poor increase income and get rid of poverty steadily. The "finance + e-commerce" poverty alleviation mode was implemented. The Bank helped sell agricultural products from poor areas through ICBC Mall as a much broader channel. Over 3,800 poverty alleviation merchants registered with the platform in total.

4. The industrial circulation was unblocked following the natural law of industry. The Bank sorted out the trading, funding and credit chains among industries and enterprises, putting focus on removing major blockages, such as funds tied up by industry leaders or e-commerce platforms. In the first half of the year, the Bank issued RMB1.31 trillion of working capital financing to 10.5 thousand core enterprises that connected 32.1 thousand downstream and upstream businesses, thereby giving a boost to coordinated restoration of production of producers, suppliers and distributors (upstream and downstream, small, medium-sized and large, domestic and overseas).

5. Inclusive finance support was strengthened in an all-round manner. First, more inclusive loans were granted. At the end of the reporting period, the balance of inclusive loans stood at RMB639,929 million, up 35.7% from the beginning of the year. Second, manufacturers of anti-epidemic supplies were supported to resume business, with RMB13.5 billion of loans issued to 4,805 small and micro enterprises involved in epidemic containment in the first half of the year. Nearly RMB530.0 billion of loans were granted to 330 thousand small and micro enterprises back to business. Third, the Bank relieved enterprises from difficulties by a combination of loan renewal, extension, refinance, grace period and rescheduling. The small and micro customers hit hard by the COVID-19 were allowed to postpone their loan payments temporarily, thus easing their debt service pressure. Fourth, the financing costs of enterprises were reduced. The overall cost of inclusive loans issued in the first half of the year was lower than the prior-year level.

Credit and Market Risk Management

The Bank maintained generally stable quality of credit assets in the first half of 2020. Market risk experienced no major adverse changes.

1. The credit asset quality remained generally stable. Since the COVID-19 pandemic occurred, the Bank has carefully analyzed the risk strategy and maintained effective credit risk control while supporting the real economy and helping enterprises through temporary difficulties caused by the virus. At the end of the reporting period, the Bank recorded a NPL ratio of 1.50%, showing the overall credit risk in check.

(1) Ongoing investigation was made into the COVID-19 impact on customers and the resumption of their business. The Bank conducted ongoing risk screening, in the form of offsite sampling, over customers in respect of the pandemic impact on their business operations and debt service ability and their reopening of business, in an effort to control credit risk during regular epidemic containment.

(2) Enterprises were provided with debt service relief to promote faster, broader resumption of business. The Bank implemented the State's requirements on reducing enterprises' debt service pressure, adhered to the market-based and law-based principle, examined the eligibility of applicants with due care, assessed enterprises' restoration of business operations and cash flows with prudence and ensured the authenticity, integrity and validity of application materials. By doing so, the Bank allowed deferred debt service of troubled enterprises and brought more enterprises back to business in a faster pace.

(3) Risk prevention and control were strengthened over deferred loans. The Bank tracked and kept informed of changes in customers' operating conditions and debt service ability. The big data technology was leveraged to make cross-checks based on the fund flows, tax payment, utility bills, payroll service, customs data, PBC credit reports and ICBC e Security. Customers that resumed business well and remained able to service debts as usual were guided back gradually to normal principal repayment and interest payment to ensure absence of default risk. For customers with ordinary or poor restoration of business, a contingency plan was developed and risk mitigation strengthened.

2. Market risk experienced no major adverse changes. The Bank's activities exposed to market risk are mainly standard, low-risk ones, always following the market risk limit management system strictly. Since the COVID-19 outbreak, the Bank has strengthened market risk screening, kept worst-case scenarios in mind and conducted risk screening for every "grid cell" using the risk identification matrix, including product complexity, price volatility, market liquidity, exposure, trading strategy, trading venue, hedging and delivery method and counterparty type. No "Black Swan" events occurred in relevant fields. Value-at-risk (VaR) and capital occupation for market risk were stable in the first half of the year.

Capital Adequacy Ratio

Scope of Capital Adequacy Ratio Calculation

The scope of capital adequacy ratio calculation shall cover the Bank and all eligible financial institutions in which the Bank has a direct or indirect investment as specified in the Capital Regulation.

Results of Capital Adequacy Ratio Calculation

In RMB millions, except for percentages

Item	At 30 June 2020		At 31 December 2019	
	Group	Parent Company	Group	Parent Company
Net core tier 1 capital	2,511,226	2,267,449	2,457,274	2,222,316
Net tier 1 capital	2,711,433	2,447,728	2,657,523	2,403,000
Net capital base	3,162,141	2,884,246	3,121,479	2,852,663
Core tier 1 capital adequacy ratio	12.70%	12.69%	13.20%	13.29%
Tier 1 capital adequacy ratio	13.72%	13.70%	14.27%	14.37%
Capital adequacy ratio	16.00%	16.14%	16.77%	17.06%

Note: Please refer to the section headed "Discussion and Analysis — Capital Management" for the Group's capital adequacy ratio at the end of the reporting period.

Measurement of Risk-Weighted Assets

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

RISK-WEIGHTED ASSETS

In RMB millions

Item	At 30 June 2020	At 31 December 2019
Credit risk-weighted assets	18,196,123	17,089,815
Parts covered by internal ratings-based approach	11,869,435	11,081,413
Parts uncovered by internal ratings-based approach	6,326,688	6,008,402
Market risk-weighted assets	224,663	178,718
Parts covered by internal model approach	145,651	102,412
Parts uncovered by internal model approach	79,012	76,306
Operational risk-weighted assets	1,348,353	1,348,353
Total	**19,769,139**	**18,616,886**

Credit Risk

CREDIT RISK EXPOSURE

In RMB millions

Item	At 30 June 2020		At 31 December 2019	
	Parts covered by internal ratings-based approach	Parts uncovered by internal ratings-based approach	Parts covered by internal ratings-based approach	Parts uncovered by internal ratings-based approach
Corporate	10,608,904	1,663,242	9,905,090	1,437,024
Sovereign	—	6,645,527	—	5,998,583
Financial institution	—	4,473,088	—	3,727,940
Retail	6,653,904	470,077	6,252,608	484,400
Equity	—	162,953	—	161,426
Asset securitization	—	96,516	—	97,663
Others	—	5,541,920	—	5,034,184
Total risk exposure	**17,262,808**	**19,053,323**	**16,157,698**	**16,941,220**

Please refer to the section headed "Discussion and Analysis — Risk Management" for overdue loans, NPLs and provision for loan impairment of the Bank at the end of the reporting period.

Market Risk

CAPITAL REQUIREMENT FOR MARKET RISK

In RMB millions

Risk type	At 30 June 2020	At 31 December 2019
Parts covered by internal model approach	**11,652**	**8,193**
Parts uncovered by internal model approach	**6,321**	**6,104**
Interest rate risk	3,356	3,306
Commodity risk	2,932	2,713
Stock risk	–	8
Option risk	33	77
Total	**17,973**	**14,297**

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

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

VALUE AT RISK (VAR)

In RMB millions

Item	Six months ended 30 June 2020				Six months ended 30 June 2019			
	Period end	Average	Maximum	Minimum	Period end	Average	Maximum	Minimum
VaR	**1,492**	**1,703**	**2,107**	**1,394**	**2,732**	**2,524**	**3,522**	**2,090**
Interest rate risk	374	201	430	92	198	210	263	117
Currency risk	1,321	1,666	1,996	1,321	2,743	2,589	3,564	2,168
Commodity risk	142	122	261	40	65	61	83	15
Stressed VaR	**1,492**	**1,716**	**2,107**	**1,394**	**4,295**	**3,973**	**4,295**	**3,772**
Interest rate risk	374	262	430	153	228	248	326	139
Currency risk	1,329	1,752	2,082	1,329	4,194	3,877	4,194	3,654
Commodity risk	142	124	261	38	69	57	87	32

Operational Risk

The Bank adopted the standardized approach to measure capital requirement for operational risk. As at the end of June 2020, the capital requirement for operational risk was RMB107,868 million.

Interest Rate Risk in the Banking Book

Supposing that there is parallel shift of overall market interest rates, and taking no account of possible risk management actions taken by the management to mitigate the interest rate risk, the analysis on interest rate sensitivity in the banking book of the Bank categorized by major currencies at the end of June 2020 is shown in the following table:

In RMB millions

Currency	+100 basis points		-100 basis points	
	Effect on net interest income	Effect on equity	Effect on net interest income	Effect on equity
RMB	(38,897)	(29,444)	38,897	32,121
USD	(558)	(7,238)	558	7,243
HKD	(3,713)	(78)	3,713	78
Others	1,388	(1,516)	(1,388)	1,517
Total	**(41,780)**	**(38,276)**	**41,780**	**40,959**

Equity Risk in the Banking Book

In RMB millions

Equity type	At 30 June 2020			At 31 December 2019		
	Publicly-traded equity investment risk exposure(1)	Non-publicly-traded equity investment risk exposure(1)	Unrealised potential gains (losses)(2)	Publicly-traded equity investment risk exposure(1)	Non-publicly-traded equity investment risk exposure(1)	Unrealised potential gains (losses)(2)
Financial institution	29,611	16,171	4,934	33,859	16,023	6,618
Corporate	6,752	112,168	210	3,537	108,007	(1,486)
Total	**36,363**	**128,339**	**5,144**	**37,396**	**124,030**	**5,132**

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

(2) Unrealised potential gains (losses) refer to the unrealised gains (losses) recognized on the balance sheet but not recognized on the income statement.

Details of Changes in Share Capital and Shareholding of Substantial Shareholders

Changes in Ordinary Shares

DETAILS OF CHANGES IN SHARE CAPITAL

Unit: Share

	At 31 December 2019		Increase/decrease during the reporting period	At 30 June 2020	
	Number of shares	Percentage (%)		Number of shares	Percentage (%)
I. Shares subject to restrictions on sales	–	–	–	–	–
II. Shares not subject to restrictions on sales	356,406,257,089	100.00	–	356,406,257,089	100.00
1. RMB-denominated ordinary shares	269,612,212,539	75.65	–	269,612,212,539	75.65
2. Foreign shares listed overseas	86,794,044,550	24.35	–	86,794,044,550	24.35
III. Total number of shares	356,406,257,089	100.00	–	356,406,257,089	100.00

Notes: (1) The above data are based on the Equity Structure Chart issued by China Securities Depository and Clearing Corporation Limited.

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

(3) Due to rounding, percentages presented herein are for reference only.

Number of Shareholders and Particulars of Shareholding

As at the end of the reporting period, the Bank had a total number of 633,759 ordinary shareholders and no holders of preference shares with voting rights restored, including 119,193 holders of H shares and 514,566 holders of A shares.

PARTICULARS OF SHAREHOLDING OF THE TOP 10 ORDINARY SHAREHOLDERS OF THE BANK

Unit: Share

Name of shareholder	Nature of shareholder	Class of shares	Shareholding percentage (%)	Total number of shares held	Number of pledged or locked-up shares	Increase/ decrease of shares during the reporting period
Huijin	State-owned	A Share	34.71	123,717,852,951	None	–
MOF	State-owned	A Share	31.14	110,984,806,678	None	–
HKSCC Nominees Limited(2)	Foreign legal person	H Share	24.17	86,155,205,135	Unknown	2,056,094
SSF(2)(3)	State-owned	A Share	3.46	12,331,645,186	None	–
Ping An Life Insurance Company of China, Ltd. — Traditional — Ordinary insurance products	Other entities	A Share	1.03	3,687,330,676	None	–
China Securities Finance Co., Ltd.	State-owned legal person	A Share	0.68	2,416,131,564	None	–
Wutongshu Investment Platform Co., Ltd.	State-owned legal person	A Share	0.40	1,420,781,042	None	–
Hong Kong Securities Clearing Company Limited(4)	Foreign legal person	A Share	0.34	1,196,317,917	None	-146,359,899
Central Huijin Asset Management Co., Ltd.(4)	State-owned legal person	A Share	0.28	1,013,921,700	None	–
China Life Insurance Company Limited — Traditional — Ordinary insurance products — 005L — CT001 Hu	Other entities	A Share	0.13	468,876,788	None	91,206,461

Notes: (1) The above data are based on the Bank's register of shareholders as at 30 June 2020.

(2) HKSCC Nominees Limited held 86,155,205,135 H shares, including those held by SSF. According to the information provided by SSF to the Bank, SSF held 8,037,177,174 H shares of the Bank as at the end of the reporting period.

(3) According to the Notice on Comprehensively Transferring Part of State-Owned Capital to Fortify Social Security Funds (Cai Zi [2019] No. 49), MOF transferred 12,331,645,186 shares to the state-owned capital transfer account of SSF in a lump sum in December 2019. According to the relevant requirements under the Notice of the State Council on Issuing the Implementation Plan for Transferring Part of State-Owned Capital to Fortify Social Security Funds (Guo Fa [2017] No. 49), SSF shall perform the obligation of more than 3-year lock-up period as of the date of the receipt of transferred shares.

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

Changes of the Controlling Shareholders and De Facto Controller

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

Interests and Short Positions Held by Substantial Shareholders and Other Persons

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

As at 30 June 2020, the Bank received notices from the following persons about their interests or short positions held in the Bank's ordinary shares and underlying shares, which were recorded in the register pursuant to Section 336 of the Securities and Futures Ordinance of Hong Kong as follows:

HOLDERS OF A SHARES

Name of substantial shareholder	Capacity	Number of A shares held (share)	Nature of interests	Percentage of A shares[2] (%)	Percentage of total ordinary shares[2] (%)
Huijin[1]	Beneficial owner	123,717,852,951	Long position	45.89	34.71
	Interest of controlled corporations	1,013,921,700	Long position	0.38	0.28
	Total	124,731,774,651		46.26	35.00
MOF	Beneficial owner	110,984,806,678	Long position	41.16	31.14

Notes: (1) According to the register of shareholders of the Bank as at 30 June 2020, Huijin held 123,717,852,951 shares in the Bank, while Central Huijin Asset Management Co., Ltd., a subsidiary of Huijin, held 1,013,921,700 shares in the Bank.

(2) Due to rounding, percentages presented herein are for reference only.

HOLDERS OF H SHARES

Name of substantial shareholder	Capacity	Number of H shares held (share)	Nature of interests	Percentage of H shares[3] (%)	Percentage of total ordinary shares[3] (%)
Ping An Asset Management Co., Ltd.[1]	Investment manager	12,168,809,000	Long position	14.02	3.41
SSF[2]	Beneficial owner	8,663,703,234	Long position	9.98	2.43
Temasek Holdings (Private) Limited	Interest of controlled corporations	7,317,475,731	Long position	8.43	2.05
Citigroup Inc.	Interest of controlled corporations	192,139,691	Long position	0.22	0.05
	Approved lending agent	4,319,133,343	Long position	4.98	1.21
	Total	4,511,273,034		5.20	1.27
	Interest of controlled corporations	164,676,545	Short position	0.19	0.05
China Life Insurance (Group) Company	Beneficial owner	205,750,000	Long position	0.24	0.06
	Interest of controlled corporations	4,134,077,000	Long position	4.76	1.16
	Total	4,339,827,000	Long position	5.00	1.22

Notes: (1) As confirmed by Ping An Asset Management Co., Ltd., such shares were held by Ping An Asset Management Co., Ltd. on behalf of certain customers (including but not limited to Ping An Life Insurance Company of China, Ltd.) in its capacity as investment manager and the interests in such shares were disclosed based on the latest disclosure of interests form filed by Ping An Asset Management Co., Ltd. for the period ended 30 June 2020 (the date of relevant event being 12 June 2019). Both Ping An Life Insurance Company of China, Ltd. and Ping An Asset Management Co., Ltd. are subsidiaries of Ping An Insurance (Group) Company of China, Ltd. As Ping An Asset Management Co., Ltd. is in a position to fully exercise the voting rights in respect of such shares on behalf of customers and independently exercise the rights of investment and business management in its capacity as investment manager, and is completely independent from Ping An Insurance (Group) Company of China, Ltd., Ping An Insurance (Group) Company of China, Ltd. is exempted from aggregating the interests in such shares as a holding company under the aggregation exemption and disclosing the holding of the same in accordance with the Securities and Futures Ordinance of Hong Kong.

(2) According to the information provided by SSF to the Bank, SSF held 8,037,177,174 H shares of the Bank as at the end of the reporting period.

(3) Due to rounding, percentages presented herein are for reference only.

Preference Shares

Issuance and Listing of Preference Shares in Latest Three Years

Issuance of "工行優2"

With the approval of CBIRC by its Document Yin Bao Jian Fu [2019] No. 444 and the approval of CSRC by its Document Zheng Jian Xu Ke [2019] No. 1048, the Bank made a non-public issuance of 700 million domestic preference shares on 19 September 2019 at a par value of RMB100 per share. The dividend rate is the benchmark interest rate plus a fixed spread, remaining unchanged in the first five years. Subsequently the benchmark interest rate will be reset every five years, with the dividend rate kept unchanged in each reset period and the fixed spread remaining constant through the duration of the domestic preference shares. The initial dividend rate of the afore-mentioned domestic preference shares is set at 4.2% through market inquiry for the first five years. With the consent of SSE by its letter Shang Zheng Han [2019] No. 1752, the afore-mentioned domestic preference shares issued were listed for transfer on the Comprehensive Business Platform of SSE on 16 October 2019 with the stock name "工行優2" and stock code 360036. Proceeds of the afore-mentioned domestic preference shares totaled RMB70.0 billion, all of which was replenished to the additional tier 1 capital of the Bank after deduction of issuance expenses.

For issuance of domestic preference shares of the Bank, please refer to the announcements published by the Bank on the website of SSE, the "HKEXnews" website of HKEX and the website of the Bank.

Issuance progress of offshore preference shares

The First Extraordinary General Meeting of 2018 of the Bank reviewed and approved proposals on issuance of domestic and offshore preference shares. In March and July 2020, the Bank received replies from CBIRC and CSRC respectively, approving the issuance of no more than 300 million offshore preference shares with the proceeds not exceeding RMB30.0 billion equivalent of USD, which will be counted as the additional tier 1 capital of the Bank in accordance with relevant regulatory requirements. Please refer to the announcements published by the Bank on the website of SSE, the "HKEXnews" website of HKEX and the website of the Bank.

Number of Preference Shareholders and Particulars of Shareholding

As at the end of the reporting period, the Bank had one offshore preference shareholder (or proxy) of "ICBC EURPREF1", 26 domestic preference shareholders of "工行優1" and 32 domestic preference shareholders of "工行優2".

PARTICULARS OF SHAREHOLDING OF THE TOP 10 OFFSHORE PREFERENCE SHAREHOLDERS (OR PROXIES) OF THE BANK

Unit: Share

Name of shareholder	Nature of shareholder	Class of shares	Increase/ decrease during the reporting period	Shares held at the end of the period	Shareholding percentage (%)	Number of shares subject to restrictions on sales	Number of pledged or locked-up shares
The Bank of New York Depository (Nominees) Limited	Foreign legal person	EUR offshore preference shares	–	40,000,000	100.0	–	Unknown

Notes: (1) The above data are based on the Bank's register of offshore preference shareholders as at 30 June 2020.

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

(3) The Bank is not aware of any connected relations or concert party action between the afore-mentioned preference shareholder and top 10 ordinary shareholders.

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

PARTICULARS OF SHAREHOLDING OF THE TOP 10 DOMESTIC PREFERENCE SHAREHOLDERS OF "工行優1"

Unit: Share

Name of shareholder	Nature of shareholder	Class of shares	Increase/ decrease during the reporting period	Shares held at the end of the period	Shareholding percentage (%)	Number of shares subject to restrictions on sales	Number of pledged or locked-up shares
China Mobile Communications Group Co., Ltd.	State-owned legal person	Domestic preference shares	–	200,000,000	44.4	–	None
China National Tobacco Corporation	Other entities	Domestic preference shares	–	50,000,000	11.1	–	None
China Life Insurance Company Limited	State-owned legal person	Domestic preference shares	–	35,000,000	7.8	–	None
Ping An Life Insurance Company of China, Ltd.	Domestic non-state-owned legal person	Domestic preference shares	–	30,000,000	6.7	–	None
CCB Trust Co., Ltd.	State-owned legal person	Domestic preference shares	–	15,000,000	3.3	–	None
BOCOM Schroders Asset Management Co., Ltd.	Domestic non-state-owned legal person	Domestic preference shares	–	15,000,000	3.3	–	None
China Resources SZITIC Trust Co., Ltd.	State-owned legal person	Domestic preference shares	–	15,000,000	3.3	–	None
BOC International (China) Co., Ltd.	Domestic non-state-owned legal person	Domestic preference shares	–	15,000,000	3.3	–	None
China National Tobacco Corporation Shandong Branch	Other entities	Domestic preference shares	–	10,000,000	2.2	–	None
China National Tobacco Corporation Heilongjiang Branch	Other entities	Domestic preference shares	–	10,000,000	2.2	–	None
Ping An Property & Casualty Insurance Company of China Ltd.	Domestic non-state-owned legal person	Domestic preference shares	–	10,000,000	2.2	–	None

Notes: (1) The above data are based on the Bank's register of domestic preference shareholders of "工行優1" as at 30 June 2020.

(2) China National Tobacco Corporation Shandong Branch and China National Tobacco Corporation Heilongjiang Branch are both wholly-owned subsidiaries of China National Tobacco Corporation. "China Life Insurance Company Limited — Traditional — Ordinary insurance products — 005L — CT001 Hu" is managed by China Life Insurance Company Limited. "Ping An Life Insurance Company of China, Ltd. — Traditional — Ordinary insurance products" is managed by Ping An Life Insurance Company of China, Ltd. Ping An Life Insurance Company of China, Ltd. and Ping An Property & Casualty Insurance Company of China Ltd. have connected relations. Save as disclosed above, the Bank is not aware of any connected relations or concert party action among the afore-mentioned preference shareholders and among the afore-mentioned preference shareholders and top 10 ordinary shareholders.

(3) "Shareholding percentage" refers to the percentage of domestic preference shares of "工行優1" held by preference shareholders in total number (450 million shares) of domestic preference shares of "工行優1".

PARTICULARS OF SHAREHOLDING OF THE TOP 10 DOMESTIC PREFERENCE SHAREHOLDERS OF "工行優2"

Unit: Share

Name of shareholder	Nature of shareholder	Class of shares	Increase/ decrease during the reporting period	Shares held at the end of the period	Shareholding percentage (%)	Number of shares subject to restrictions on sales	Number of pledged or locked-up shares
Bosera Asset Management Co., Limited	State-owned legal person	Domestic preference shares	–	150,000,000	21.4	–	None
China Life Insurance Company Limited	State-owned legal person	Domestic preference shares	–	120,000,000	17.1	–	None
China Mobile Communications Group Co., Ltd.	State-owned legal person	Domestic preference shares	–	100,000,000	14.3	–	None
BOC International (China) Co., Ltd.	Domestic non-state-owned legal person	Domestic preference shares	–	70,000,000	10.0	–	None
CCB Trust Co., Ltd.	State-owned legal person	Domestic preference shares	–	70,000,000	10.0	–	None
China National Tobacco Corporation	Other entities	Domestic preference shares	–	50,000,000	7.1	–	None
Shanghai Tobacco Group Co., Ltd.	Other entities	Domestic preference shares	–	30,000,000	4.3	–	None
Bank of Beijing Co., Ltd.	Domestic non-state-owned legal person	Domestic preference shares	–	20,000,000	2.9	–	None
BOCOM Schroders Asset Management Co., Ltd.	Domestic non-state-owned legal person	Domestic preference shares	–	15,000,000	2.1	–	None
Ping An Property & Casualty Insurance Company of China Ltd.	Domestic non-state-owned legal person	Domestic preference shares	–	15,000,000	2.1	–	None

Notes: (1) The above data are based on the Bank's register of domestic preference shareholders of "工行優2" as at 30 June 2020.

(2) Shanghai Tobacco Group Co., Ltd., China National Tobacco Corporation Shandong Branch and China National Tobacco Corporation Heilongjiang Branch are all wholly-owned subsidiaries of China National Tobacco Corporation. "China Life Insurance Company Limited — Traditional — Ordinary insurance products — 005L — CT001 Hu" is managed by China Life Insurance Company Limited. "Ping An Life Insurance Company of China, Ltd. — Traditional — Ordinary insurance products" is managed by Ping An Life Insurance Company of China, Ltd. Ping An Life Insurance Company of China, Ltd. and Ping An Property & Casualty Insurance Company of China Ltd. have connected relations. Save as disclosed above, the Bank is not aware of any connected relations or concert party action among the afore-mentioned preference shareholders and among the afore-mentioned preference shareholders and top 10 ordinary shareholders.

(3) "Shareholding percentage" refers to the percentage of domestic preference shares of "工行優2" held by preference shareholders in total number (700 million shares) of domestic preference shares of "工行優2".

Dividend Distribution of Preference Shares

During the reporting period, the Bank did not distribute dividends on preference share. The Bank reviewed and approved the distribution of dividends on "工行優2" at the meeting of the Board of Directors on 28 August 2020, planning to distribute the dividends on "工行優2" on 24 September 2020 at the dividend rate of 4.2% (pre-tax, and the tax payable on dividends received by holders of domestic preference shares should be borne by them in compliance with relevant laws and regulations) and the total dividends distributed were RMB2,940 million.

Redemption or Conversion of Preference Shares

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

Restoration of Voting Rights of Preference Shares

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

Accounting Policy Adopted for Preference Shares and Rationale

According to the Accounting Standard for Business Enterprises No. 22 — Recognition and Measurement of Financial Instruments, the Accounting Standard for Business Enterprises No. 37 — Presentation of Financial Instruments promulgated by MOF as well as the International Financial Reporting Standard 9 — Financial Instruments and the International Accounting Standard 32 — Financial Instruments: Presentation promulgated by International Accounting Standards Board and other accounting standards and the key terms of issuance of the Bank's preference shares, the issued and existing preference shares do not contain contractual obligations to deliver cash or other financial assets or contractual obligations to deliver variable equity instruments for settlement, and shall be accounted for as other equity instruments.

Directors, Supervisors, Senior Management, Employees and Institutions

Basic Information on Directors, Supervisors and Senior Management

As at the disclosure date of the results, the composition of the Board of Directors, the Board of Supervisors and the Senior Management of the Bank is as follows:

The Board of Directors of the Bank consists of 13 directors, including three Executive Directors: Mr. Chen Siqing, Mr. Gu Shu and Mr. Liao Lin; five Non-executive Directors: Mr. Lu Yongzhen, Mr. Zheng Fuqing, Ms. Mei Yingchun, Mr. Feng Weidong and Ms. Cao Liqun; and five Independent Non-executive Directors: Mr. Anthony Francis Neoh, Mr. Yang Siu Shun, Mr. Shen Si, Mr. Nout Wellink and Mr. Fred Zuliu Hu.

The Board of Supervisors of the Bank consists of six members, including two Shareholder Supervisors, namely Mr. Yang Guozhong and Mr. Zhang Wei, two Employee Supervisors, namely Mr. Hui Ping and Mr. Huang Li, and two External Supervisors, namely Mr. Qu Qiang and Mr. Shen Bingxi.

The Bank has 10 Senior Management members, namely Mr. Chen Siqing, Mr. Gu Shu, Mr. Liao Lin, Mr. Wang Jingwu, Mr. Zhang Wenwu, Mr. Xu Shouben, Mr. Wang Bairong, Mr. Guan Xueqing, Ms. Xiong Yan and Mr. Song Jianhua.

During the reporting period, the Bank did not implement any share incentives. None of the existing Directors, Supervisors and Senior Management members of the Bank or those who left office during the reporting period held shares or share options or were granted restricted shares of the Bank, and there was no change during the reporting period.

Appointment and Removal

Directors

At the Second Extraordinary General Meeting of 2019 held on 22 November 2019, Mr. Feng Weidong and Ms. Cao Liqun were elected as Non-executive Directors of the Bank, and their qualifications were approved by CBIRC in January 2020. At the Annual General Meeting for the Year 2019 held on 12 June 2020, Mr. Shen Si was re-elected as Independent Non-executive Director, and his new term of office started from the day of approval at the Shareholders' General Meeting of the Bank; Mr. Liao Lin was elected as Executive Director of the Bank, and his qualification was approved by CBIRC in July 2020.

In February 2020, Mr. Hu Hao ceased to act as Executive Director and Senior Executive Vice President of the Bank due to change of job assignments. In February 2020, Mr. Dong Shi ceased to act as Non-executive Director of the Bank due to change of job assignments. In March 2020, Mr. Ye Donghai ceased to act as Non-executive Director of the Bank due to change of job assignments. In March 2020, Ms. Sheila Colleen Bair ceased to act as Independent Non-executive Director of the Bank due to expiration of her term of office.

Supervisors

At the First Extraordinary General Meeting of 2020 held on 8 January 2020, Mr. Yang Guozhong was elected as Shareholder Supervisor of the Bank, his term of office started from the day of approval by the Shareholders' General Meeting of the Bank, and his appointment as Chairman of the Board of Supervisors of the Bank took effect simultaneously.

Senior Management Members

On 18 February 2020, the Board of Directors appointed Ms. Xiong Yan and Mr. Song Jianhua as Chief Business Officers of the Bank, and their qualifications were approved by CBIRC in April 2020. On 27 March 2020, the Board of Directors appointed Mr. Wang Jingwu as Senior Executive Vice President of the Bank, and his qualification was approved by CBIRC in April 2020. On 28 April 2020, the Board of Directors appointed Mr. Liao Lin as Chief Risk Officer of the Bank; Mr. Wang Bairong was appointed as Chief Business Officer of the Bank by the Board of Directors and ceased to act as Chief Risk Officer. On 12 June 2020, the Board of Directors appointed Mr. Zhang Wenwu as Senior Executive Vice President of the Bank, and his qualification was approved by CBIRC in July 2020. On 28 August 2020, the Board of Directors appointed Mr. Xu Shouben as Senior Executive Vice President of the Bank, and his qualification is still subject to the approval by CBIRC.

Changes in Information of Directors and Supervisors

Mr. Fred Zuliu Hu, Independent Non-executive Director of the Bank, has acted as Independent Director of Ant Group Co., Ltd. since August 2020.

Basic Information on Employees and Institutions

As at the end of June 2020, the Bank had a total of 434,798 employees. Among them, 6,681 employees were in domestic subsidiaries and 15,868 employees were in overseas institutions. Due to a large number of retired employees in the first half of the year, the number of employees at the end of the reporting period declined over the end of last year. It is expected that the total number of employees will keep at about 440 thousand at the end of the year after the entry of a batch of fresh graduates from campus recruitment in the second half of the year.

As at the end of June 2020, the Bank had a total of 16,607 institutions, representing an increase of two as compared with the end of the previous year. Among them, there were 16,182 domestic institutions and 425 overseas ones.

GEOGRAPHIC DISTRIBUTION OF ASSETS, INSTITUTIONS AND EMPLOYEES

Item	Assets (in RMB millions)	Percentage (%)	Number of institutions	Percentage (%)	Number of employees	Percentage (%)
Head Office	11,350,385	34.3	31	0.2	18,353	4.2
Yangtze River Delta	6,102,431	18.4	2,517	15.2	60,635	14.0
Pearl River Delta	3,797,285	11.5	1,996	12.0	47,887	11.0
Bohai Rim	4,333,001	13.1	2,703	16.3	68,368	15.7
Central China	3,050,372	9.2	3,485	21.0	84,804	19.5
Western China	3,849,272	11.6	3,685	22.2	88,024	20.2
Northeastern China	1,122,048	3.4	1,633	9.8	44,178	10.2
Overseas and others	4,091,247	12.4	557	3.3	22,549	5.2
Eliminated and undistributed assets	(4,584,031)	(13.9)				
Total	**33,112,010**	**100.0**	**16,607**	**100.0**	**434,798**	**100.0**

Note: Overseas and other assets include investments in associates and joint ventures.

Significant Events

Corporate Governance

Corporate Governance and Measures for Improvement

During the reporting period, the Bank strictly complied with relevant laws and regulations and continued to improve its corporate governance on the basis of the Bank's situation.

The Bank put into good use the key role of the Board of Directors in corporate governance and strategic decision-making. It promoted the change of directors in an orderly manner to ensure the Bank's Board of Directors is structured in compliance with laws and regulations, and continued to improve the duty performance support mechanism of the Board of Directors to ensure the scientific and efficient corporate governance. Besides, the Bank stepped up efforts in the Group's corporate governance, and refined the management and control and collaboration mechanism of the Group. Confronted by the COVID-19 pandemic, the Bank focused on response to COVID-19, business operation and financial stability all together. It timely adjusted authorization limit for donations, went all out on financial services and granted targeted funding support to the real economy, private, small and micro enterprises and anti-pandemic enterprises.

The Bank attached great importance to the Board of Supervisors' duty of supervision. Centering on its development strategies and objectives of reform and innovation, the Bank adhered to a problem-oriented, goal-oriented and result-oriented approach, and actively strengthened supervision on all fronts to effectively leverage the role of the Board of Supervisors in corporate governance.

The Bank reinforced the enterprise risk management, improved the enterprise risk management system, enhanced the building of the three lines of defense mechanism in risk management and pressed ahead with the building of a new comprehensive enterprise risk management system covering all the staff and the whole process in full amount globally. It upgraded risk appetite management system, strengthened the management over risk limit, and improved and implemented various risk management policies further.

The Bank continuously improved the Group's transparency. It proactively complied with new information disclosure regulations, and disclosed information in a legal and compliant manner. In addition, it promoted voluntary information disclosure on a high-quality basis, enhanced communication and exchanges with investors through multiple channels, and effectively protected the right of investors to be informed. The Bank continued to improve its working mechanism and process to consistently improve the quality and performance of the Group's information disclosure management.

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

Shareholders' General Meeting During the reporting period, the Bank convened the First Extraordinary General Meeting of 2020 on 8 January 2020 and the Annual General Meeting for the Year 2019 on 12 June 2020. The above meetings were convened and held in strict compliance with relevant laws and regulations. The Bank disclosed relevant announcements of resolutions and legal opinions in a timely manner in accordance with regulatory requirements. For details of the meetings, please refer to the announcements of the Bank dated 8 January 2020 and 12 June 2020 respectively on the websites of SSE, the "HKEXnews" of HKEX and the Bank.

Profits and Dividends Distribution

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

As approved at the Annual General Meeting for the Year 2019 held on 12 June 2020, the Bank distributed cash dividends of about RMB93,664 million, or RMB2.628 per ten shares (pre-tax) for the period from 1 January 2019 to 31 December 2019 to the ordinary shareholders whose names appeared on the share register after the close of market on 29 June 2020. The Bank will not declare or distribute interim dividends for 2020, nor will it convert any capital reserves to share capital.

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

Use of Proceeds from Fundraising Activities

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

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

Material Lawsuits or Arbitration Cases During the reporting period, the Bank incurred no material lawsuits or arbitration cases. The Bank was involved in several legal disputes in the ordinary course of business. Most of these cases were initiated by the Bank to recover non-performing loans, while some were related to disputes with clients. As at 30 June 2020, the amount of cases pending judgements or arbitration awards in which the Bank and/or its subsidiaries are defendants totaled RMB4,140 million, and the Bank does not expect any material adverse effect from the above-mentioned cases on the Bank's business, financial position or operating results.

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

Material Assets Acquisition, Sale and Merger During the reporting period, the Bank had no material assets acquisition, sale and merger.

Material Related Party Transactions

During the reporting period, the Bank did not enter into any material related party transactions.

Please refer to "Note 42. to the Financial Statements: Related Party Disclosures" for details of the related party transactions defined under the laws and regulations of China and the relevant accounting standards.

Material Contracts and Performance of Obligations thereunder

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

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

Commitments

As at 30 June 2020, all of the continuing commitments made by the shareholders were properly fulfilled, and were listed as follows:

Shareholder	Type of commitment	Time and term of commitment	Legal document under which the commitment is made	Commitment	Fulfillment of commitment
Huijin	Commitment of non-competition	October 2006/ No specific term	Prospectus of Industrial and Commercial Bank of China Limited on Initial Public Offering (A Share)	Provided that Huijin continues to hold any share of the Bank or is deemed as the controlling shareholder of the Bank or the related party of the controlling shareholder of the Bank according to the laws or listing rules of China or the listing place of the Bank, Huijin will not engage in or participate in any competitive commercial banking business including but not limited to granting loans, attracting deposits and providing settlement, fund custody, bank card and money exchange services. However, Huijin can engage in or participate in some competitive businesses by investing in other commercial banks. In this regard, Huijin has committed that it will: (1) fairly treat the investments in commercial banks and will not make any decision or judgment that will have adverse impact on the Bank or be beneficial to other commercial banks by taking advantage of the status of being a shareholder of the Bank or information obtained by taking advantage of the status of being a shareholder of the Bank; and (2) perform the shareholders' rights for the maximum interests of the Bank.	As at 30 June 2020, Huijin strictly fulfilled the above commitment and did not do anything in violation of the commitment.
		November 2010/ No specific term	Prospectus on A Share Rights Issue of Industrial and Commercial Bank of China Limited		
SSF	Commitment of performing the obligation of lock-up period for A shares	Taking effect from December 2019	Simplified Report of Changes in Equity of National Council for Social Security Fund	According to the Notice of the State Council on Issuing the Implementation Plan for Transferring Part of State-Owned Capital to Fortify Social Security Funds (Guo Fa [2017] No. 49), SSF shall perform the obligation of more than 3-year lock-up period as of the date of the receipt of transferred shares.	As at 30 June 2020, SSF strictly fulfilled the above commitment and did not do anything in violation of the commitment.

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

Purchase, Sale and Redemption of Shares During the reporting period, neither the Bank nor any of its subsidiaries purchased, sold or redeemed any listed shares of the Bank.

Securities Transactions of Directors and Supervisors The Bank has adopted a set of codes of conduct concerning the securities transactions by directors and supervisors which are no less stringent than the standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers, Appendix 10 to the Hong Kong Listing Rules. After making enquiries to all Directors and Supervisors of the Bank, each Director and Supervisor confirmed that he/she has complied with the provisions of the aforesaid codes of conduct during the reporting period.

Interests in Shares, Underlying Shares, and Debentures Held by Directors and Supervisors As at 30 June 2020, none of the Directors or Supervisors of the Bank had any interests or short positions in the shares, underlying shares or debentures of the Bank or any of its associated corporations (as defined in Part XV of the Securities and Futures Ordinance of Hong Kong) which have to be notified to the Bank and SEHK under Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance of Hong Kong (including interests or short positions therein that they shall be deemed to have pursuant to such provisions of the Securities and Futures Ordinance of Hong Kong), or any interests or short positions which have to be recorded in the register under Section 352 of the Securities and Futures Ordinance of Hong Kong, or any interests or short positions which have to be notified to the Bank and SEHK pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Hong Kong Listing Rules.

Implementation of Share Incentive Plan and Employee Stock Ownership Plan during the Reporting Period During the reporting period, the Bank did not implement any share incentive plan or any employee stock ownership plan.

Performance of the Precision Poverty Alleviation Social Responsibility The Bank took poverty alleviation as an important part of fulfilling its social responsibilities, earnestly implemented requirements of the CPC Central Committee and the State Council to win the hard battle against poverty and resolutely implemented the decisions and policies of the Party Committee of the Head Office. It continuously improved the poverty alleviation system and mechanism, enriched means of process management and explored new approaches for the poverty alleviation. Besides, in accordance with the "1+3" working concept of "coordinating resources in four counties with focus on Jinyang County", the Bank supported four counties (cities) of Tongjiang, Nanjiang, Wanyuan and Jinyang in Sichuan Province to win the battle against poverty in a high-quality manner.

Overall Precision Poverty Alleviation Planning

Strengthening the leadership and coordination. The Bank paid close attention to the poverty alleviation, and adhered to making heads of institutions at all levels assume the overall responsibility for poverty alleviation and pushing forward the overall coordinated efforts across the Bank with precise focus and strength. It attached importance to the pooled efforts across the Bank and explored effective new model of poverty alleviation to contribute ICBC's wisdom to winning the hard battle against poverty.

Improving the mechanism for poverty alleviation. In the first half of the year, the Leading Group for Poverty Alleviation through Finance held five special meetings on poverty alleviation through finance via videoconference, central group study of the Party Committee, off-site circulation and other forms, and formulated five guiding documents on precision poverty alleviation including the ICBC Work Plan for Precision Poverty Alleviation through Finance (Version 2020), the ICBC Measures for Evaluating the Performance of the Precision Poverty Alleviation through Finance (Version 2020), the Work Plan for Targeted Poverty Alleviation in 2020, the Notice on Further Improving the Supporting Credit Policies for Poverty Alleviation through Finance and the Notice on Strengthening Extension of and Statistic Services for Precision Poverty Alleviation Loans through Finance to provide a solid policy basis for poverty alleviation work.

Summary of Precision Poverty Alleviation

The Bank conducted solid work on all aspects of the poverty alleviation, and achieved the steady growth in precision poverty alleviation loans, sustained improvement in comprehensive financial services, remarkable achievements in new poverty alleviation model, steady income increase in counties and cities of targeted poverty alleviation, and expanding social influence in poverty alleviation.

Increasing loan granting for poverty alleviation. By closely focusing on the financial needs of poverty-stricken areas and poor households, especially the "Three Regions and Three Prefectures", and regions in extreme poverty, the Bank continued to increase loan granting for precision poverty alleviation. It promoted the service model of "precision poverty alleviation and agriculture-related supply chain" to steadily lift poor households out of poverty and increase their incomes through loan of industry precision poverty alleviation.

Improving comprehensive financial services. The Bank improved the financial services for poverty-stricken areas and poor households in various fields in a multi-pronged approach. It actively promoted, improved and adjusted the layout of offline channels, and implemented the overall planning of new outlets in poverty-stricken areas. It continued to adopt fee reduction for personal settlements, and set up tailor-made wealth management products and certificates of deposit in poverty-stricken areas. It generally upgraded "e-Business Dream Plan" to increase financial service support for poverty-stricken areas through online products. It carried out solid special study on the overall planning for the development of the whole county-based market, including poverty-stricken areas.

Exploring new models of precision poverty alleviation. Pushing the poverty alleviation efforts being driven by internal forces, the Bank gave full play to the advantages in FinTech, continuously improved online service channels, and provided online financial services for poverty-stricken areas. It set up a special zone for poverty alleviation on mobile banking, ICBC Mall, ICBC e Life and ICBC e Intelligence to promote products from poverty-stricken areas, provide them with sales channels, collect and release investment attraction plans and project reserves in those areas, and provide high-quality matchmaking channels for information release and customer resources there. Besides, the Bank continued to focus particular attention on building people's confidence in their ability to lift themselves out of poverty and on helping them access the education. As a leading bank in China, it selected outstanding bank leaders to participate in poverty alleviation work, recruited poor college students, provided long-term assistance, and constantly refined relevant management mechanisms to effectively enhance the effect of poverty alleviation in poverty-stricken areas.

Focusing on extreme poverty. The Bank regarded Jinyang, a county of extreme poverty, as the top priority of targeted poverty alleviation, defined the principle of "three priorities" in assistance, and gave it top priority when it came to arranging new funds, projects and initiatives. It also gave priority to its work of and improved weak links in seeing that the basic living needs of rural poor populations are met and that such people have access to compulsory education, basic medical services, and housing, helped to build schools, hospitals and safe drinking water facilities, trained and rewarded teachers in mountain villages, and funded poor students. The establishment of the new Jinyang Sub-branch further enhanced the financial service capacity of the Bank to Jinyang.

Keeping the poverty alleviation results on a stable footing. The Bank prevented Tongjiang, Nanjiang and Wanyuan that have lifted out of poverty from falling back into poverty. It carried out the "precision poverty alleviation insurance" project to effectively reduce the risk of households lifted out of poverty falling back into poverty and households living near the poverty line falling into poverty. It also set up a "SME Industrial Development Fund" with focus on supporting the development of characteristic industries such as gazelle farming, walnut and honeysuckle planting. In addition, it established the "Bazhong Rural Revitalization and Development Fund" to support local key development projects such as the development of tourism infrastructure.

Poverty alleviation through employment. The Bank continued its efforts in special recruitment for fresh college graduates from impoverished families in the list of poor families set up by the State Council Leading Group Office of Poverty Alleviation and Development, the poor student repository of colleges and universities, or who have awarded the National Encouragement scholarship (national stipend) for poor college students, and relaxed minimum academic requirement to full-time junior college students. It supported Jinyang in building a comprehensive training center for poverty alleviation through employment to fundamentally enhance the employability of people there.

Consumption-based poverty alleviation. The Bank launched the "ten batches" measures in the "Chunnuan Action" of consumption-based poverty alleviation, to gather the strength across the Bank to help poverty-stricken areas cushion the impact of COVID-19. The measures solved the problem of difficulty in selling agricultural products through various channels, focused on supporting four targeted counties (cities) for poverty alleviation and Hubei province that was hardest-stricken by the virus, so as to steadily increase the income of poor households. The Bank developed over 3,800 merchants from poor counties through ICBC Mall, covering 584 state-level poverty-stricken counties in 22 provinces, cities and autonomous regions. The sales volume of poverty alleviation products in the first half of the year was RMB792 million, representing an increase of 5.2 times year on year, of which the sales volume of four targeted counties (cities) reached RMB231 million.

Coordinating regular epidemic containment with poverty alleviation. Paying close attention to the anti-virus needs of poverty alleviation areas, the Bank donated masks, disinfectants and other pandemic prevention supplies urgently needed in local community in a timely manner. It actively supported enterprises with financial difficulty in the four counties (cities) to apply for and renew loans to provide funds for resuming work and production. It also opened an electronic green channel for the whole process of enterprise user registration, account opening and cash settlement management at poverty alleviation areas, and provided contactless financial services.

Precision Poverty Alleviation Achievements

In RMB10,000

Item	Amount
Balance of loans	18,793,698.55
Including: Loan of industry precision poverty alleviation	2,336,924.04
Loan of project precision poverty alleviation	6,240,889.78
Including: Rural transport facilities	147,534.00
Upgrading of rural power network	277,914.12
Rural water conservancy facilities	798,932.11
Rural education loan	246,011.57

Note: The data is disclosed in accordance with the statistical standard as stipulated by CBIRC.

Green and Environment Protection

Green Finance is the long-term strategic choice for the Bank to realize its own sustainable development. The Bank carried out the revision of the industry (green) credit policy in a timely manner, and effectively guided the "green adjustment" of investment and financing structure with the differentiated credit policy. It improved the green credit classification management, and implemented dynamic classification and differentiated management by different types of customers and loans pursuant to the Equator Principles and IFC Performance Standards and Guidelines. It conducted special audit on green credit, improved the guarantee mechanism of green credit, comprehensively implemented the "one-vote veto system" of green credit, and strengthened the management of investment and financing environment and social risks. It also earnestly implemented the regulatory requirements, and revised and improved the green financial statistics policy. As at the end of June 2020, the balance of domestic green credit reached RMB1,417,100 million, increasing by RMB66,262 million or 4.9% over the end of 2019. In the evaluation of the "Green Bank for the Year 2019" held by CBIRC and China Banking Association, the Bank was awarded the title of the "Advanced Unit in the Comprehensive Evaluation of a Green Bank".

The Bank made use of technology to advocate green office, driven green development and created green values with technology tools. It reinforced the control over energy consumption from awareness raising, technology supporting and organization cooperation. The Bank continuously upheld green office and was keen to promote paperless meetings. It continuously improved the car use system, and developed the diversified official car use system, so as to promote safe and green travel. The Bank also carried out the voluntary tree planting activities constantly to raise the ideology of environmental protection among its employees and participate in ecological conservation.

Participation in Investment in the National Green Development Fund Co., Ltd.

The Bank has signed the Promoter's Agreement of the National Green Development Fund Co., Ltd. in July 2020 to invest RMB8.0 billion in the National Green Development Fund Co., Ltd. (the "NGDF"). The capital injection shall be paid by instalments in five years commencing from 2020, with the subscription amounting to about 9.04% of the NGDF's capital. The investment is still subject to relevant procedures of the regulatory authorities.

For more details of the investment, please refer to the announcement published by the Bank on the website of SSE, the "HKEXnews" website of HKEX and the website of ICBC.

Review of the Interim Report

The 2020 interim financial report prepared by the Bank in accordance with PRC GAAP and IFRSs have been reviewed by KPMG Huazhen LLP and KPMG in accordance with Chinese and international standards on review engagements, respectively.

The Interim Report has been reviewed and approved by the Audit Committee of the Board of Directors of the Bank.

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

Not applicable.

Review Report and Interim Financial Report

- Review Report
- Interim Financial Report
- Unaudited Supplementary Financial Information

CONTENTS

Review Report

To the board of directors of Industrial and Commercial Bank of China Limited

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

Introduction

We have reviewed the interim financial report set out on pages 95 to 188, which comprises the consolidated statement of financial position of Industrial and Commercial Bank of China Limited (the "Bank") and its subsidiaries (collectively the "Group") as of 30 June 2020 and the related consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and consolidated cash flow statement for the six month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34, *Interim Financial Reporting*, issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of the interim financial report in accordance with International Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report 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 International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, issued by the International Auditing and Assurance Standards Board. A review of the interim financial report consists of making enquiries, 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 International 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 report as at 30 June 2020 is not prepared, in all material respects, in accordance with International Accounting Standard 34, *Interim Financial Reporting*.

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

28 August 2020

Unaudited Interim Consolidated Statement of Profit Or Loss

For the six months ended 30 June 2020
(In RMB millions, unless otherwise stated)

	Notes	Six months ended 30 June 2020 (unaudited)	Six months ended 30 June 2019 (unaudited)
Interest income	3	529,790	508,157
Interest expense	3	(223,241)	(208,856)
NET INTEREST INCOME	3	306,549	299,301
Fee and commission income	4	95,616	95,248
Fee and commission expense	4	(6,716)	(6,747)
NET FEE AND COMMISSION INCOME	4	88,900	88,501
Net trading (expense)/income	5	(1,635)	5,873
Net gain/(loss) on financial investments	6	7,987	(3,424)
Other operating income, net	7	545	3,952
OPERATING INCOME		402,346	394,203
Operating expenses	8	(87,925)	(87,154)
Impairment losses on assets	9	(125,456)	(99,180)
OPERATING PROFIT		188,965	207,869
Share of profits of associates and joint ventures		386	1,340
PROFIT BEFORE TAXATION		189,351	209,209
Income tax expense	10	(39,555)	(40,519)
PROFIT FOR THE PERIOD		149,796	168,690
Attributable to:			
Equity holders of the parent company		148,790	167,931
Non-controlling interests		1,006	759
Profit for the period		149,796	168,690
EARNINGS PER SHARE			
— Basic (RMB yuan)	12	0.42	0.47
— Diluted (RMB yuan)	12	0.42	0.47

Details of the dividends declared and paid or proposed are disclosed in note 11 to this interim financial report.

The notes on pages 104 to 188 form part of this interim financial report.

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

For the six months ended 30 June 2020
(In RMB millions, unless otherwise stated)

	Notes	Six months ended 30 June	
		2020 (unaudited)	2019 (unaudited)
Profit for the period		149,796	168,690
Other comprehensive income (after tax, net):	33		
Items that will not be reclassified to profit or loss:			
Changes in fair value of equity instruments designated as at fair value through other comprehensive income		(222)	783
Other comprehensive income recognised under equity method		(13)	5
Others		3	0
Items that may be reclassified subsequently to profit or loss:			
Changes in fair value of debt instruments measured at fair value through other comprehensive income		2,043	3,994
Credit losses of debt instruments measured at fair value through other comprehensive income		1,039	(41)
Reserve from cash flow hedging instruments		(869)	(643)
Other comprehensive income recognised under equity method		1,075	(356)
Foreign currency translation differences		(2,535)	1,011
Others		(428)	(9)
Subtotal of other comprehensive income for the period		93	4,744
Total comprehensive income for the period		149,889	173,434
Total comprehensive income attributable to:			
Equity holders of the parent company		148,850	172,689
Non-controlling interests		1,039	745
		149,889	173,434

The notes on pages 104 to 188 form part of this interim financial report.

Unaudited Interim Consolidated Statement of Financial Position

As at 30 JUNE 2020
(In RMB millions, unless otherwise stated)

	Notes	30 June 2020 (unaudited)	31 December 2019 (audited)
ASSETS			
Cash and balances with central banks	13	3,542,538	3,317,916
Due from banks and other financial institutions	14	1,243,071	1,042,368
Derivative financial assets	15	76,931	68,311
Reverse repurchase agreements	16	1,371,519	845,186
Loans and advances to customers	17	17,503,330	16,326,552
Financial investments	18	8,365,593	7,647,117
— Financial investments measured at fair value through profit or loss		1,023,536	962,078
— Financial investments measured at fair value through other comprehensive income		1,527,183	1,476,872
— Financial investments measured at amortised cost		5,814,874	5,208,167
Investments in associates and joint ventures	19	28,327	32,490
Property and equipment	20	286,627	286,561
Deferred income tax assets	21	64,112	62,536
Other assets	22	629,962	480,399
TOTAL ASSETS		**33,112,010**	**30,109,436**

The notes on pages 104 to 188 form part of this interim financial report.

(In RMB millions, unless otherwise stated)

	Notes	30 June 2020 (unaudited)	31 December 2019 (audited)
LIABILITIES			
Due to central banks		32,443	1,017
Financial liabilities designated as at fair value through profit or loss	23	125,686	102,242
Derivative financial liabilities	15	104,134	85,180
Due to banks and other financial institutions	24	2,973,637	2,266,573
Repurchase agreements	25	250,847	263,273
Certificates of deposit	26	343,456	355,428
Due to customers	27	25,067,870	22,977,655
Income tax payable		55,346	96,192
Deferred income tax liabilities	21	2,627	1,873
Debt securities issued	28	726,613	742,875
Other liabilities	29	682,595	525,125
TOTAL LIABILITIES		**30,365,254**	**27,417,433**
EQUITY			
Equity attributable to equity holders of the parent company			
Share capital	30	356,407	356,407
Other equity instruments	31	206,132	206,132
Reserves	32	745,267	745,111
Retained profits		1,423,060	1,368,536
		2,730,866	2,676,186
Non-controlling interests		15,890	15,817
TOTAL EQUITY		**2,746,756**	**2,692,003**
TOTAL EQUITY AND LIABILITIES		**33,112,010**	**30,109,436**

Chen Siqing
Chairman

Gu Shu
Vice Chairman
and President

Zhang Wenwu
Senior Executive Vice President
and General Manager of
Finance and Accounting Department

The notes on pages 104 to 188 form part of this interim financial report.

Unaudited Interim Consolidated Statement of Changes in Equity

For the six months ended 30 June 2020
(In RMB millions, unless otherwise stated)

	Attributable to equity holders of the parent company													
			Reserves											
	Issued share capital	Other equity instruments	Capital reserve	Surplus reserve	General reserve	Investment revaluation reserve	Foreign currency translation reserve	Cash flow hedging reserves	Other reserves	Subtotal	Retained profits	Total	Non-controlling interests	Total equity
Balance as at 1 January 2020	356,407	206,132	149,139	292,291	305,019	23,280	(18,568)	(4,453)	(1,597)	745,111	1,368,536	2,676,186	15,817	2,692,003
Profit for the period	–	–	–	–	–	–	–	–	–	–	148,790	148,790	1,006	149,796
Other comprehensive income (note 33)	–	–	–	–	–	2,809	(2,534)	(852)	637	60	–	60	33	93
Total comprehensive income	–	–	–	–	–	2,809	(2,534)	(852)	637	60	148,790	148,850	1,039	149,889
Dividends — ordinary shares 2019 final (note 11)	–	–	–	–	–	–	–	–	–	–	(93,664)	(93,664)	–	(93,664)
Appropriation to surplus reserve (i)	–	–	–	477	–	–	–	–	–	477	(477)	–	–	–
Appropriation to general reserve (ii)	–	–	–	–	129	–	–	–	–	129	(129)	–	–	–
Change in share holding in subsidiaries	–	–	(499)	–	–	–	–	–	–	(499)	–	(499)	(780)	(1,279)
Dividends to non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	–	–	(188)	(188)
Other comprehensive income transferred to retained earnings	–	–	–	–	–	(6)	–	–	–	(6)	4	(2)	2	–
Others	–	–	–	–	–	–	–	–	(5)	(5)	–	(5)	–	(5)
Balance as at 30 June 2020 (unaudited)	**356,407**	**206,132**	**148,640**	**292,768**	**305,148**	**26,083**	**(21,102)**	**(5,305)**	**(965)**	**745,267**	**1,423,060**	**2,730,866**	**15,890**	**2,746,756**

(i) Includes the appropriation made by overseas branches and subsidiaries in the amounts of RMB67 million and RMB410 million, respectively.

(ii) Includes the appropriation made by subsidiaries in the amounts of RMB129 million.

The notes on pages 104 to 188 form part of this interim financial report.

(In RMB millions, unless otherwise stated)

	Attributable to equity holders of the parent company													
			Reserves											
	Issued share capital	Other equity instruments	Capital reserve	Surplus reserve	General reserve	Investment revaluation reserves	Foreign currency translation reserve	Cash flow hedging reserve	Other reserve	Subtotal	Retained profits	Total	Non-controlling interests	Total equity
Balance as at 1 January 2019	356,407	86,051	152,043	261,720	279,064	15,495	(22,894)	(3,804)	(747)	680,877	1,206,666	2,330,001	14,882	2,344,883
Profit for the period	–	–	–	–	–	–	–	–	–	–	167,931	167,931	759	168,690
Other comprehensive income (note 33)	–	–	–	–	–	4,710	1,041	(633)	(360)	4,758	–	4,758	(14)	4,744
Total comprehensive income	–	–	–	–	–	4,710	1,041	(633)	(360)	4,758	167,931	172,689	745	173,434
Dividends — ordinary shares 2018 final (note 11)	–	–	–	–	–	–	–	–	–	–	(89,315)	(89,315)	–	(89,315)
Appropriation to surplus reserve (i)	–	–	–	516	–	–	–	–	–	516	(516)	–	–	–
Appropriation to general reserve (ii)	–	–	–	–	244	–	–	–	–	244	(244)	–	–	–
Change in share holding in subsidiaries	–	–	(3)	–	–	–	–	–	–	(3)	–	(3)	(8)	(11)
Capital injection by non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	–	–	57	57
Dividends to non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	–	–	(157)	(157)
Others	–	–	–	–	–	–	–	–	4	4	–	4	–	4
Balance as at 30 June 2019 (unaudited)	**356,407**	**86,051**	**152,040**	**262,236**	**279,308**	**20,205**	**(21,853)**	**(4,437)**	**(1,103)**	**686,396**	**1,284,522**	**2,413,376**	**15,519**	**2,428,895**

(i) Includes the appropriation made by overseas branches and subsidiaries in the amounts of RMB16 million and RMB500 million, respectively.

(ii) Includes the appropriation made by subsidiaries in the amounts of RMB244 million.

The notes on pages 104 to 188 form part of this interim financial report.

(In RMB millions, unless otherwise stated)

	Attributable to equity holders of the parent company													
			Reserves											
	Issued share capital	Other equity instruments	Capital reserve	Surplus reserve	General reserve	Investment revaluation reserves	Foreign currency translation reserve	Cash flow hedging reserve	Other reserve	Subtotal	Retained profits	Total	Non-controlling interests	Total equity
Balance as at 1 January 2019	356,407	86,051	152,043	261,720	279,064	15,495	(22,894)	(3,804)	(747)	680,877	1,206,666	2,330,001	14,882	2,344,883
Profit for the year	–	–	–	–	–	–	–	–	–	–	312,224	312,224	1,137	313,361
Other comprehensive income	–	–	–	–	–	7,805	4,326	(649)	(853)	10,629	–	10,629	79	10,708
Total comprehensive income	–	–	–	–	–	7,805	4,326	(649)	(853)	10,629	312,224	322,853	1,216	324,069
Dividends — ordinary shares 2018 final	–	–	–	–	–	–	–	–	–	–	(89,315)	(89,315)	–	(89,315)
Dividends — preference shares	–	–	–	–	–	–	–	–	–	–	(4,525)	(4,525)	–	(4,525)
Appropriation to surplus reserve (i)	–	–	–	30,571	–	–	–	–	–	30,571	(30,571)	–	–	–
Appropriation to general reserve (ii)	–	–	–	–	25,955	–	–	–	–	25,955	(25,955)	–	–	–
Capital injection by other equity instruments holders	–	149,967	–	–	–	–	–	–	–	–	–	149,967	–	149,967
Capital deduction by other equity instruments holders	–	(29,886)	(2,901)	–	–	–	–	–	–	(2,901)	–	(32,787)	–	(32,787)
Change in share holding in subsidiaries	–	–	(3)	–	–	–	–	–	–	(3)	–	(3)	(8)	(11)
Capital injection by non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	–	–	57	57
Dividends to non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	–	–	(338)	(338)
Other comprehensive income transferred to retained earnings	–	–	–	–	–	(20)	–	–	–	(20)	12	(8)	8	–
Others	–	–	–	–	–	–	–	–	3	3	–	3	–	3
Balance as at 31 December 2019 (audited)	**356,407**	**206,132**	**149,139**	**292,291**	**305,019**	**23,280**	**(18,568)**	**(4,453)**	**(1,597)**	**745,111**	**1,368,536**	**2,676,186**	**15,817**	**2,692,003**

(i) Includes the appropriation made by overseas branches and subsidiaries in the amounts of RMB53 million and RMB785 million, respectively.

(ii) Includes the appropriation made by overseas branches and subsidiaries in the amounts of RMB2 million and RMB1,194 million, respectively.

The notes on pages 104 to 188 form part of this interim financial report.

Unaudited Interim Consolidated Cash Flow Statement

For the six months ended 30 June 2020
(In RMB millions, unless otherwise stated)

	Notes	Six months ended 30 June 2020 (unaudited)	Six months ended 30 June 2019 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		189,351	209,209
Adjustments for:			
Share of profits of associates and joint ventures		(386)	(1,340)
Depreciation		13,645	12,414
Amortisation	8	1,171	1,188
Amortisation of financial investments		(2,498)	443
Impairment losses on assets	9	125,456	99,180
Unrealised losses on foreign exchange		10,839	926
Interest expense on debt securities issued		13,244	13,789
Accreted interest on impaired loans		(941)	(1,167)
Net (gain)/loss on financial investments		(5,869)	2,648
Interest income on financial investments		(117,949)	(97,505)
Net gain on changes at fair value		(6,751)	(9,061)
Net gain on disposal and overage of property and equipment and other assets (other than repossessed assets)		(730)	(792)
Dividend income	6	(1,054)	(348)
		217,528	229,584
Net decrease/(increase) in operating assets:			
Due from central banks		176,573	28,757
Due from banks and other financial institutions		23,905	(53,029)
Financial assets measured at fair value through profit or loss		(19,355)	(45,557)
Reverse repurchase agreements		70,931	(77,977)
Loans and advances to customers		(1,255,273)	(896,890)
Other assets		(174,316)	(199,849)
		(1,177,535)	(1,244,545)
Net increase/(decrease) in operating liabilities:			
Financial liabilities designated as at fair value through profit or loss		22,174	3,745
Due to central banks		31,427	749
Due to banks and other financial institutions		698,647	374,821
Repurchase agreements		(12,477)	(233,047)
Certificates of deposit		(16,537)	20,418
Due to customers		2,060,021	1,708,866
Other liabilities		133,077	117,462
		2,916,332	1,993,014
Net cash flows from operating activities before tax		1,956,325	978,053
Income tax paid		(82,592)	(70,760)
Net cash flows from operating activities		1,873,733	907,293

The notes on pages 104 to 188 form part of this interim financial report.

(In RMB millions, unless otherwise stated)

	Notes	Six months ended 30 June 2020 (unaudited)	Six months ended 30 June 2019 (unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property and equipment and other assets		(10,769)	(14,928)
Proceeds from disposal of property and equipment and other assets (other than repossessed assets)		981	1,326
Purchases of financial investments		(1,631,900)	(1,248,373)
Proceeds from sale and redemption of financial investments		967,154	849,306
Investment returns received		114,096	98,678
Investments in associates and joint ventures		(130)	(76)
Proceeds from disposal of associates and joint ventures		179	–
Net cash flows from investing activities		(560,389)	(314,067)
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital injection by non-controlling shareholders		–	57
Proceeds from issuance of debt securities		441,364	624,360
Interest paid on debt securities		(13,772)	(6,935)
Repayment of debt securities		(449,224)	(478,939)
Acquisition of non-controlling interests		(1,279)	(11)
Dividends paid on ordinary shares		(70,854)	–
Dividends paid to non-controlling shareholders		(188)	(157)
Cash payment for other financing activities		(2,423)	–
Net cash flows from financing activities		(96,376)	138,375
NET INCREASE IN CASH AND CASH EQUIVALENTS		1,216,968	731,601
Cash and cash equivalents at beginning of the period		1,450,413	1,509,524
Effect of exchange rate changes on cash and cash equivalents		9,830	948
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	35	2,677,211	2,242,073
NET CASH FLOWS FROM OPERATING ACTIVITIES INCLUDE:			
Interest received		427,871	422,202
Interest paid		(209,678)	(191,352)

The notes on pages 104 to 188 form part of this interim financial report.

1. CORPORATE INFORMATION

Industrial and Commercial Bank of China Limited (the "Bank"), which was previously known as Industrial and Commercial Bank of China ("ICBC"), used to be a wholly-state-owned commercial bank established on 1 January 1984 based on the authorisation of the State Council and the People's Bank of China (the "PBOC") of the People's Republic of China (the "PRC"). On 28 October 2005, with the approval of the State Council, ICBC was restructured and incorporated as a joint-stock limited company. The joint-stock limited company undertook all the assets and liabilities of ICBC upon the restructuring. On 27 October 2006, the Bank was successfully listed on both Shanghai Stock Exchange and The Stock Exchange of Hong Kong Limited.

The Bank obtained its finance permit No. B0001H111000001 from the China Banking and Insurance Regulatory Commission (the "CBIRC") of the PRC. The Bank obtained its business license with unified social credit code 91100000100003962T from the State Administration for Industry and Commerce of the PRC. The legal representative is Chen Siqing and the registered office is located at No. 55 Fuxingmennei Avenue, Xicheng District, Beijing, the PRC.

The Bank's stock codes of A Shares and H Shares listed on the Shanghai Stock Exchange and the Stock Exchange of Hong Kong Limited are 601398 and 1398, respectively. The Bank's offshore preference share is listed on the Stock Exchange of Hong Kong Limited and the stock code is 4604. The Bank's domestic preference shares are listed on the Shanghai Stock Exchange and the stock codes are 360011 and 360036.

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

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of preparation

The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, and compliance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*, issued by the International Accounting Standards Board. It was approved by the board of directors on 28 August 2020.

The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs"), and should be read in conjunction with the Group's last annual financial report for the year ended 31 December 2019.

The interim financial report has been reviewed by the Bank's auditors, KPMG, in accordance with International Standard on *Review Engagements 2410*, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, issued by International Auditing and Assurance Standards Boards ("IAASB").

Accounting judgements and estimates

The preparation of the interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied in the preparation of the consolidated financial statements for the year ended 31 December 2019.

Basis of consolidation

The interim financial report comprises the financial statements of the Bank and its subsidiaries for the six months ended 30 June 2020. The financial statements of the subsidiaries are prepared for the same reporting period as the Bank, using consistent accounting policies.

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

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

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

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

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

(In RMB millions, unless otherwise stated)

Particulars of the Group's principal subsidiaries as at the end of the reporting period are as follows:

Name	Percentage of equity interest % 30 June 2020	Percentage of equity interest % 31 December 2019	Voting rights % 30 June 2020	Nominal value of issued share/paid-in capital 30 June 2020	Amount invested by the Bank	Place of incorporation/registration and operations	Principal activities
Industrial and Commercial Bank of China (Asia) Limited ("ICBC Asia")	100	100	100	HKD44,188 million	HKD54,738 million	Hong Kong, the PRC	Commercial banking
ICBC International Holdings Limited ("ICBC International")	100	100	100	HKD4,882 million	HKD4,882 million	Hong Kong, the PRC	Investment banking
Industrial and Commercial Bank of China (Almaty) Joint Stock Company	100	100	100	KZT8,933 million	KZT8,933 million	Almaty, Kazakhstan	Commercial banking
ICBC (London) PLC ("ICBC London")	100	100	100	USD200 million	USD200 million	London, United Kingdom	Commercial banking
ICBC Credit Suisse Asset Management Co., Ltd. *	80	80	80	RMB200 million	RMB433 million	Beijing, the PRC	Fund management
Industrial and Commercial Bank of China (Europe) S.A.	100	100	100	EUR437 million	EUR437 million	Luxembourg	Commercial banking
PT. Bank ICBC Indonesia ("ICBC Indonesia")	98.61	98.61	98.61	IDR3,706,100 million	USD361 million	Jakarta, Indonesia	Commercial banking
Bank ICBC (Joint stock company)	100	100	100	RUB10,810 million	RUB10,810 million	Moscow, Russia	Commercial banking
ICBC Financial Leasing Co., Ltd. * ("ICBC Leasing")	100	100	100	RMB18,000 million	RMB11,000 million	Tianjin, the PRC	Leasing
Industrial and Commercial Bank of China (Macau) Limited ("ICBC Macau")	89.33	89.33	89.33	MOP589 million	MOP12,064 million	Macau, the PRC	Commercial banking
Zhejiang Pinghu ICBC Rural Bank Co., Ltd. *	60	60	60	RMB200 million	RMB120 million	Zhejiang, the PRC	Commercial banking
Chongqing Bishan ICBC Rural Bank Co., Ltd. *	100	100	100	RMB100 million	RMB100 million	Chongqing, the PRC	Commercial banking
Industrial and Commercial Bank of China (Canada)	80	80	80	CAD208 million	CAD218.66 million	Toronto, Canada	Commercial banking
Industrial and Commercial Bank of China (Malaysia) Berhad	100	100	100	MYR833 million	MYR833 million	Kuala Lumpur, Malaysia	Commercial banking
Industrial and Commercial Bank of China (Thai) Public Company Limited ("ICBC Thai")	97.86	97.86	97.98	THB20,132 million	THB23,711 million	Bangkok, Thailand	Commercial banking
Industrial and Commercial Bank of China Financial Services LLC	100	100	100	USD50 million	USD50.25 million	Delaware and New York, United States	Broker dealer
ICBC-AXA Assurance Co., Ltd. *	60	60	60	RMB12,505 million	RMB7,980 million	Shanghai, the PRC	Insurance
Industrial and Commercial Bank of China (USA) NA	80	80	80	USD369 million	USD306 million	New York, United States	Commercial banking
Industrial and Commercial Bank of China (Argentina) S.A. ("ICBC Argentina")	100	80	100	ARS1,345 million	USD904 million	Buenos Aires, Argentina	Commercial banking
ICBC PERU BANK	100	100	100	USD120 million	USD120 million	Lima, Peru	Commercial banking
Industrial and Commercial Bank of China (Brasil) S.A.	100	100	100	Real202 million	Real202 million	Sao Paulo, Brazil	Commercial and investment banking
Industrial and Commercial Bank of China (New Zealand) Limited ("ICBC New Zealand")	100	100	100	NZD234 million	NZD234 million	Auckland, New Zealand	Commercial banking
Industrial and Commercial Bank of China Mexico S.A.	100	100	100	MXN1,597 million	MXN1,597 million	Mexico City, Mexico	Commercial banking
ICBC Turkey Bank Anonim Şirketi ("ICBC Turkey")	92.84	92.84	92.84	TRY860 million	USD425 million	Istanbul, Turkey	Commercial banking
ICBC Standard Bank PLC ("ICBC Standard")	60	60	60	USD1,083 million	USD839 million	London, United Kingdom	Banking
ICBC Financial Asset Investment Co., Ltd.* ("ICBC Investment")	100	100	100	RMB12,000 million	RMB12,000 million	Nanjing, the PRC	Financial asset investment
ICBC Austria Bank GmbH	100	100	100	EUR100 million	EUR100 million	Vienna, Austria	Commercial banking
ICBC Wealth Management Co., Ltd.*	100	100	100	RMB16,000 million	RMB16,000 million	Beijing, the PRC	Wealth Management

* These subsidiaries incorporated in Chinese mainland are all limited liability companies.

The above table lists the principal subsidiaries of the Bank. To give details of other subsidiaries would, in the opinion of the management, result in particulars of excessive length.

There is no subsidiary of the Group which has material non-controlling interests during the reporting period.

Significant accounting policies

Except as described below accounting policies adopted in the preparation of the interim financial report are consistent with those followed in the preparation of the Group's annual financial report for the year ended 31 December 2019. The changes in accounting policies are also expected to be reflected in the Group's annual financial statements for the year ending 31 December 2020. The principal effects of new and revised International Financial Reporting Standards ("IFRSs", including International Accounting Standards ("IASs")) are as follows:

Amendments to IFRS 3, Business Combinations "Clarifying what is a business"

The IASB has issued amendments to IFRS 3 that seek to clarify the definition of business. The amendments include an election to use a concentration test. If a preparer chooses not to apply the concentration test, or the test is failed, then the assessment focuses on the existence of a substantive process. The effect of these changes is that the new definition of a business is narrower, which could result in fewer business combinations being recognised. The amendments may require a complex assessment to decide whether a transaction is a business combination or an asset acquisition.

The amendments are expected to have no material impact on financial position and financial performance.

Amendments to IAS 1, Presentation of Financial Statements, and IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, "Definition of Material"

The amendments clarify the definition of material and how it should be applied by including in the definition guidance that until now has featured elsewhere in IFRS Standards. In addition, the explanations accompanying the definition have been improved and the amendments ensure that the definition of material is consistent across all IFRS Standards.

The amendments are expected to have no material impact on financial position and financial performance.

Amendments to IFRS 9, Financial Instruments, IAS 39, Financial Instruments: Recognition and Measurement, and IFRS 7, Financial instruments: Disclosures, "Interest Rate Benchmark Reform"

The IASB issued the amendments to IFRS 9, IAS 39 and IFRS 7, which aims to address uncertainties related to the ongoing reform of interbank offered rates ("IBOR").

The amendments provide targeted relief for financial instruments qualifying for hedge accounting in the lead up to IBOR reform. They are mandatory and apply to all hedging relationships directly affected by uncertainties related to IBOR reform.

The amendments are expected to have no material impact on financial position and financial performance.

Amendment to IFRS 16, Leases "Covid-19-Related Rent Concessions"

The IASB has issued the amendment to IFRS 16, the amendment allows lessees, as a voluntary practical expedient, not to account for rent concessions as lease modifications if they arise as a direct consequence of COVID-19 and meet the qualifying criteria. The amendment is effective for annual reporting periods beginning on or after 1 June 2020 with earlier application permitted.

The Group does not adopt the practical expedient of the amendment, therefore the amendment has no material impact on the financial position and the financial result of the Group.

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

(In RMB millions, unless otherwise stated)

3. NET INTEREST INCOME

	Six months ended 30 June	
	2020	2019
Interest income on:		
Loans and advances to customers:		
Corporate loans and advances	221,240	217,025
Personal loans	141,660	123,898
Discounted bills	6,097	6,153
Financial investments	118,487	107,102
Due from banks and other financial institutions	21,379	31,056
Due from central banks	20,927	22,923
	529,790	508,157
Interest expense on:		
Due to customers	(177,272)	(158,304)
Due to banks and other financial institutions	(29,723)	(32,161)
Debt securities issued	(16,246)	(18,391)
	(223,241)	(208,856)
Net interest income	306,549	299,301

The above interest income and expense are related to financial instruments which are not measured at fair value through profit or loss.

4. NET FEE AND COMMISSION INCOME

	Six months ended 30 June	
	2020	2019
Bank card business	23,366	22,480
Settlement, clearing business and cash management	20,216	20,544
Personal wealth management and private banking services (i)	15,274	15,501
Investment banking business	14,796	15,037
Guarantee and commitment business	7,672	7,808
Corporate wealth management services (i)	7,622	7,504
Asset custody business (i)	4,020	3,986
Trust and agency services (i)	1,057	1,010
Others	1,593	1,378
Fee and commission income	95,616	95,248
Fee and commission expense	(6,716)	(6,747)
Net fee and commission income	88,900	88,501

(i) Included in personal wealth management and private banking services, corporate wealth management services, asset custody business and trust and agency services above for the period is an amount of RMB8,451 million (six months ended 30 June 2019: RMB9,063 million) with respect to trust and other fiduciary activities.

(In RMB millions, unless otherwise stated)

5. NET TRADING (EXPENSE)/INCOME

	Six months ended 30 June	
	2020	2019
Debt securities	3,107	2,745
Equity investments	2,012	1,124
Derivatives and others	(6,754)	2,004
	(1,635)	5,873

The above amounts mainly include gains and losses arising from the buying and selling of, interest income and expense on, and changes in the fair value of financial assets and liabilities held for trading.

6. NET GAIN/(LOSS) ON FINANCIAL INVESTMENTS

	Six months ended 30 June	
	2020	2019
Dividend income from equity investments designated as at FVOCI, including:		
Derecognised during the period	–	–
Held at the end of current period	1,054	348
Gain/(loss) on financial instruments measured at FVTPL, net	5,358	(4,627)
Including:		
Loss on financial instruments designated as at FVTPL	(1,398)	(10,636)
Gain on disposal of financial instruments measured at FVOCI, net	1,504	830
Others	71	25
	7,987	(3,424)

Note: "FVTPL" stands for fair value through profit or loss.

"FVOCI" stands for fair value through other comprehensive income.

7. OTHER OPERATING INCOME, NET

	Six months ended 30 June	
	2020	2019
Net premium income	29,933	38,214
Operating cost of insurance business	(32,242)	(38,027)
Net gain on disposal of property and equipment, repossessed assets and others	805	795
Others	2,049	2,970
	545	3,952

(In RMB millions, unless otherwise stated)

8. OPERATING EXPENSES

	Six months ended 30 June	
	2020	2019
Staff costs:		
Salaries and bonuses	38,692	38,692
Staff benefits	11,107	10,370
Post-employment benefits — defined contribution plans (i)	5,139	7,158
	54,938	56,220
Property and equipment expenses:		
Depreciation charge for property and equipment assets	6,773	6,574
Lease expenses in respect of land and buildings	4,088	3,876
Repairs and maintenance charges	962	994
Utility expenses	751	911
	12,574	12,355
Amortisation	1,171	1,188
Other administrative expenses	8,748	8,473
Taxes and surcharges	4,406	3,851
Others	6,088	5,067
	87,925	87,154

(i) The defined contribution plans mainly include contributions to the state pension and the Bank's Annuity Plan.

9. IMPAIRMENT LOSSES ON ASSETS

	Notes	Six months ended 30 June	
		2020	2019
Loans and advances to customers	17	111,705	91,896
Others		13,751	7,284
		125,456	99,180

10. INCOME TAX EXPENSE

(a) Income tax expense

	Six months ended 30 June	
	2020	2019
Current income tax expense:		
Chinese mainland	38,848	38,589
Hong Kong and Macau	1,103	1,149
Overseas	1,795	2,011
	41,746	41,749
Deferred income tax expense	(2,191)	(1,230)
	39,555	40,519

(b) Reconciliation between income tax and accounting profit

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

	Six months ended 30 June	
	2020	2019
Profit before taxation	189,351	209,209
Tax at the PRC statutory income tax rate	47,338	52,302
Effects of different applicable rates of tax prevailing in other countries/regions	(952)	(818)
Effects of non-deductible expenses (i)	13,387	5,916
Effects of non-taxable income (ii)	(20,015)	(16,717)
Effects of profits attributable to associates and joint ventures	(96)	(335)
Effects of others	(107)	171
Income tax expense	39,555	40,519

(i) The non-deductible expenses mainly represent non-deductible impairment provision, write-offs and others.

(ii) The non-taxable income mainly represents interest income arising from the PRC government bonds and municipal debts, which is exempted from income tax.

11. DIVIDENDS

	Six months ended 30 June	
	2020	2019
Dividends on ordinary shares declared and paid or proposed:		
Final dividend on ordinary shares for 2019: RMB0.2628 per share (2018: RMB0.2506 per share)	93,664	89,315

12. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2020	2019
Earnings:		
Profit for the period attributable to ordinary equity holders of the parent company	148,790	167,931
Shares:		
Weighted average number of ordinary shares in issue (in million shares)	356,407	356,407
Basic and diluted earnings per share (RMB yuan)	0.42	0.47

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

(In RMB millions, unless otherwise stated)

13. CASH AND BALANCES WITH CENTRAL BANKS

	30 June 2020	31 December 2019
Cash on hand	72,938	66,035
Balances with central banks		
Mandatory reserves (i)	2,465,129	2,676,279
Surplus reserves (ii)	717,683	322,892
Fiscal deposits and others	285,553	250,976
Accrued interest	1,235	1,734
	3,542,538	3,317,916

(i) The Group is required to place mandatory reserve deposits and other restricted deposits with the PBOC and certain central banks of overseas countries or regions where it has operations. Mandatory reserve deposits with central banks and other restricted deposits are not available for use in the Group's daily operations. Mandatory reserve deposits mainly consist of deposits placed with the PBOC and central banks of overseas countries or regions. As at 30 June 2020, the mandatory deposit reserve ratios of the domestic branches of the Bank in respect of customer deposits denominated in RMB and foreign currencies were consistent with the requirements of the PBOC. The amounts of mandatory reserve deposits placed with the central banks of those countries or regions outside Chinese mainland are determined by local jurisdictions.

(ii) Surplus reserves with the PBOC include funds for the purpose of cash settlement and other kinds of unrestricted deposits.

14. DUE FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	30 June 2020	31 December 2019
Due from banks and other financial institutions:		
Banks operating in Chinese mainland	468,604	373,868
Other financial institutions operating in Chinese mainland	60,780	11,449
Banks and other financial institutions operating outside Chinese mainland	90,594	86,655
Accrued interest	2,844	3,914
	622,822	475,886
Less: Allowance for impairment losses	(567)	(561)
	622,255	475,325
Placements with banks and other financial institutions:		
Banks operating in Chinese mainland	99,503	94,159
Other financial institutions operating in Chinese mainland	213,887	218,315
Banks and other financial institutions operating outside Chinese mainland	304,082	249,018
Accrued interest	3,953	6,235
	621,425	567,727
Less: Allowance for impairment losses	(609)	(684)
	620,816	567,043
	1,243,071	1,042,368

(In RMB millions, unless otherwise stated)

Movements of the allowance for impairment losses during the period are as follows:

	Due from banks and other financial institutions	Placements with banks and other financial institutions	Total
At 1 January 2019	401	614	1,015
Charge for the year	160	70	230
At 31 December 2019 and 1 January 2020	561	684	1,245
Charge/(reverse) for the period	6	(75)	(69)
At 30 June 2020	567	609	1,176

15. DERIVATIVE FINANCIAL INSTRUMENTS

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

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

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

In accordance with accounting policy of offsetting, the Group offsets derivative assets and derivative liabilities which meet the criteria for offsetting, and presents net amount in the financial statements. As at 30 June 2020, derivative assets and derivative liabilities which meet the criteria for offsetting were RMB48,757 million (31 December 2019: RMB36,547 million) and RMB54,473 million (31 December 2019: RMB40,614 million) respectively, and the net derivative assets and net derivative liabilities were RMB36,335 million (31 December 2019: RMB26,248 million) and RMB42,051 million (31 December 2019: RMB30,315 million) respectively.

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

	30 June 2020			31 December 2019		
	Notional amounts	Fair values Assets	Fair values Liabilities	Notional amounts	Fair values Assets	Fair values Liabilities
Exchange rate contracts	5,694,289	30,710	(32,405)	4,944,200	38,258	(36,582)
Interest rate contracts	1,958,644	27,219	(30,858)	2,125,339	16,436	(17,888)
Commodity derivatives and others	781,212	19,002	(40,871)	818,186	13,617	(30,710)
	8,434,145	76,931	(104,134)	7,887,725	68,311	(85,180)

(In RMB millions, unless otherwise stated)

Cash flow hedges

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

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

	30 June 2020						
	Notional amounts with remaining life of					Fair values	
	Within three months	Over three months but within one year	Over one year but within five years	Over five years	Total	Assets	Liabilities
Interest rate swap contracts	3,396	15,068	9,787	920	29,171	38	(807)
Currency swap contracts	54,354	65,151	2,875	–	122,380	2,848	(1,052)
Equity derivatives	7	31	38	4	80	–	(5)
	57,757	80,250	12,700	924	151,631	2,886	(1,864)

	31 December 2019						
	Notional amounts with remaining life of					Fair values	
	Within three months	Over three months but within one year	Over one year but within five years	Over five years	Total	Assets	Liabilities
Interest rate swap contracts	–	6,824	20,726	1,045	28,595	121	(284)
Currency swap contracts	52,670	55,772	4,002	–	112,444	1,077	(750)
Equity derivatives	64	2	51	7	124	3	(7)
	52,734	62,598	24,779	1,052	141,163	1,201	(1,041)

Details of the Group's hedged risk exposures in cash flow hedges and the corresponding effect on equities are as follows:

	30 June 2020				
	Carrying amount of hedged items		Effect of hedging instruments on other comprehensive income during the current period	Accumulated effect of hedging instruments on other comprehensive income	Line items in the statement of financial position
	Assets	Liabilities			
Bonds	14,869	(15,613)	(505)	(474)	Financial investments measured at FVOCI/Financial investments measured at amortised cost/ Debt securities issued
Loans	9,784	–	(110)	(127)	Loans and advances to customers
Others	10,456	(84,902)	62	(4,443)	Due from banks and other financial institutions/ Other assets/ Due to banks and other financial institutions/ Certificates of deposit/ Due to customers/ Other liabilities
	35,109	(100,515)	(553)	(5,044)	

(In RMB millions, unless otherwise stated)

	31 December 2019				
	Carrying amount of hedged items		Effect of hedging instruments on other comprehensive income during the year	Accumulated effect of hedging instruments on other comprehensive income	Line items in the statement of financial position
	Assets	Liabilities			
Bonds	23,357	(7,030)	(4)	31	Financial investments measured at FVOCI/Financial investments measured at amortised cost/ Debt securities issued
Loans	2,914	–	(54)	(17)	Loans and advances to customers
Others	6,050	(104,846)	(639)	(4,505)	Due from banks and other financial institutions/ Other assets/ Due to banks and other financial institutions/ Certificates of deposit/ Due to customers/ Other liabilities
	32,321	(111,876)	(697)	(4,491)	

There was no ineffectiveness recognised in profit or loss that arises from the cash flow hedges for the current period (six months ended 30 June 2019: Nil).

Fair value hedges

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

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

	Six months ended 30 June	
	2020	2019
(Loss)/gain arising from fair value hedges, net:		
Hedging instruments	(2,661)	(1,331)
Hedged items attributable to the hedged risk	2,623	1,313
	(38)	(18)

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

	30 June 2020						
	Notional amounts with remaining life of					Fair values	
	Within three months	Over three months but within one year	Over one year but within five years	Over five years	Total	Assets	Liabilities
Interest rate swap contracts	742	3,831	52,978	22,512	80,063	170	(4,146)
	742	3,831	52,978	22,512	80,063	170	(4,146)

(In RMB millions, unless otherwise stated)

	31 December 2019						
	Notional amounts with remaining life of					Fair values	
	Within three months	Over three months but within one year	Over one year but within five years	Over five years	Total	Assets	Liabilities
Interest rate swap contracts	697	1,409	47,346	14,841	64,293	199	(1,383)
	697	1,409	47,346	14,841	64,293	199	(1,383)

Details of the Group's hedged risk exposures in fair value hedges are set out below:

	30 June 2020				
	Carrying amount of hedged items		Accumulated adjustments to the fair value of hedged items		
	Assets	Liabilities	Assets	Liabilities	Line items in the statement of financial position
Bonds	61,063	(369)	6,263	(15)	Financial investments measured at FVOCI/ Financial investments measured at amortised cost/ Debt securities issued
Loans	5,861	–	1,447	–	Loans and advances to customers
Others	14,475	(3,649)	278	(112)	Reverse repurchase agreements/ Due to banks and other financial institutions
	81,399	(4,018)	7,988	(127)	

	31 December 2019				
	Carrying amount of hedged items		Accumulated adjustments to the fair value of hedged items		
	Assets	Liabilities	Assets	Liabilities	Line items in the statement of financial position
Bonds	42,646	(120)	943	(11)	Financial investments measured at FVOCI/ Financial investments measured at amortised cost/ Debt securities issued
Loans	5,325	–	32	–	Loans and advances to customers
Others	13,962	(3,481)	(10)	–	Reverse repurchase agreements/ Due to banks and other financial institutions
	61,933	(3,601)	965	(11)	

(In RMB millions, unless otherwise stated)

Net investment hedges

The Group's consolidated statement of financial position is affected by exchange differences between the functional currency of the Bank and functional currencies of its branches and subsidiaries. The Group hedges such exchange exposures only in limited circumstances. Hedging is undertaken using deposits taken in the same currencies as the functional currencies of related branches and subsidiaries which are accounted for as hedges of certain net investment in foreign operations.

As at 30 June 2020, an accumulated net loss from the hedging instrument of RMB1,237 million was recognised in "Other comprehensive income" on net investment hedges (as at 31 December 2019 accumulated net loss: RMB747 million). As at 30 June 2020, there was no ineffectiveness in profit or loss that arises from the net investment hedges (31 December 2019: Nil).

Counterparty credit risk-weighted assets of derivative financial instruments

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

	30 June 2020	31 December 2019
Counterparty credit default risk-weighted assets	151,850	131,219
Including: Non-netting settled credit default risk-weighted assets	*81,055*	*65,292*
Netting settled credit default risk-weighted assets	*70,795*	*65,927*
Credit value adjustment risk-weighted assets	55,304	34,676
Central counterparties credit risk-weighted assets	2,132	3,068
	209,286	168,963

The credit risk-weighted assets of derivative financial instruments were calculated with reference to Regulation Governing Capital of Commercial Banks (Provisional). The credit risk-weighted assets of the Group's derivative financial instruments include counterparty credit default risk-weighted assets, credit value adjustment risk-weighted assets and central counterparties credit risk-weighted assets.

16. REVERSE REPURCHASE AGREEMENTS

Reverse repurchase agreements comprise reverse repurchase of bills, securities and cash advanced as collateral on securities borrowing.

	30 June 2020	31 December 2019
Measured at amortised cost:		
Reverse repurchase agreements-bills	264,993	309,249
Reverse repurchase agreements-securities	960,392	376,237
Accrued interest	85	137
Less: Allowance for impairment losses	(67)	(94)
	1,225,403	685,529
Measured at FVTPL:		
Reverse repurchase agreements-securities	130,210	120,357
Cash advanced as collateral on securities borrowing	15,906	39,300
	146,116	159,657
	1,371,519	845,186

(In RMB millions, unless otherwise stated)

(i) In accordance with master repurchase agreements and related supplementary agreements, the Group offsets reverse repurchase agreements and repurchase agreements which meet the criteria for offsetting, and presents net positive (or negative) amounts as reverse repurchase agreements (or repurchase agreements) in the financial statements. As at 30 June 2020, reverse repurchase agreements and repurchase agreements which meet the criteria for offsetting were RMB394,885 million and RMB402,633 million respectively (31 December 2019: RMB317,212 million and RMB345,191 million respectively), and the net reverse repurchase agreements and net repurchase agreements were RMB130,160 million and RMB137,908 million respectively (31 December 2019: RMB119,860 million and RMB147,839 million respectively).

(ii) As part of the reverse repurchase agreements, the Group has received securities that it is allowed to sell or repledge in the absence of default by their owners. At 30 June 2020, the Group had received securities with a fair value of approximately RMB171,632 million on such terms (31 December 2019: RMB156,529 million). Of these, securities with a fair value of approximately RMB135,201 million have been repledged under repurchase agreements (31 December 2019: RMB125,320 million). The Group has an obligation to return the securities to its counterparties. If the collateral received declines in value, the Group may, in certain circumstances, require additional collateral.

17. LOANS AND ADVANCES TO CUSTOMERS

	30 June 2020	31 December 2019
Measured at amortised cost:		
Corporate loans and advances	10,760,764	9,943,082
— Loans	10,604,327	9,788,069
— Finance lease	156,437	155,013
Personal loans	6,769,931	6,383,624
Discounted bills	4,996	4,206
Accrued interest	52,996	43,720
	17,588,687	16,374,632
Less: Allowance for impairment losses of loans and advances to customers measured at amortised cost (note 17(a))	(525,327)	(478,498)
	17,063,360	15,896,134
Measured at FVOCI:		
Corporate loans and advances		
— Loans	7,674	6,314
Discounted bills	425,581	417,668
Accrued interest	9	11
	433,264	423,993
Measured at FVTPL:		
Corporate loans and advances		
— Loans	6,525	6,425
Discounted bills	181	–
	6,706	6,425
	17,503,330	16,326,552

As at 30 June 2020, the Group's allowance for impairment losses on loans and advances to customers measured at FVOCI was RMB266 million, see note 17(b). (31 December 2019: RMB232 million)

(In RMB millions, unless otherwise stated)

Movements of the allowance for impairment losses on loans and advances to customers are as follows:

(a) Movements of the allowance for impairment losses on loans and advances to customers measured at amortised cost are as follows:

	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL not credit-impaired)	Stage 3 (Lifetime ECL credit-impaired)	Total
Balance at 1 January 2020	215,316	78,494	184,688	478,498
Transfer:				
— to stage 1	15,048	(13,555)	(1,493)	–
— to stage 2	(4,643)	6,233	(1,590)	–
— to stage 3	(1,766)	(28,635)	30,401	–
Charge	56,921	24,949	29,801	111,671
Write-offs and transfer out	–	–	(65,739)	(65,739)
Recoveries of loans and advances previously written off	–	–	1,920	1,920
Other movements	89	(75)	(1,037)	(1,023)
Balance at 30 June 2020	280,965	67,411	176,951	525,327

	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2019	158,084	81,406	173,241	412,731
Transfer:				
— to stage 1	17,451	(14,987)	(2,464)	–
— to stage 2	(6,868)	12,775	(5,907)	–
— to stage 3	(959)	(28,755)	29,714	–
Charge	47,364	28,014	86,944	162,322
Write-offs and transfer out	–	(91)	(97,562)	(97,653)
Recoveries of loans and advances previously written off	–	–	3,302	3,302
Other movements	244	132	(2,580)	(2,204)
Balance at 31 December 2019	215,316	78,494	184,688	478,498

(b) Movements of the allowance for impairment losses on loans and advances to customers measured at FVOCI are as follows:

	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2020	227	–	5	232
Transfer:				
— to stage 1	–	–	–	–
— to stage 2	–	–	–	–
— to stage 3	–	–	–	–
Charge	34	–	–	34
Other movements	0	–	–	0
Balance at 30 June 2020	261	–	5	266

(In RMB millions, unless otherwise stated)

	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2019	198	0	248	446
Transfer:				
— to stage 1	–	–	–	–
— to stage 2	(5)	5	–	–
— to stage 3	–	(5)	5	–
Charge/(reverse)	34	(0)	(248)	(214)
Other movements	(0)	–	–	(0)
Balance at 31 December 2019	227	–	5	232

18. FINANCIAL INVESTMENTS

		30 June 2020	31 December 2019
Financial investments measured at FVTPL	(a)	1,023,536	962,078
Financial investments measured at FVOCI	(b)	1,527,183	1,476,872
Financial investments measured at amortised cost	(c)	5,814,874	5,208,167
		8,365,593	7,647,117

(a) Financial investments measured at FVTPL

	30 June 2020	31 December 2019
Financial investments held for trading		
Debt securities (analysed by type of issuers):		
Governments and central banks	99,220	52,016
Policy banks	15,920	5,157
Banks and other financial institutions	34,053	28,578
Corporate entities	83,591	67,886
	232,784	153,637
Equity investments	6,592	10,121
	239,376	163,758
Financial investments designated as at FVTPL		
Debt securities (analysed by type of issuers):		
Governments and central banks	8,631	8,493
Policy banks	15,241	29,267
Banks and other financial institutions	17,560	34,585
Corporate entities	3,763	4,152
	45,195	76,497
Funds and other investments	451,147	463,035
	496,342	539,532

(In RMB millions, unless otherwise stated)

	30 June 2020	31 December 2019
Financial investments measured at FVTPL (mandatory)		
Debt securities (analysed by type of issuers):		
Policy banks	7,197	7,020
Banks and other financial institutions	131,431	115,943
Corporate entities	3,151	5,160
	141,779	128,123
Equity investments	80,636	70,498
Funds and other investments	65,403	60,167
	287,818	258,788
	1,023,536	962,078
Analysed into:		
Debt securities:		
Listed in Hong Kong	3,452	4,387
Listed outside Hong Kong	18,780	12,373
Unlisted	397,526	341,497
	419,758	358,257
Equity investments:		
Listed in Hong Kong	5,484	6,577
Listed outside Hong Kong	15,426	8,481
Unlisted	66,318	65,561
	87,228	80,619
Funds and other investments:		
Listed outside Hong Kong	215	472
Unlisted	516,335	522,730
	516,550	523,202
	1,023,536	962,078

(In RMB millions, unless otherwise stated)

(b) Financial investments measured at FVOCI

	30 June 2020	31 December 2019
Debt securities (analysed by type of issuers):		
Governments and central banks	449,856	421,919
Policy banks	192,387	198,839
Banks and other financial institutions	308,080	306,242
Corporate entities	497,156	474,271
Accrued interest	18,879	20,338
	1,466,358	1,421,609
Equity investments (i)	60,825	55,263
	1,527,183	1,476,872
Analysed into:		
Debt securities:		
Listed in Hong Kong	172,635	163,525
Listed outside Hong Kong	279,420	246,091
Unlisted	1,014,303	1,011,993
	1,466,358	1,421,609
Equity investments:		
Listed in Hong Kong	1,747	–
Listed outside Hong Kong	901	831
Unlisted	58,177	54,432
	60,825	55,263
	1,527,183	1,476,872

(i) The Group designates part of non-trading equity investments as financial investments measured at FVOCI. During the reporting period, dividend income recognised for such equity investments was RMB1,054 million (six months ended 30 June 2019: RMB348 million) and there was no dividend income for the termination of such equity investments during the reporting period (six months ended 30 June 2019: Nil). The value of the Group disposal of such equity investments was RMB83 million (six months ended 30 June 2019: RMB16 million) and the cumulative gain of transferring into retained earnings from other comprehensive income after disposal was RMB6 million during the reporting period (six months ended 30 June 2019: Nil).

Movements of the allowance for impairment losses on financial investments measured at FVOCI are as follows:

	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2020	1,778	80	198	2,056
Transfer:				
— to stage 1	3	(3)	–	–
— to stage 2	–	–	–	–
— to stage 3	–	–	–	–
Charge/(reverse)	954	(2)	45	997
Other movements	9	–	(1)	8
Balance at 30 June 2020	2,744	75	242	3,061

(In RMB millions, unless otherwise stated)

	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2019	1,622	92	196	1,910
Transfer:				
— to stage 1	–	–	–	–
— to stage 2	(1)	1	–	–
— to stage 3	–	–	–	–
Charge/(reverse)	151	(13)	–	138
Other movements	6	–	2	8
Balance at 31 December 2019	1,778	80	198	2,056

Allowance for impairment losses on financial investments measured at FVOCI is recognised in other comprehensive income without decreasing the carrying amount of financial investments presented in the statement of financial position, and any impairment loss or gain is recognised in the profit or loss. The allowance for impairment losses of credit-impaired financial investments measured at FVOCI as at 30 June 2020 was RMB242 million (31 December 2019: RMB198 million).

(c) Financial investments measured at amortised cost

	30 June 2020	31 December 2019
Debt securities (analysed by type of issuers):		
Governments and central banks	4,820,793	4,308,456
Including: Special government bond (i)	85,000	85,000
Policy banks	485,975	412,287
Banks and other financial institutions	336,507	340,708
Including: Huarong bonds (ii)	90,309	90,309
Corporate entities	53,235	44,145
Accrued interest	82,145	69,483
	5,778,655	5,175,079
Other investments (iii)	40,112	36,611
Accrued interest	157	198
	40,269	36,809
	5,818,924	5,211,888
Less: Allowance for impairment losses	(4,050)	(3,721)
	5,814,874	5,208,167
Analysed into:		
Debt securities:		
Listed in Hong Kong	43,436	41,955
Listed outside Hong Kong	99,119	77,062
Unlisted	5,633,592	5,053,788
	5,776,147	5,172,805
Other investments:		
Unlisted	38,727	35,362
	38,727	35,362
	5,814,874	5,208,167
Market value of listed securities	144,890	120,952

(In RMB millions, unless otherwise stated)

Movements of the allowance for impairment losses on financial investments measured at amortised cost are as follows:

	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2020	2,255	1,339	127	3,721
Transfer:				
— to stage 1	–	–	–	–
— to stage 2	–	–	–	–
— to stage 3	–	–	–	–
Charge/(reverse)	346	(9)	(1)	336
Other movements	(8)	–	1	(7)
Balance at 30 June 2020	2,593	1,330	127	4,050

	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2019	1,504	854	125	2,483
Transfer:				
— to stage 1	1	(1)	–	–
— to stage 2	–	–	–	–
— to stage 3	–	–	–	–
Charge	695	486	–	1,181
Other movements	55	–	2	57
Balance at 31 December 2019	2,255	1,339	127	3,721

(i) The special government bond represents a non-negotiable bond with a nominal value of RMB85,000 million issued by the Ministry of Finance of the People's Republic of China (the "MOF") to the Bank in 1998. The bond will mature in 2028 and bears interest at a fixed rate of 2.25% per annum.

(ii) The Huarong bonds are a series of long-term bonds issued by China Huarong Asset Management Co., Ltd. ("Huarong") in the year of 2000 and 2001 to the Bank, with an aggregate amount of RMB312,996 million. The proceeds from the issuance of the bonds were used to purchase non-performing loans of the Bank. The bonds are non-negotiable, with a tenure of 10 years and bear interest at a fixed rate of 2.25% per annum. In 2010, the Bank received a notice from the MOF that the maturity dates of the Huarong bonds were extended for another ten years and the interest rate remains unchanged. Additionally, the MOF will continue providing funding in support of the repayment of the principal and interest of the bonds. In 2020, the Bank received a further notice from the MOF to adjust the interest rate of the Huarong bonds, which will be determined on yearly basis with reference to the average level of five-year government bond yield in the previous year. As at 30 June 2020, the Bank received accumulated early repayments amounting to RMB222,687 million.

(iii) Other investments include debt investment plans, asset management plans and trust plans with fixed or determinable payments. They will mature from July 2020 to November 2032 and bear interest rates ranging from 4.33% to 6.73% per annum.

(In RMB millions, unless otherwise stated)

19. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

Investments in associates and joint ventures are as follows:

	30 June 2020	31 December 2019
Interest in associates	26,331	30,603
Interest in joint ventures	1,996	1,887
	28,327	32,490

	30 June 2020	31 December 2019
Share of net assets	20,036	22,345
Goodwill	8,639	10,493
	28,675	32,838
Less: Allowance for impairment losses	(348)	(348)
	28,327	32,490

(a) Particulars of the Group's associates and joint ventures are as follows:

	30 June 2020	31 December 2019
Standard Bank Group Limited ("Standard Bank") (i)	23,457	27,770
Others	4,870	4,720
	28,327	32,490

(i) Financial information of the Group's material associates and joint ventures:

Name	Percentage of equity interest %		Voting rights %			
	30 June 2020	31 December 2019	30 June 2020	Place of registration	Principal activities	Issued capital
Associate directly held by the Bank						
Standard Bank*	20.06	20.06	20.06	Johannesburg, Republic of South Africa	Commercial banking	ZAR162 million

* Standard Bank, a listed commercial bank in Republic of South Africa and a strategic partner for the Group, enables the Group to widen its customer base in Africa.

(In RMB millions, unless otherwise stated)

(ii) Particulars of the Group's only material associate are as follows:

The summarised financial information of Standard Bank, being consistent with the Group's accounting policies, and reconciled to the carrying amounts using the equity method in the Group's consolidated financial statements is as follows:

	30 June 2020	31 December 2019
Gross amounts of the associate		
Assets	1,064,433	1,127,659
Liabilities	975,372	1,023,850
Net assets	89,061	103,809
Profit from continuing operations	1,564	12,652
Reconciled to the Group's interests in the associate		
Gross amounts of net assets of the associate attribute to the parent company	75,783	88,041
Group's effective interest	20.06%	20.06%
Group's share of net assets of the associate	15,202	17,661
Goodwill	8,603	10,457
Carrying amount of the Group's interest in Standard Bank in the consolidated financial statements	23,805	28,118

(b) Movements of associates and joint ventures investments of the Group are as follows:

		Movements during the period							
Name of investee	Balance at the beginning of the period	Increase in capital	Decrease in capital	Investment income recognised under equity method	Other comprehensive income	Declared distribution of cash dividends or profits	Others	Balance at the end of the period	Balance of provision for impairment at the end of the period
Joint ventures	1,887	130	(175)	7	(0)	(5)	152	1,996	–
Associates									
Standard Bank	28,118	–	–	274	1,054	(870)	(4,771)	23,805	(348)
Others	2,833	–	–	105	8	(20)	(52)	2,874	–
Subtotal	30,951	–	–	379	1,062	(890)	(4,823)	26,679	(348)
Total	32,838	130	(175)	386	1,062	(895)	(4,671)	28,675	(348)

(In RMB millions, unless otherwise stated)

20. PROPERTY AND EQUIPMENT

	Properties and buildings	Construction in progress	Leasehold improvements	Office equipment and motor vehicles	Aircraft and vessels	Total
Cost:						
At 1 January 2019	151,145	35,122	10,954	74,860	160,821	432,902
Additions	2,430	14,997	1,453	6,155	14,837	39,872
CIP transfer in/(out)	8,962	(9,918)	–	116	840	–
Disposals	(1,178)	(449)	(479)	(4,233)	(11,557)	(17,896)
At 31 December 2019 and 1 January 2020	161,359	39,752	11,928	76,898	164,941	454,878
Additions	247	6,224	390	2,060	3,859	12,780
CIP transfer in/(out)	1,231	(3,305)	–	39	2,035	–
Disposals	(477)	(578)	(46)	(2,370)	(610)	(4,081)
At 30 June 2020	162,360	42,093	12,272	76,627	170,225	463,577
Accumulated depreciation and impairment:						
At 1 January 2019	60,701	41	9,156	59,360	22,903	152,161
Depreciation charge for the year	5,798	–	874	6,618	6,368	19,658
Impairment charge for the year	–	–	–	–	3,384	3,384
Disposals	(795)	(3)	(47)	(4,187)	(1,854)	(6,886)
At 31 December 2019 and 1 January 2020	65,704	38	9,983	61,791	30,801	168,317
Depreciation charge for the period	3,013	–	453	3,307	3,018	9,791
Impairment charge for the period	–	–	–	–	2,022	2,022
Disposals	(266)	–	(36)	(2,355)	(523)	(3,180)
At 30 June 2020	68,451	38	10,400	62,743	35,318	176,950
Carrying amount:						
At 31 December 2019	95,655	39,714	1,945	15,107	134,140	286,561
At 30 June 2020	93,909	42,055	1,872	13,884	134,907	286,627

As at 30 June 2020, the process of obtaining the legal titles for the Group's properties and buildings with an aggregate carrying amount of RMB13,297 million (31 December 2019: RMB12,316 million) was still in progress. Management is of the view that the aforesaid matter would neither affect the rights of the Group to these assets nor have any significant impact on the business operation of the Group.

As at 30 June 2020, the carrying amount of aircraft and vessels leased out by the Group under operating leases was RMB134,907 million (31 December 2019: RMB134,140 million).

As at 30 June 2020, the carrying amount of aircraft and vessels owned by the Group that have been pledged as security for liabilities due to banks and other financial institutions was RMB77,734 million (31 December 2019: RMB76,007 million).

(In RMB millions, unless otherwise stated)

21. DEFERRED INCOME TAX ASSETS AND LIABILITIES

(a) Analysed by nature

Deferred income tax assets:

	30 June 2020		31 December 2019	
	Deductible/ (taxable) temporary differences	Deferred income tax assets/ (liabilities)	Deductible/ (taxable) temporary differences	Deferred income tax assets/ (liabilities)
Allowance for impairment losses	279,794	69,703	252,387	62,888
Change in fair value of financial instruments measured at FVTPL	(4,821)	(1,198)	(3,437)	(851)
Change in fair value of financial instruments measured at FVOCI	(23,641)	(6,025)	(22,954)	(5,781)
Accrued staff costs	19,094	4,773	25,162	6,290
Others	(13,151)	(3,141)	(209)	(10)
	257,275	64,112	250,949	62,536

Deferred income tax liabilities:

	30 June 2020		31 December 2019	
	Taxable/ (deductible) temporary differences	Deferred income tax liabilities/ (assets)	Taxable/ (deductible) temporary differences	Deferred income tax liabilities/ (assets)
Allowance for impairment losses	(1,286)	(539)	(1,270)	(535)
Change in fair value of financial instruments measured at FVTPL	3,336	834	2,544	636
Change in fair value of financial instruments measured at FVOCI	8,921	2,166	5,560	1,357
Others	637	166	1,652	415
	11,608	2,627	8,486	1,873

(In RMB millions, unless otherwise stated)

(b) Movements of deferred income tax

Deferred income tax assets:

	1 January 2020	Recognised in profit or loss	Recognised in equity	30 June 2020
Allowance for impairment losses	62,888	6,815	–	69,703
Change in fair value of financial instruments measured at FVTPL	(851)	(347)	–	(1,198)
Change in fair value of financial instruments measured at FVOCI	(5,781)	–	(244)	(6,025)
Accrued staff costs	6,290	(1,517)	–	4,773
Others	(10)	(2,815)	(316)	(3,141)
	62,536	2,136	(560)	64,112

Deferred income tax liabilities:

	1 January 2020	Recognised in profit or loss	Recognised in equity	30 June 2020
Allowance for impairment losses	(535)	(4)	–	(539)
Change in fair value of financial instruments measured at FVTPL	636	198	–	834
Change in fair value of financial instruments measured at FVOCI	1,357	–	809	2,166
Others	415	(249)	–	166
	1,873	(55)	809	2,627

Deferred income tax assets:

	1 January 2019	Recognised in profit or loss	Recognised in equity	31 December 2019
Allowance for impairment losses	52,438	10,450	–	62,888
Change in fair value of financial instruments measured at FVTPL	147	(998)	–	(851)
Change in fair value of financial instruments measured at FVOCI	(3,819)	–	(1,962)	(5,781)
Accrued staff costs	6,508	(218)	–	6,290
Others	3,101	(3,173)	62	(10)
	58,375	6,061	(1,900)	62,536

Deferred income tax liabilities:

	1 January 2019	Recognised in profit or loss	Recognised in equity	31 December 2019
Allowance for impairment losses	(401)	(134)	–	(535)
Change in fair value of financial instruments measured at FVTPL	143	493	–	636
Change in fair value of financial instruments measured at FVOCI	900	–	457	1,357
Others	575	(160)	–	415
	1,217	199	457	1,873

The Group did not have significant unrecognised deferred income tax assets and liabilities at the end of the reporting period.

(In RMB millions, unless otherwise stated)

22. OTHER ASSETS

	30 June 2020	31 December 2019
Precious metals	314,802	239,209
Settlement accounts	204,400	136,788
Right-of-use assets (1)	34,292	33,658
Land use rights	16,458	16,842
Repossessed assets	10,678	10,917
Advance payments	10,302	7,715
Goodwill	9,607	9,517
Interest receivable	2,036	2,233
Others	32,289	28,514
	634,864	485,393
Less: Allowance for impairment losses	(4,902)	(4,994)
	629,962	480,399

(1) Right-of-use assets

	Leased properties and buildings	Leased aircraft and vessels	Leased office equipment and motor vehicles	Total
Cost:				
At 1 January 2019	16,827	13,986	71	30,884
Additions	6,478	3,289	1,567	11,334
Disposals	(842)	(741)	(10)	(1,593)
At 31 December 2019 and 1 January 2020	22,463	16,534	1,628	40,625
Additions	3,953	1,477	88	5,518
Disposals	(373)	–	(727)	(1,100)
At 30 June 2020	26,043	18,011	989	45,043
Accumulated depreciation:				
At 1 January 2019	–	480	–	480
Depreciation charge for the year	5,775	692	104	6,571
Disposals	(55)	(29)	–	(84)
At 31 December 2019 and 1 January 2020	5,720	1,143	104	6,967
Depreciation charge for the period	3,404	405	45	3,854
Disposals	(11)	–	(59)	(70)
At 30 June 2020	9,113	1,548	90	10,751
Impairment:				
At 1 January 2019	–	108	–	108
Impairment charge for the year	24	70	–	94
Disposals	–	(5)	–	(5)
At 31 December 2019 and 1 January 2020	24	173	–	197
At 30 June 2020	24	173	–	197
Carrying amount:				
At 31 December 2019	16,719	15,218	1,524	33,461
At 30 June 2020	16,906	16,290	899	34,095

(In RMB millions, unless otherwise stated)

23. FINANCIAL LIABILITIES DESIGNATED AS AT FAIR VALUE THROUGH PROFIT OR LOSS

		30 June 2020	31 December 2019
Interbank wealth management products	(1)	39,450	19,580
Financial liabilities related to precious metals	(2)	62,723	60,454
Debt securities	(2)	13,112	13,064
Others		10,401	9,144
		125,686	102,242

(1) The principal-guaranteed interbank wealth management products issued by the Group and the financial assets in which the aforesaid products form parts of a group of financial instruments that are managed together on a fair value basis, and are classified as financial liabilities and financial assets designated as at FVTPL, respectively. As at 30 June 2020, the fair value of the interbank wealth management products was approximately the same as the amount that the Group would be contractually required to pay to the holders of the wealth management products upon maturity (31 December 2019: approximately the same).

(2) Financial liabilities related to precious metals and issued debt securities have been matched with precious metals and derivative as part of a documented risk management strategy to mitigate market risk, such as interest rate risk. An accounting mismatch would arise if these financial liabilities were accounted at amortised cost, whereas the related precious metals and derivative were measured at fair value with movements in the fair value taken through the statement of profit or loss. By designating these financial liabilities at FVTPL, the movement in their fair values is recorded in the statement of profit or loss. As at 30 June 2020, the difference between the fair value of the financial liabilities related to precious metals and issued debt securities and the amount that the Group would be contractually required to pay to the holders of the financial liabilities related to precious metals and issued debt securities upon maturity was not significant.

There were no significant changes in the credit spread of the Group and therefore the amounts of changes in fair value of the financial liabilities arising from changes in credit risk were not considered significant during the six months ended at 30 June 2020 and the year of 2019. The changes in fair value of the financial liabilities were mainly attributable to changes in other market factors.

24. DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS

	30 June 2020	31 December 2019
Deposits:		
Banks and other financial institutions operating in Chinese mainland	2,230,491	1,640,846
Banks and other financial institutions operating outside Chinese mainland	149,749	132,600
Accrued interest	1,910	2,874
	2,382,150	1,776,320
Money market takings:		
Banks and other financial institutions operating in Chinese mainland	207,746	153,903
Banks and other financial institutions operating outside Chinese mainland	378,809	329,375
Accrued interest	4,932	6,975
	591,487	490,253
	2,973,637	2,266,573

(In RMB millions, unless otherwise stated)

25. REPURCHASE AGREEMENTS

Repurchase agreements comprise repurchase of bills, securities and cash received as collateral on securities lending.

	30 June 2020	31 December 2019
Repurchase agreements-bills	13,371	24,252
Repurchase agreements-securities	230,250	229,857
Cash received as collateral on securities lending	6,991	8,980
Accrued interest	235	184
	250,847	263,273

26. CERTIFICATES OF DEPOSIT

Certificates of deposit issued by Hong Kong Branch, Singapore Branch, Tokyo Branch, Seoul Branch, Luxembourg Branch, Doha Branch, Sydney Branch, New York Branch, Dubai (DIFC) Branch, Riyadh Branch, London Branch, ICBC Asia, ICBC Macau and ICBC New Zealand were recognised at amortised cost.

27. DUE TO CUSTOMERS

	30 June 2020	31 December 2019
Demand deposits:		
Corporate customers	7,392,451	6,732,558
Personal customers	4,790,053	4,328,090
	12,182,504	11,060,648
Time deposits:		
Corporate customers	5,677,555	5,295,704
Personal customers	6,739,033	6,149,654
	12,416,588	11,445,358
Others	228,159	234,852
Accrued interest	240,619	236,797
	25,067,870	22,977,655

28. DEBT SECURITIES ISSUED

		30 June 2020	31 December 2019
Subordinated bonds and Tier 2 Capital Notes issued by	(1)		
The Bank		336,294	336,063
Subsidiaries		8,175	8,082
Accrued interest		5,727	6,059
		350,196	350,204
Other debt securities issued by	(2)		
The Bank		249,407	251,849
Subsidiaries		125,261	138,876
Accrued interest		1,749	1,946
		376,417	392,671
		726,613	742,875

As at 30 June 2020, the amount of debt securities issued due within one year was RMB142,160 million (31 December 2019: RMB117,233 million).

(1) Subordinated bonds and Tier 2 Capital Notes

The Bank:

As approved by the PBOC and the CBIRC, the Bank issued callable subordinated bonds and Tier 2 Capital Notes through open market bidding in 2010, 2011, 2012, 2017 and 2019. Approved by the PBOC, these subordinated bonds and Tier 2 Capital Notes were traded in the bond market among banks. The relevant information is set out below:

Name	Issue date	Issue price (In RMB)	Amount (In RMB)	Ending balance (In RMB)	Coupon rate	Value date	Maturity date	Circulation date	Notes
			(million)	(million)					
10 ICBC 02 Bond	10/09/2010	100 Yuan	16,200	16,200	4.10%	14/09/2010	14/09/2025	03/11/2010	(i)
11 ICBC 01 Bond	29/06/2011	100 Yuan	38,000	38,000	5.56%	30/06/2011	30/06/2031	30/08/2011	(ii)
11 ICBC 02 Bond	29/12/2011	100 Yuan	50,000	50,000	5.50%	30/12/2011	30/12/2026	17/01/2012	(iii)
12 ICBC 01 Bond	11/06/2012	100 Yuan	20,000	20,000	4.99%	13/06/2012	13/06/2027	13/07/2012	(iv)
17 ICBC 01 Bond	06/11/2017	100 Yuan	44,000	44,000	4.45%	08/11/2017	08/11/2027	10/11/2017	(v)
17 ICBC 02 Bond	20/11/2017	100 Yuan	44,000	44,000	4.45%	22/11/2017	22/11/2027	23/11/2017	(vi)
19 ICBC 01 Bond	21/03/2019	100 Yuan	45,000	45,000	4.26%	25/03/2019	25/03/2029	26/03/2019	(vii)
19 ICBC 02 Bond	21/03/2019	100 Yuan	10,000	10,000	4.51%	25/03/2019	25/03/2034	26/03/2019	(viii)
19 ICBC 03 Bond	24/04/2019	100 Yuan	45,000	45,000	4.40%	26/04/2019	26/04/2029	28/04/2019	(ix)
19 ICBC 04 Bond	24/04/2019	100 Yuan	10,000	10,000	4.69%	26/04/2019	26/04/2034	28/04/2019	(x)

(i) The Bank has the option to redeem all of the bonds on 14 September 2020 upon the approval of the relevant regulatory authorities.

(ii) The Bank has the option to redeem all of the bonds on 30 June 2026 upon the approval of the relevant regulatory authorities.

(iii) The Bank has the option to redeem all of the bonds on 30 December 2021 upon the approval of the relevant regulatory authorities.

(iv) The Bank has the option to redeem all of the bonds on 13 June 2022 upon the approval of the relevant regulatory authorities.

(v) The Bank has the option to redeem all of the bonds on 8 November 2022 upon the approval of the relevant regulatory authorities.

(vi) The Bank has the option to redeem all of the bonds on 22 November 2022 upon the approval of the relevant regulatory authorities.

(vii) The Bank has the option to redeem all of the bonds on 25 March 2024 upon the approval of the relevant regulatory authorities.

(viii) The Bank has the option to redeem all of the bonds on 25 March 2029 upon the approval of the relevant regulatory authorities.

(ix) The Bank has the option to redeem all of the bonds on 26 April 2024 upon the approval of the relevant regulatory authorities.

(x) The Bank has the option to redeem all of the bonds on 26 April 2029 upon the approval of the relevant regulatory authorities.

In 2015, the Bank issued Tier 2 Capital Notes denominated in USD. Approved by the Stock Exchange of Hong Kong Limited for listing and dealing, the Notes are listed on the Stock Exchange of Hong Kong Limited. The relevant information is set out below:

Name	Issue date	Currency	Issue price	Amount (original currency)	Ending balance (In RMB)	Coupon rate	Value date	Maturity date	Circulation date	Note
				(million)	(million)					
15 USD Tier 2 Capital Notes	15/09/2015	USD	99.189	2,000	14,148	4.875%	21/09/2015	21/09/2025	22/09/2015	(xi)

(xi) On 15 September 2015, the Bank issued Tier 2 Capital Notes with an aggregate nominal amount of USD2,000 million, bearing a fixed interest rate of 4.875% per annum. The listing and permission to deal in the Stock Exchange of Hong Kong Limited became effective on 22 September 2015. The Notes were issued at the price fixed at 99.189% of the nominal amount with maturity due on 21 September 2025 and cannot be redeemed before maturity.

The Bank has not had any defaults of principal or interest or other breaches with respect to the subordinated bonds and Tier 2 Capital Notes during the reporting period (2019: Nil).

Subsidiaries:

On 30 November 2010, ICBC Asia issued a subordinated bond with an aggregate nominal amount of USD500 million, bearing a fixed interest rate of 5.125% per annum. The bond was issued at the price fixed at 99.737% of the nominal amount with maturity due on 30 November 2020.

On 23 March 2018, ICBC Thai issued a Tier 2 Capital Notes with an aggregate nominal amount of THB5,000 million, bearing a fixed interest rate of 3.5%. The bond was issued with maturity due on 23 September 2028.

On 12 September 2019, ICBC Macau issued a Tier 2 Capital Notes with an aggregate nominal amount of USD500 million, bearing a fixed interest rate of 2.875% per annum. The bond was issued at the price fixed at 99.226% of the nominal amount with maturity due on 12 September 2029.

The above subordinated bonds and Tier 2 Capital Notes are separately listed on the Stock Exchange of Hong Kong Limited and Thai bond market association. ICBC Asia, ICBC Macau and ICBC Thai have not had any defaults of principal or interest or other breaches with respect to the subordinated bonds and Tier 2 Capital Notes during the period (2019: Nil).

(2) Other debt securities issued

As at 30 June 2020, the Group's other debt securities issued mainly include:

The Bank:

(i) Sydney Branch issued notes and interbank deposits amounting to RMB27,749 million denominated in AUD, CHF, RMB, HKD, USD, GBP and EUR with maturities between 2020 and 2025 at fixed or floating interest rates. Of which, in 2020, Sydney Branch issued notes amounting to RMB3,900 million denominated in AUD and USD with maturities between 2023 and 2025 at fixed or floating interest rates; in 2020 Sydney Branch also issued interbank deposits amounting to RMB12,511 million denominated in GBP, EUR and USD with maturities between 2020 and 2021.

(ii) Singapore Branch issued notes amounting to RMB42,120 million denominated in RMB, USD and EUR with maturities between 2021 and 2024 at fixed or floating interest rates. Of which, in 2020, Singapore Branch issued notes amounting to RMB1,415 million denominated in USD with maturity in 2023 at floating interest rates.

(iii) In 2020, Tokyo Branch issued notes amounting to RMB1,018 million denominated in JPY with maturities between July 2020 and August 2020 at fixed interest rates.

(iv) New York Branch issued notes amounting to RMB48,985 million denominated in USD with maturities between 2020 and 2027 at fixed or floating interest rates. Of which, in 2020, New York Branch issued notes amounting to RMB22,064 million denominated in USD with maturities between July 2020 and December 2020 at fixed interest rates.

(v) Luxembourg Branch issued notes amounting to RMB28,734 million denominated in USD and EUR with maturities between 2020 and 2024 at fixed or floating interest rates.

(vi) Dubai (DIFC) Branch issued notes amounting to RMB26,393 million denominated in USD with maturities between 2020 and 2024 at fixed or floating interest rates.

(vii) Hong Kong Branch issued notes amounting to RMB46,066 million denominated in RMB, USD and HKD with maturities between 2020 and 2024 at fixed or floating interest rates. Of which, in 2020, Hong Kong Branch issued notes amounting to RMB1,404 million denominated in USD with maturity in 2023 at floating interest rates.

(viii) London Branch issued notes amounting to RMB28,342 million denominated in GBP, USD and EUR with maturities between 2020 and 2023 at floating interest rates.

Subsidiaries:

(i) ICBC Asia issued medium-term debt securities and notes amounting to RMB15,450 million denominated in RMB, USD, EUR and HKD with maturities between 2020 and 2023 at fixed or floating interest rates.

(ii) ICBC Financial Leasing issued medium-term debt securities and notes amounting to RMB67,022 million denominated in RMB and USD with maturities between 2020 and 2027 at fixed or floating interest rates.

Of which, Skysea International Capital Management Limited ("Skysea International"), which is controlled by the Group, issued guaranteed notes of USD750 million with a fixed interest rate of 4.875% in 2011. As at 30 June 2020, Skysea International has redeemed USD153 million and the carrying amount of the Notes were RMB4,226 million. The Notes were guaranteed by Hong Kong Branch and were issued at the price fixed at 97.708% of the nominal amount with maturities due on 7 December 2021. By satisfying certain conditions, Skysea International has the option to redeem all of the notes at any time. The Notes were listed on the Stock Exchange of Hong Kong Limited.

ICBCIL Finance Co. Ltd., which is controlled by the Group, issued medium-term notes amounting to RMB54,031 million denominated in USD with maturities between 2020 and 2027 at fixed or floating interest rates. By satisfying certain conditions, ICBCIL Finance Co. Ltd. has the option to redeem all of the notes at any time. Above notes were guaranteed by ICBC Financial Leasing and listed on the Irish Stock Exchange and the Stock Exchange of Hong Kong Limited respectively.

Hai Jiao 1400 limited, which is controlled by the Group, issued a private placement bond amounting to RMB782 million denominated in USD with maturity in 2025 at a fixed interest rate. The bond was guaranteed by The Export-Import Bank of Korea.

(In RMB millions, unless otherwise stated)

ICBC Financial Leasing issued medium-term debt securities and notes inside China amounting to RMB7,983 million denominated in RMB with maturities between 2021 and 2024 at fixed interest rates.

(iii) ICBC Thai issued debt securities amounting to RMB7,354 million denominated in THB with maturities between 2020 and 2026 at fixed interest rates. Of which, in 2020, ICBC Thai issued debt securities amounting to RMB2,449 million denominated in THB with maturities between 2020 and 2021 at fixed interest rates.

(iv) ICBC International issued medium-term debt securities and notes amounting to RMB9,899 million denominated in USD with maturities between 2021 and 2022 at a fixed or floating interest rates.

(v) ICBC New Zealand issued medium-term debt securities and notes amounting to RMB2,536 million denominated in AUD and NZD with maturities between 2020 and 2024 at fixed or floating interest rates.

(vi) ICBC Financial Asset Investment issued medium-term debt securities and notes amounting to RMB23,000 million denominated in RMB with maturities between 2022 and 2025 at fixed interest rates. Of which, in 2020, ICBC Financial Asset Investment issued debt securities amounting to RMB5,000 million denominated in RMB with maturity in 2025 at fixed interest rates.

29. OTHER LIABILITIES

	30 June 2020	31 December 2019
Settlement accounts	351,849	225,055
Allowance for impairment losses on credit commitments	30,353	28,534
Lease liabilities (1)	29,430	29,524
Dividend payables	22,811	–
Salaries, bonuses, allowances and subsidies payables (2)	17,558	24,036
Sundry tax payables	15,941	13,409
Promissory notes	632	1,044
Early retirement benefits	503	530
Others	213,518	202,993
	682,595	525,125

(1) Maturity analysis of lease liabilities

	30 June 2020	31 December 2019
Less than one year	7,769	7,402
One to two years	6,368	6,005
Two to three years	5,061	4,705
Three to five years	6,253	6,213
More than five years	6,248	8,048
Contractual undiscounted cash flows of lease liabilities	31,699	32,373
Ending balance of lease liabilities	29,430	29,524

(2) There was no overdue payment for staff salaries, bonuses, allowances, subsidies payables as at 30 June 2020 (31 December 2019: Nil).

30. SHARE CAPITAL

	30 June 2020		31 December 2019	
	Number of shares (millions)	Nominal value	Number of shares (millions)	Nominal value
Issued and fully paid:				
H shares of RMB1 Yuan each	86,795	86,795	86,795	86,795
A shares of RMB1 Yuan each	269,612	269,612	269,612	269,612
	356,407	356,407	356,407	356,407

Except for the dividends for H shares which are payable in Hong Kong dollars, all of the ordinary A shares and H shares rank pari passu with each other in respect of dividends on ordinary shares.

31. OTHER EQUITY INSTRUMENTS

(1) Preference shares

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

Financial instrument outstanding	Issue date	Accounting classification	Dividend rate	Issue price	Amount (million shares)	In original currency (million)	In RMB (million)	Maturity	Conversion condition	Conversion
Overseas Preference Shares in:										
EUR	2014-12-10	Equity	6.00%	15EUR/Share	40	600	4,558	None	Mandatory	No
Domestic Preference Shares in:										
RMB2015	2015-11-18	Equity	4.50%	100RMB/Share	450	45,000	45,000	None	Mandatory	No
RMB2019	2019-09-19	Equity	4.20%	100RMB/Share	700	70,000	70,000	None	Mandatory	No
Total					1,190		119,558			
Less: Issue fees							89			
Book value							119,469			

(b) Main Clauses

(i) Overseas preference shares

a. Dividend

Fixed rate for 7 years for EUR after issuance.

Dividend reset every 5 years thereafter to the sum of the benchmark rate and the Fixed Spread.

The Fixed Spread will be equal to the spread between the dividend rate at the time of issuance and the benchmark rate. The Fixed Spread will remain unchanged throughout the term of the Preference Shares.

Dividends will be paid annually.

b. Conditions to distribution of dividends

The Group could pay dividends while the Group still has distributable after-tax profit after making up previous years' losses, contributing to the statutory reserve and making general provisions, and the Group's capital adequacy ratio meets regulatory requirements. Preference shareholders of the Group are senior to the ordinary shareholders on the right to dividends. The Group may elect to cancel any dividend, but such cancellation will require a shareholder's resolution to be passed.

c. Dividend stopper

If the Group cancels all or part of the dividends to the Preference Shareholders, the Group shall not make any dividend distribution to ordinary shareholders before the Group pays the dividends for the current dividend period to the Preference Shareholders in full.

d. Order of distribution and liquidation method

The EUR Preference Shareholders as well as the Domestic Preference Shareholders will rank equally for payment. The Preference Shareholders will be subordinated to the depositors, ordinary creditors and holders of convertible bonds, holders of subordinated debt, holders of Tier 2 capital bonds and holders of other Tier 2 capital instruments of the Group, but will be senior to the ordinary shareholders of the Group.

e. Mandatory conversion trigger events

Upon the occurrence of an Additional Tier 1 Capital Trigger Event (Core Tier 1 Capital Adequacy Ratio of the Group falling to 5.125% or below), the Group shall have the right to convert all or part of the Preference Shares into H shares, in order to restore the Core Tier 1 Capital Adequacy Ratio of the Group to above 5.125%; If Preference Shares were converted to H shares, they may not be converted to Preference Shares again.

Upon the occurrence of a Non-Viability Trigger Event (Earlier of the two situations: (1) the CBIRC has determined that the Group would become non-viable if there is no conversion or write-down of capital; or (2) the relevant authorities have determined that a public sector injection of capital or equivalent support is necessary, without which the Group would become non-viable), the Group shall have the right to convert all Preference Shares into H shares. If Preference Shares were converted to H shares, they may not be converted to Preference Shares again.

The initial mandatory conversion price of EUR Preference Shareholders is 0.4793 Euro. In case of stock dividends distribution of H shares of the Bank or other circumstances, the Bank will make cumulative adjustment to the compulsory conversion price in turn.

f. Redemption

Under the premise of obtaining the approval of the CBIRC and condition of redemption, the Group has right to redeem all or some of EUR Preference Shareholders in first call date (seven years after issuance) and subsequent any dividend payment date. Redemption price is equal to issue price plus accrued dividend in current period.

g. Dividend setting mechanism

Non cumulative dividend is a dividend on preference shares which does not cumulate upon omission of payment so as to require payment of a passed or omitted dividend of one year out of earnings of a following year. After receiving dividend at agreed dividend rate, preference shareholders of the Group will not participate the distribution of residual profits with ordinary shareholders.

The Group could pay dividends while the Group still has distributable after-tax profit after making up previous years' losses, contributing to the statutory reserve and making general provisions, and the Group's capital adequacy ratio meets regulatory requirements. Preference shareholders of the Group are senior to the ordinary shareholders on the right to dividends.

The Group shall distribute dividends for the Preference Shares in cash, based on the liquidation preference of the issued and outstanding Preference Shares on the corresponding times (i.e. the product of the issue price of preference shares and the number of the issued and outstanding preference shares). Interest method of the Preference Shares of the Group is once a year.

(ii) Domestic preference shares

a. Dividend

Fixed rate for a certain period (5 years) after issuance.

Dividend reset every 5 years thereafter to the sum of the benchmark rate and the Fixed Spread.

The Fixed Spread will be equal to the spread between the dividend rate at the time of issuance and the benchmark rate. The Fixed Spread will remain unchanged throughout the term of the Preference Shares.

Dividends will be paid annually.

b. Conditions to distribution of dividends

The Group could pay dividends while the Group still has distributable after-tax profit after making up previous years' losses, contributing to the statutory reserve and making general provisions, and the Group's capital adequacy ratio meets regulatory requirements. The paying order of domestic preference shares is equal to overseas preference shares. Preference shareholders of the Group are senior to the ordinary shareholders on the right to dividends. The Group may elect to cancel any dividend, but such cancellation will require a shareholder's resolution to be passed.

c. Dividend stopper

If the Group cancels all or part of the dividends to the Preference Shareholders, the Group shall not make any dividend distribution to ordinary shareholders before the Group pays the dividends for the current dividend period to the Preference Shareholders in full.

d. Order of distribution and liquidation method

The Domestic Preference Shareholders as well as Overseas Preference Shareholders will rank equally for payment. The Preference Shareholders will be subordinated to the depositors, ordinary creditors and holders of convertible bonds, holders of subordinated debt, holders of Tier 2 capital bonds and holders of other Tier 2 capital instruments of the Group, but will be senior to the ordinary shareholders of the Group.

e. Mandatory conversion trigger events

Upon the occurrence of an Additional Tier 1 Capital Trigger Event (Core Tier 1 Capital Adequacy Ratio of the Group falling to 5.125% or below), the Group shall have the right to convert all or part of the Preference Shares into A shares, in order to restore the Core Tier 1 Capital Adequacy Ratio of the Group to above 5.125%; If Preference Shares were converted to A shares, they may not be converted to Preference Shares again.

Upon the occurrence of a Non-Viability Trigger Event (Earlier of the two situations: (1) the CBIRC has determined that the Group would become non-viable if there is no conversion or write-down of capital; or (2) the relevant authorities have determined that a public sector injection of capital or equivalent support is necessary, without which the Group would become non-viable), the Group shall have the right to convert all Preference Shares into A shares. If Preference Shares were converted to A shares, they may not be converted to Preference Shares again.

Among them, the initial mandatory conversion price of domestic preference shares in 2015 was RMB3.44 and the initial mandatory conversion price of domestic preference shares in 2019 was RMB5.43. In case of stock dividends distribution of A Shares of the bank or other circumstances, the bank will make cumulative adjustment to the compulsory conversion price in turn.

f. Redemption

After five years having elapsed since the date of issuance/the date of issue termination under the premise of obtaining the approval of the CBIRC and compliance with regulatory requirements, the Group has right to redeem all or some of domestic preference shares. The redemption period of preference shares ranges from the start date of redemption to the date of full redemption or conversion. Redemption price is equal to book value plus accrued dividend in current period.

g. Dividend setting mechanism

Non cumulative dividend is a dividend on preference shares which does not cumulate upon omission of payment so as to require payment of a passed or omitted dividend of one year out of earnings of a following year. After receiving dividend at agreed dividend rate, preference shareholders of the Group will not participate the distribution of residual profits with ordinary shareholders.

The Group could pay dividends while the Group still has distributable after-tax profit after making up previous years' losses, contributing to the statutory reserve and making general provisions, and the Group's capital adequacy ratio meets regulatory requirements. Preference shareholders of the Group are senior to the ordinary shareholders on the right to dividends.

The Group shall distribute dividends for the Preference Shares in cash, based on the total amount of the issued and outstanding Preference Shares on the corresponding times (i.e. the product of the issue price of preference shares and the number of the issued and outstanding preference shares). Interest method of the Preference Shares of the Group is once a year.

(c) Changes in preference shares outstanding

	1 January 2020			Movement during the period			30 June 2020		
Financial instrument outstanding	Amount (million shares)	In original currency (million)	In RMB (million)	Amount (million shares)	In original currency (million)	In RMB (million)	Amount (million shares)	In original currency (million)	In RMB (million)
Overseas									
EUR	40	600	4,558	–	–	–	40	600	4,558
Domestic									
RMB2015	450	45,000	45,000	–	–	–	450	45,000	45,000
RMB2019	700	70,000	70,000	–	–	–	700	70,000	70,000
Total	1,190	N/A	119,558	–	–	–	1,190	N/A	119,558

Note: The RMB amounts of offshore preference shares in Euro on 30 June 2020 are translated at the spot exchange rate on issuance date.

(2) Perpetual Bond

(a) Perpetual bond outstanding at the end of the period

Financial instrument outstanding	Issue date	Accounting classification	Interest rate	Issue price	Amount (million pieces)	In original currency (million)	In RMB (million)	Maturity	Conversion condition	Conversion
USD Perpetual bond	2016-07-21	Equity	4.25%	1,000USD/Piece	1	1,000	6,691	None	None	No
RMB Perpetual bond	2019-07-26	Equity	4.45%	100RMB/Piece	800	80,000	80,000	None	None	No
Total					801		86,691			
Less: Issue fees							28			
Book value							86,663			

Note: USD perpetual bond was issued by ICBC Asia, a subsidiary of the Bank.

(b) Main Clauses

(i) USD Perpetual Bond

On 21 July 2016, ICBC Asia issued Basel III-compliant Non-Cumulative Subordinated Additional Tier 1 Capital Securities (hereinafter referred to as "Perpetual Bond") in the aggregate amount of US$1 billion (equivalent to approximately RMB6,676 million net of related issuance costs). Fixed rate for the first 5 years after issuance of the bond is 4.25%. If perpetual bonds are not called, distribution will be reset based on the then prevailing 5-year USA national bonds yield plus a fixed initial spread (3.135 per cent. per annum) every 5 years.

The distribution shall be payable semi-annually, with the first distribution payment date being 21 January 2017. ICBC Asia has the right to cancel distribution payment (subject to the requirement as set out in the terms and conditions of the perpetual bond) and the distribution cancelled shall not be cumulative.

The perpetual bond will be written off up to the amount as directed by the Hong Kong Monetary Authority (hereinafter referred to as "HKMA") if the HKMA notifies ICBC Asia that in the opinion of the HKMA or a relevant government body, ICBC Asia would become non-viable if there is no written off of the principal. The perpetual bond also contains Hong Kong Bail-in Power. Each holder of the perpetual bond shall be subject to the exercise by the Hong Kong Resolution Authority to any or a combination of the following:

(1) reduction or cancellation of all or a part of the principal and/or distribution of the perpetual bond;

(2) the conversion of all or a part of the principal and/or distribution of the perpetual bond into shares of ICBC Asia or another person; and/or

(3) the amendment of the maturity, distribution payment date and/or the distribution amount of the perpetual bond.

ICBC Asia has a call option to redeem all the outstanding perpetual bond from 21 July 2021 or any subsequent distribution payment date thereafter.

(ii) RMB Perpetual Bond

With the approvals by relevant regulatory authorities, the Bank issued RMB80.0 billion undated capital bonds (hereinafter referred to as "Perpetual Bond") in China's national inter-bank bond market on 26 July 2019. Each Perpetual Bond has a par value of RMB100, and the annual coupon rate of the Bonds for the first five years is 4.45%, resetting every 5 years. The rate is determined by a benchmark rate plus a fixed spread. The fixed spread is the difference between the distribution rate and the benchmark rate as determined at the time of issuance. The fixed spread will not be adjusted once determined during the duration period.

The duration of the Perpetual Bond is the same as the continuing operation of the Bank. 5 years after the issuance date of the Perpetual Bond, the Bank shall have the right to redeem the Perpetual Bond in whole or in part on each distribution payment date (including the fifth distribution payment date since the issuance). Upon the issuance of the Perpetual Bond, in the event that the Perpetual Bond is not classified as other tier-one capital bonds due to unpredictable changes in regulations, the Bank shall have the right to redeem the Perpetual Bond fully instead of partly.

The claims in respect of the Perpetual Bond, in the event of a winding-up of the Bank, will be subordinated to claims of depositors, general creditors, and subordinated indebtedness that rank senior to the Perpetual Bond; will rank in priority to all classes of shares held by the Bank's shareholders and rank pari passu with the claims in respect of any other Additional Tier 1 Capital instruments of the Bank that rank pari passu with the perpetual bond.

Upon the occurrence of an Additional Tier 1 Capital Trigger Event (Core Tier 1 Capital Adequacy Ratio of the Bank falling to 5.125% or below), with the consent of the CBIRC and without the consent of the bondholders, the Bank has the right to write down all or part of the above Perpetual Bond issued and existing at that time in accordance with the total par value, in order to restore the Core Tier 1 Capital Adequacy Ratio of the Bank to above 5.125%. Upon the occurrence of a Non-Viability Trigger Event, the Bank has the right to write down all the above Perpetual Bond issued and existing at that time in accordance with the total par value without the consent of the bondholders.

The Perpetual Bond is paid by non-cumulative interest. The Bank shall have the right to cancel, in whole or in part, distributions on the Perpetual Bond and any such cancellation shall not constitute an event of default. The Bank may, at its sole discretion, use the proceeds from the cancelled distributions to meet other obligations as they fall due. However, the Bank shall not distribute profits to ordinary shareholders until resumption of full interest payment.

The funds raised by the Bank from the above-mentioned Perpetual Bond will be approved by applicable laws and regulatory agencies to supplement other Tier 1 capital of the Bank.

(c) Changes in perpetual bond outstanding

	1 January 2020			Movement during the period			30 June 2020		
Financial instrument outstanding	Amount (million pieces)	In original currency (million)	In RMB (million)	Amount (million pieces)	In original currency (million)	In RMB (million)	Amount (million pieces)	In original currency (million)	In RMB (million)
USD Perpetual bond	1	1,000	6,691	–	–	–	1	1,000	6,691
RMB Perpetual bond	800	80,000	80,000	–	–	–	800	80,000	80,000
Total	801	N/A	86,691	–	–	–	801	N/A	86,691

Note: The RMB amount of perpetual bond as at 30 June 2020 is translated at the spot exchange rate on issuance date.

(3) Interests attributable to equity instruments' holders

Items		1 January 2020	30 June 2020
1.	Total equity attributable to equity holders of the parent company	2,676,186	2,730,866
	(1) Equity attributable to ordinary equity holders of the parent company	2,470,054	2,524,734
	(2) Equity attributable to other equity instruments holders of the parent company	206,132	206,132
2.	Total equity attributable to non-controlling interests	15,817	15,890
	(1) Equity attributable to non-controlling interests of ordinary shares	15,817	15,890
	(2) Equity attributable to non-controlling interests of other equity instruments	–	–

32. RESERVES

(a) Capital reserve

Capital reserve mainly includes share premium arising from the issuance of new shares at prices in excess of par value.

(b) Surplus reserves

(i) Statutory surplus reserve

The Bank is required to appropriate 10% of its profit for the year pursuant to the Company Law of the People's Republic of China and the Articles to the statutory surplus reserve until the reserve balance reaches 50% of its registered capital.

Subject to the approval of the shareholders, the statutory surplus reserve may be used to offset accumulated losses of the Bank, if any, and may also be converted into capital of the Bank, provided that the balance of the statutory surplus reserve after such capitalisation is not less than 25% of the registered capital immediately before capitalisation.

(ii) Discretionary surplus reserve

After making the appropriation to the statutory surplus reserve, the Bank may also appropriate its profit for the year determined under PRC GAAP to the discretionary surplus reserve upon approval by the shareholders in general meetings. Subject to the approval by the shareholders, the discretionary surplus reserve may be used to offset accumulated losses of the Bank, if any, and may be converted into capital.

(iii) Other surplus reserve

The Bank's overseas entities appropriate their profits to the surplus reserve in accordance with the relevant regulations promulgated by the local regulatory bodies.

(c) General reserve

From 1 July 2012, the Bank is required by the MOF to maintain a general reserve within equity, through the appropriation of profit, which should not be less than 1.5% of the year-end balance of its risk assets.

The Bank's subsidiaries appropriate their profits to the general reserve according to the applicable local regulations.

(d) Investment revaluation reserve

The investment revaluation reserve records the fair value changes and impairment provision of financial investments measured at FVOCI.

(e) Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of the subsidiaries and branches incorporated outside Chinese mainland.

(f) Cash flow hedge reserve

The cash flow hedge reserve comprises the effective portion of the gain or loss on the hedging instrument.

(g) Other reserves

Other reserves represent reserves of subsidiaries and share of reserves of associates and joint ventures other than the items listed above.

(h) Distributable profits

The Bank's distributable profits are based on the retained profits of the Bank as determined under PRC GAAP and IFRSs, whichever is lower. The amount that the Bank's subsidiaries can legally distribute is determined by reference to their profits as reflected in their financial statements prepared in accordance with the accounting regulations and principles promulgated by the local regulatory bodies of the respective countries/regions. These profits may differ from those dealt with in these financial statements, which are prepared in accordance with IFRSs.

(In RMB millions, unless otherwise stated)

33. OTHER COMPREHENSIVE INCOME

	Six months ended 30 June	
	2020	2019
Items that will not be reclassified to profit or loss:		
Changes in fair value of equity instruments designated as at FVOCI	(267)	976
Less: Income tax effect	45	(193)
	(222)	783
Other comprehensive income recognised under equity method	(13)	5
Others	3	0
Items that may be reclassified subsequently to profit or loss:		
Changes in fair value of debt instruments measured at FVOCI	3,434	5,476
Less: Amount transferred to profit or loss from other comprehensive income	(293)	(286)
Income tax effect	(1,098)	(1,196)
	2,043	3,994
Credit losses of debt instruments measured at FVOCI	1,039	(41)
Reserve from cash flow hedging instruments		
Losses during the period	(553)	(665)
Less: Income tax effect	(316)	22
	(869)	(643)
Other comprehensive income recognised under equity method	1,075	(356)
Foreign currency translation differences	(2,535)	1,011
Others	(428)	(9)
	93	4,744

34. INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES

(a) Structured entities sponsored by third party institutions in which the Group holds an interest

The Group holds an interest in some structured entities sponsored by third party institutions through investments in the products issued by these structured entities. Such structured entities include investment funds, wealth management products, asset management plans, trust plans and asset-backed securities and the Group does not consolidate these structured entities. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of investors and are financed through the issue of investment products to investors.

The following table sets out an analysis of the carrying amounts and maximum exposure of interests held by the Group in the structured entities sponsored by third party institutions:

	30 June 2020		31 December 2019	
	Carrying amount	Maximum exposure	Carrying amount	Maximum exposure
Investment funds	29,658	29,658	27,225	27,225
Wealth management products	250	250	–	–
Asset management plans	440,299	440,299	422,712	422,712
Trust plans	43,113	43,113	44,556	44,556
Asset-backed securities	115,778	115,778	117,487	117,487
	629,098	629,098	611,980	611,980

(In RMB millions, unless otherwise stated)

The maximum exposures to loss in the above investment funds, wealth management products, asset management plans, trust plans and asset-backed securities are the amortised cost or fair value of the assets held by the Group at the reporting date.

The following table sets out an analysis of the line items in the consolidated statement of financial position in which assets were recognised relating to the Group's interests in structured entities sponsored by third party institutions:

	30 June 2020		
	Financial investments measured at FVTPL	Financial investments measured at FVOCI	Financial investments measured at amortised cost
Investment funds	29,658	–	–
Wealth management products	250	–	–
Asset management plans	423,548	–	16,751
Trust plans	21,137	–	21,976
Asset-backed securities	66,455	19,547	29,776
	541,048	19,547	68,503

	31 December 2019		
	Financial investments measured at FVTPL	Financial investments measured at FVOCI	Financial investments measured at amortised cost
Investment funds	27,225	–	–
Asset management plans	405,680	–	17,032
Trust plans	26,226	–	18,330
Asset-backed securities	68,233	20,844	28,410
	527,364	20,844	63,772

(b) Structured entities sponsored by the Group which the Group does not consolidate but holds an interest

The types of unconsolidated structured entities sponsored by the Group include non-principal-guaranteed wealth management products and investment funds. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of investors. These structured entities are financed through the issue of investment products to investors. Interest held by the Group includes investments in the products issued by these structured entities and fees charged by providing management services. As at 30 June 2020, the carrying amounts of the investments in the products issued by these structured entities and fee receivables being recognised are not material in the statement of financial positions.

As at 30 June 2020, the amount of assets held by the unconsolidated non-principal-guaranteed wealth management products and investment funds, which are sponsored by the Group, were RMB2,494,572 million (31 December 2019: RMB2,642,057 million) and RMB1,370,677 million (31 December 2019: RMB1,332,184 million) respectively.

During the six months ended 30 June 2020, the amount of the average exposure of financing transactions through placements and reverse repurchase agreements from the Group with non-principal guaranteed wealth management products sponsored by the Group was RMB70,863 million (six months ended 30 June 2019: RMB68,919 million). The transactions were conducted in the ordinary course of business under normal terms and conditions.

(In RMB millions, unless otherwise stated)

(c) Unconsolidated structured entities sponsored by the Group during the period in which the Group does not have an interest as at 30 June 2020

The aggregated amount of the non-principal-guaranteed wealth management products sponsored and issued by the Group after 1 January 2020 but matured before 30 June 2020 was RMB21,272 million (the aggregated amount of the non-principal-guaranteed wealth management products sponsored and issued by the Group after 1 January 2019 but matured before 30 June 2019 was RMB51,003 million).

During the six months ended 30 June 2020, the amount of fee and commission income received from such category of non-principal-guaranteed wealth management products by the Group was RMB305 million (six months ended 30 June 2019: RMB505 million).

There were no investment funds sponsored and issued by the Group after 1 January 2020 but matured before 30 June 2020 (the aggregated amount of the investment funds sponsored and issued by the Group after 1 January 2019 but matured before 30 June 2019 was RMB2,000 million).

During the six months ended 30 June 2020, there were no income received from such category of investment funds (six months ended 30 June 2019: RMB0.36 million).

35. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

Analysis of balances of cash and cash equivalents

	Note	30 June 2020	30 June 2019
Cash on hand	13	72,938	61,402
Balances with central banks other than restricted deposits	13	717,683	896,273
Nostro accounts with banks and other financial institutions with original maturity of three months or less		359,200	175,579
Placements with banks and other financial institutions with original maturity of three months or less		323,205	279,712
Reverse repurchase agreements with original maturity of three months or less		1,204,185	829,107
		2,677,211	2,242,073

36. TRANSFERRED FINANCIAL ASSETS

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

Repurchase transactions and securities lending transactions

Transferred financial assets that do not qualify for derecognition mainly include debt securities held by counterparties as collateral under repurchase agreements and debt securities lent to counterparties under securities lending agreements. The counterparties are allowed to sell or repledge those securities sold under repurchase agreements in the absence of default by the Group, but has an obligation to return the securities at the maturity of the contract. If the securities increase or decrease in value, the Group may in certain circumstances require or be required to pay additional cash collateral in certain circumstances. The Group has determined that it retains substantially all the risks and rewards of these securities and therefore has not derecognised them. In addition, it recognises a financial liability for cash received as collateral.

(In RMB millions, unless otherwise stated)

The following table analyses the carrying amount of the above mentioned financial assets transferred to third parties that did not qualify for derecognition and their associated financial liabilities:

	30 June 2020		31 December 2019	
	Carrying amount of transferred assets	Carrying amount of associated liabilities	Carrying amount of transferred assets	Carrying amount of associated liabilities
Repurchase agreements	49,360	45,641	30,375	29,766
Securities lending agreements	180,323	–	286,527	–
	229,683	45,641	316,902	29,766

Securitisation transactions

The Group transfers credit assets to structured entities which issue asset-backed securities to investors. The Group may acquire some asset-backed securities and fund shares at the subordinated tranche level and accordingly, may retain parts of the risks and rewards of the transferred credit assets. The Group would determine whether or not to derecognise the associated credit assets by evaluating the extent to which it retains the risks and rewards of the assets.

For those in which the Group has neither transferred nor retained substantially all the risks and rewards of the transferred credit assets, and retained control of the credit assets, the Group recognises the assets on the statement of financial position in accordance with the Group's continuing involvement and the rest is derecognised. The extent of the Group's continuing involvement is the extent of the risks and rewards undertaken by the Group with value changes of the transferred financial assets. The amount at the time of transfer of the original credit assets, which the Group determined that it has continuing involvement through acquiring some tranches, was RMB399,789 million as at 30 June 2020 (the amount at the time of transfer of the original credit assets was RMB384,156 million as at 31 December 2019) and the carrying amount of assets that the Group continues to recognise on the statement of financial position was RMB53,669 million as at 30 June 2020 (31 December 2019: RMB52,016 million).

With respect to the securitisation of financial assets that do not qualify for derecognition, the relevant financial assets are not derecognised, and the consideration paid are recorded as a financial liability. As at 30 June 2020, the Group does not have carrying amount of transferred assets that did not qualify for derecognition and carrying amount of their associated liabilities (31 December 2019: Nil).

37. SHARE APPRECIATION RIGHTS PLAN

The Bank's share appreciation rights plan was approved in 2006, which allows share appreciation rights to be granted to eligible participants including directors, supervisors, senior management and other key personnel designated by the board of directors. The share appreciation rights will be granted and exercised based on the price of the Bank's H shares and will be valid for 10 years. As at the approval date of these financial reports, no share appreciation rights have been granted.

(In RMB millions, unless otherwise stated)

38. COMMITMENTS AND CONTINGENT LIABILITIES

(a) Capital commitments

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

	30 June 2020	31 December 2019
Contracted	36,090	31,915

(b) Credit commitments

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

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

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

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

	30 June 2020	31 December 2019
Bank acceptances	366,382	311,300
Guarantees issued		
— Financing letters of guarantees	75,871	69,634
— Non-financing letters of guarantees	447,903	414,245
Sight letters of credit	49,384	40,932
Usance letters of credit and other commitments	146,370	156,685
Loan commitments		
— With an original maturity of under one year	174,935	187,651
— With an original maturity of one year or over	600,880	625,146
Undrawn credit card limit	1,001,874	1,157,478
	2,863,599	2,963,071

	30 June 2020	31 December 2019
Credit risk-weighted assets of credit commitments (i)	1,222,339	1,306,831

(i) Internal ratings-based approach was adopted to calculate the credit risk-weighted assets according to the scope approved by the former China Banking Regulatory Commission (the "former CBRC"), and others were calculated by weighted approach.

(In RMB millions, unless otherwise stated)

(c) Legal proceedings

As at 30 June 2020, there were a number of legal proceedings and arbitrations outstanding against the Bank and/or its subsidiaries with a claimed amount of RMB4,140 million (31 December 2019: RMB4,233 million).

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

(d) Redemption commitments of government bonds

As an underwriting agent of the MOF, the Bank underwrites certain PRC government bonds and sells the bonds to the general public. The Bank is obliged to redeem these bonds at the discretion of the holders at any time prior to maturity. The redemption price for the bonds is based on the nominal value of the bonds plus any interest accrued up to the redemption date. As at 30 June 2020, the Bank had underwritten and sold bonds with an accumulated amount of RMB79,763 million (31 December 2019: RMB89,644 million) to the general public, and these government bonds have not yet matured nor been redeemed. Management expects that the amount of redemption of these government bonds through the Bank prior to maturity will not be material.

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

(e) Underwriting obligations

As at 30 June 2020, the Group had no unexpired security-underwriting obligations (31 December 2019: RMB1,000 million).

39. DESIGNATED FUNDS AND LOANS

	30 June 2020	31 December 2019
Designated funds	2,099,024	1,916,638
Designated loans	2,098,837	1,916,362

The designated funds represent the funding that the trustors have instructed the Group to use to make loans to third parties as designated by them. The credit risk remains with the trustors.

The designated loans represent the loans granted to specific borrowers designated by the trustors on their behalf according to the entrust agreements signed by the Group and the trustors. The Group does not bear any risk.

40. ASSETS PLEDGED AS SECURITY

Financial assets of the Group including securities and bills have been pledged as collateral for liabilities or contingent liabilities, mainly the repurchase agreements and derivative contracts. As at 30 June 2020, the carrying value of the financial assets of the Group pledged as collateral amounted to approximately RMB202,007 million (31 December 2019: RMB227,938 million).

(In RMB millions, unless otherwise stated)

41. FIDUCIARY ACTIVITIES

The Group provides custody, trust and asset management services to third parties. Revenue from such activities is included in "net fee and commission income" set out in note 4. Those assets held in a fiduciary capacity are not included in the Group's consolidated statement of financial position.

42. RELATED PARTY DISCLOSURES

In addition to the transactions detailed elsewhere in this interim financial report, the Group had the following transactions with related parties during the period:

(a) Shareholders with significant influence

(i) The MOF

The MOF is a ministry under the State Council of the PRC, primarily responsible for, among others, state fiscal revenues, expenses and taxation policies. As at 30 June 2020, the MOF directly owned approximately 31.14% (31 December 2019: approximately 31.14%) of the issued share capital of the Bank. The Group enters into banking transactions with the MOF in its normal course of business, details of the major transactions are as follows:

	30 June 2020	31 December 2019
Balances at end of the period/year:		
The PRC government bonds and the special government bond	1,417,371	1,215,664

	Six months ended 30 June	
	2020	2019
Transactions during the period:		
Interest income on the PRC government bonds	24,177	19,519

Other related party transactions between the Group and enterprises under the control or joint control of the MOF are disclosed in note 42(g) "transactions with state-owned entities in the PRC".

(ii) Huijin

As at 30 June 2020, Central Huijin Investment Ltd. ("Huijin") directly owned approximately 34.71% (31 December 2019: approximately 34.71%) of the issued share capital of the Bank. Huijin is a state-owned investment company established on 16 December 2003 under the Company Law of the PRC. Huijin has a total registered and paid-in capital of RMB828,209 million. Huijin is a wholly-owned subsidiary of China Investment Corporation, and in accordance with the authorisation by the State, Huijin makes equity investments in major state-owned financial enterprises, and shall, to the extent of its capital contribution, exercise the rights and perform the obligations as an investor on behalf of the State in accordance with applicable laws, to achieve the goal of preserving and enhancing the value of state-owned financial assets. Huijin does not conduct any other business or commercial activity. It does not intervene in the day-to-day business operations of the firms in which it invests.

As at 30 June 2020, the Huijin Bonds held by the Group are of an aggregate face value of RMB66,958 million (31 December 2019: RMB56,230 million), with terms ranging from 1 to 30 years and coupon rates ranging from 1.64% to 5.50% per annum. The Huijin Bonds are government-backed, short-term financing bills and medium-term notes. The Group's subscription of the Huijin Bonds was conducted in the ordinary course of business, in compliance with relevant regulatory requirements and the corporate governance of the Group.

(In RMB millions, unless otherwise stated)

The Group entered into banking transactions with Huijin in the ordinary course of business under normal commercial terms and at the market rates. Details of the major transactions are as follows:

	30 June 2020	31 December 2020
Balances at end of the period/year:		
Debt securities purchased	68,422	57,436
Loans and advances to customers	14,013	22,022
Due to customers	35,132	1,998

	Six months ended 30 June	
	2020	2019
Transactions during the period:		
Interest income on debt securities purchased	1,237	955
Interest income on loans and advances to customers	381	457
Interest expense on amounts due to customers	31	199

Huijin has equity interests in certain other banks and financial institutions under the direction of the Government. The Group enters into transactions with these banks and financial institutions in the ordinary course of business under normal commercial terms. Management considers that these banks and financial institutions are competitors of the Group. Details of major transactions during the period conducted with these banks and financial institutions are as follows:

	30 June 2020	31 December 2019
Balances at end of the period/year:		
Debt securities purchased	593,670	530,740
Due from banks and other financial institutions	182,001	101,724
Loans and advances to customers	6,521	3,124
Derivative financial assets	4,093	4,972
Due to banks and other financial institutions	286,671	221,015
Derivative financial liabilities	5,283	5,902
Due to customers	2,770	1,003
Credit commitments	16,712	7,172

	Six months ended 30 June	
	2020	2019
Transactions during the period:		
Interest income on debt securities purchased	13,925	9,145
Interest income on amounts due from banks and other financial institutions	419	1,108
Interest income on loans and advances to customers	29	32
Interest expense on amounts due to banks and other financial institutions	928	1,262
Interest expense on amounts due to customers	42	7

(In RMB millions, unless otherwise stated)

(b) Subsidiaries

	30 June 2020	31 December 2019
Balances at end of the period/year:		
Financial investments	31,696	31,174
Due from banks and other financial institutions	352,577	402,276
Loans and advances to customers	43,802	30,150
Derivative financial assets	2,453	1,810
Due to banks and other financial institutions	192,946	167,454
Derivative financial liabilities	4,716	3,293
Reverse repurchase agreements	10,769	7,872
Credit commitments	104,775	113,755

	Six months ended 30 June	
	2020	2019
Transactions during the period:		
Interest income on financial investments	539	37
Interest income on amounts due from banks and other financial institutions	344	568
Interest income on loans and advances to customers	559	291
Interest expense on amounts due to banks and other financial institutions	672	1,183
Fee and commission income	3,093	1,846

The major balances and transactions with subsidiaries have been eliminated in the consolidated financial statements.

(c) Associates and affiliates

	30 June 2020	31 December 2019
Balances at end of the period/year:		
Debt securities purchased	11,333	8,548
Due from banks and other financial institutions	7,560	4,995
Loans and advances to customers	3,145	2,680
Derivative financial assets	2,537	1,279
Due to banks and other financial institutions	29,922	12,397
Due to customers	263	0
Derivative financial liabilities	2,161	2,102
Credit commitments	2,736	–

	Six months ended 30 June	
	2020	2019
Transactions during the period:		
Interest income on debt securities purchased	379	–
Interest income on amounts due from banks and other financial institutions	55	38
Interest income on loans and advances to customers	69	56
Interest expense on amounts due to banks and other financial institutions	170	272
Interest expense on amounts due to customers	0	0

The major transactions between the Group and the associates and their affiliates mainly comprised debt securities purchased, due from banks and other financial institutions, loans and advances to customers and due to banks and other financial institutions and the corresponding interest income and interest expense. In the opinion of management, the transactions between the Group and the associates and their affiliates were conducted under normal commercial terms and conditions.

(d) Joint ventures and affiliates

	30 June 2020	31 December 2019
Balances at end of the period/year:		
Due to customers	37	33

	Six months ended 30 June	
	2020	2019
Transactions during the period:		
Interest expense on amounts due to customers	2	0

In the opinion of management, the transactions between the Group and the aforementioned parties were conducted in the ordinary course of business under normal terms and conditions and at market rates.

(e) Key management personnel

The key management personnel are those persons who have the authority and responsibility to plan, direct and control the activities of the Group, directly or indirectly, including members of the board of directors, the supervisory board and executive officers.

The aggregate compensation for the period is as follows:

	Six months ended 30 June	
	2020	2019
	In RMB'000	In RMB'000
Short-term employment benefits	4,810	4,042
Post-employment benefits	109	182
	4,919	4,224

Companies or corporations, in which the key management of the Group or their close relatives are shareholders or key management personnel who are able to exercise control directly or indirectly are also considered as related parties of the Group.

The transactions between the Group and the aforementioned parties are as follows:

	30 June 2020	31 December 2019
	RMB'000	RMB'000
Loans	2,378	2,423

(In RMB millions, unless otherwise stated)

During the reporting period, there were no other material transactions and balances with key management personnel on an individual basis. The Group enters into banking transactions with key management personnel in the normal course of business.

The aggregated balance of loans and credit card overdrafts to the persons which are considered as related parties according to the relevant rules of Shanghai Stock Exchange was RMB14.41 million as at 30 June 2020 (31 December 2019: RMB3.24 million).

In the opinion of management, the transactions between the Group and the aforementioned parties were conducted in the ordinary course of business under normal terms and conditions and at market rates.

(f) Annuity Fund

Apart from the obligations for defined contributions to the Annuity Fund, Annuity Fund holds the market value of A shares of the Bank of RMB29.10 million (31 December 2019: RMB101.36 million), and does not hold any bonds issued by the Bank (31 December 2019: RMB20.28 million) as at 30 June 2020.

(g) Transactions with state-owned entities in the PRC

The Group operates in an economic environment predominated by enterprises directly or indirectly owned and/or controlled by the Government through its authorities, affiliates or other organisations (collectively the "state-owned entities"). During the reporting period, the Group entered into extensive banking transactions with these state-owned entities including, but not limited to, lending and deposit taking, taking and placing of interbank balances, entrusted lending and the provision of intermediary services, the sale, purchase, underwriting and redemption of bonds issued by other state-owned entities, and the sale, purchase, and leasing of properties and other assets.

Management considers that transactions with state-owned entities are activities conducted in the ordinary course of business, and that the dealings of the Group have not been significantly or unduly affected by the fact that the Group and those state-owned entities are ultimately controlled or owned by the Government. The Group has also established pricing policies for products and services and such pricing policies do not depend on whether or not the customers are state-owned entities.

(h) Proportion of major related party transactions

The major balances and transactions with subsidiaries have been eliminated in the consolidated financial statements. When calculating the proportion of related party transactions, transactions with the subsidiary are not involved.

	30 June 2020		31 December 2019	
	Balance	%	Balance	%
Financial investments	2,090,796	24.99%	1,803,840	23.59%
Due from banks and other financial institutions	189,561	15.25%	106,719	10.24%
Loans and advances to customers	23,679	0.14%	27,826	0.17%
Derivative financial assets	6,630	8.62%	6,251	9.15%
Due to banks and other financial institutions	316,593	10.65%	233,412	10.30%
Derivative financial liabilities	7,444	7.15%	8,004	9.40%
Due to customers	38,202	0.15%	3,034	0.01%
Credit commitments	16,712	0.58%	7,172	0.24%

	Six months ended 30 June			
	2020		2019	
	Amount	%	Amount	%
Interest income	40,671	7.68%	31,310	6.16%
Interest expense	1,173	0.53%	1,740	0.83%

43. SEGMENT INFORMATION

(a) Operating segments

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

Corporate banking

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

Personal banking

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

Treasury operations

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

Others

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

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

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

(In RMB millions, unless otherwise stated)

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

	Six months ended 30 June 2020				
	Corporate banking	Personal banking	Treasury operations	Others	Total
External net interest income	144,725	46,748	115,076	–	306,549
Internal net interest income/(expense)	316	77,460	(77,776)	–	–
Net fee and commission income	52,823	35,034	1,043	–	88,900
Other income/(expense), net (i)	2,909	(2,354)	4,133	2,209	6,897
Operating income	200,773	156,888	42,476	2,209	402,346
Operating expenses	(39,059)	(38,453)	(7,174)	(3,239)	(87,925)
Impairment losses on assets	(84,101)	(40,312)	(1,001)	(42)	(125,456)
Operating profit/(loss)	77,613	78,123	34,301	(1,072)	188,965
Share of profits of associates and joint ventures	–	–	–	386	386
Profit before taxation	77,613	78,123	34,301	(686)	189,351
Income tax expense					(39,555)
Profit for the period					149,796
Other segment information:					
Depreciation	4,894	3,889	1,277	114	10,174
Amortisation	625	379	187	7	1,198
Capital expenditure	10,324	7,989	2,728	229	21,270
30 June 2020					
Segment assets	11,110,478	6,882,642	14,931,486	187,404	33,112,010
Including: Investments in associates and joint ventures	–	–	–	28,327	28,327
Property and equipment	118,428	92,427	30,938	44,834	286,627
Other non-current assets (ii)	50,208	13,168	5,771	15,305	84,452
Segment liabilities	13,952,282	11,789,088	4,322,931	300,953	30,365,254
Other segment information:					
Credit commitments	1,888,126	975,473	–	–	2,863,599

(i) Includes net trading (expense)/income, net gain/(loss) on financial investments and other operating income (net).

(ii) Includes long-term receivables, intangible assets, goodwill, long-term deferred expenses, right-of-use assets and other non-current assets.

(In RMB millions, unless otherwise stated)

	Six months ended 30 June 2019				
	Corporate banking	Personal banking	Treasury operations	Others	Total
External net interest income	143,537	44,885	110,879	–	299,301
Internal net interest income/(expense)	3,501	64,702	(68,203)	–	–
Net fee and commission income	53,408	34,514	579	–	88,501
Other income, net (i)	3,224	127	976	2,074	6,401
Operating income	203,670	144,228	44,231	2,074	394,203
Operating expenses	(36,524)	(41,277)	(6,076)	(3,277)	(87,154)
Impairment losses on assets	(79,630)	(19,055)	(484)	(11)	(99,180)
Operating profit/(loss)	87,516	83,896	37,671	(1,214)	207,869
Share of profits of associates and joint ventures	–	–	–	1,340	1,340
Profit before taxation	87,516	83,896	37,671	126	209,209
Income tax expense					(40,519)
Profit for the period					168,690
Other segment information:					
Depreciation	4,486	3,540	1,093	101	9,220
Amortisation	589	396	187	16	1,188
Capital expenditure	10,201	7,967	2,530	232	20,930
31 December 2019					
Segment assets	10,247,872	6,496,604	13,176,154	188,806	30,109,436
Including: Investments in associates and joint ventures	–	–	–	32,490	32,490
Property and equipment	107,967	93,771	37,943	46,880	286,561
Other non-current assets (ii)	44,350	13,974	7,577	17,329	83,230
Segment liabilities	12,854,095	10,763,847	3,540,594	258,897	27,417,433
Other segment information:					
Credit commitments	1,832,133	1,130,938	–	–	2,963,071

(i) Includes net trading income, net (loss)/gain on financial investments and other operating income/(expense) (net).

(ii) Includes long-term receivables, intangible assets, goodwill, long-term deferred expenses, right-of-use assets and other non-current assets.

(In RMB millions, unless otherwise stated)

(b) Geographical information

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

The distribution of the geographical areas is as follows:

Chinese mainland (Head Office and domestic branches):

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

	Six months ended 30 June 2020									
	Chinese mainland (HO and domestic branches)									
	Head Office	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central China	Western China	Northeastern China	Overseas and others	Eliminations	Total
External net interest income	128,281	32,532	34,086	10,015	33,079	44,434	7,133	16,989	–	306,549
Internal net interest (expense)/income	(101,540)	18,796	6,367	53,023	9,531	6,762	6,068	993	–	–
Net fee and commission income	22,063	17,160	12,269	11,110	8,327	11,102	2,117	5,593	(841)	88,900
Other income/(expense), net (i)	7,025	(2,024)	(853)	(2,821)	(1,094)	(1,444)	292	7,024	792	6,897
Operating income	55,829	66,464	51,869	71,327	49,843	60,854	15,610	30,599	(49)	402,346
Operating expenses	(10,396)	(12,377)	(10,082)	(14,104)	(12,264)	(13,897)	(4,673)	(10,187)	55	(87,925)
Impairment losses on assets	(25,936)	(21,187)	(14,227)	(20,973)	(16,193)	(17,060)	(4,787)	(5,093)	–	(125,456)
Operating profit	19,497	32,900	27,560	36,250	21,386	29,897	6,150	15,319	6	188,965
Share of profits of associates and joint ventures	–	–	–	–	–	–	–	386	–	386
Profit before taxation	19,497	32,900	27,560	36,250	21,386	29,897	6,150	15,705	6	189,351
Income tax expense										(39,555)
Profit for the period										149,796
Other segment information:										
Depreciation	1,030	1,430	1,140	1,711	1,467	1,719	649	1,028	–	10,174
Amortisation	350	125	103	142	161	157	52	108	–	1,198
Capital expenditure	1,063	1,671	1,375	3,408	1,382	1,780	587	10,004	–	21,270

(i) Includes net trading (expense)/income, net gain/(loss) on financial investments and other operating income (net).

(In RMB millions, unless otherwise stated)

	30 June 2020									
	Chinese mainland (HO and domestic branches)									
	Head Office	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central China	Western China	Northeastern China	Overseas and others	Eliminations	Total
Assets by geographical areas	11,350,385	6,102,431	3,797,285	4,333,001	3,050,372	3,849,272	1,122,048	4,091,247	(4,648,143)	33,047,898
Including: Investments in associates and joint ventures	–	–	–	–	–	–	–	28,327	–	28,327
Property and equipment	11,231	32,045	12,197	19,583	17,879	22,506	9,041	162,145	–	286,627
Other non-current assets (i)	13,277	8,042	5,911	7,214	8,289	12,262	2,072	27,385	–	84,452
Unallocated assets										64,112
Total assets										33,112,010
Liabilities by geographical areas	8,658,186	6,464,359	3,447,872	7,522,415	3,089,047	3,669,186	1,394,444	709,921	(4,648,149)	30,307,281
Unallocated liabilities										57,973
Total liabilities										30,365,254
Other segment information:										
Credit commitments	1,116,786	879,109	549,155	733,748	314,068	504,502	131,583	714,041	(2,079,393)	2,863,599

(i) Includes long-term receivables, intangible assets, goodwill, long-term deferred expenses, right-of-use assets and other non-current assets.

	Six months ended 30 June 2019									
	Chinese mainland (HO and domestic branches)									
	Head Office	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central China	Western China	Northeastern China	Overseas and others	Eliminations	Total
External net interest income	121,746	32,147	31,146	14,437	31,135	42,004	8,685	18,001	–	299,301
Internal net interest (expense)/income	(84,588)	16,663	5,492	46,868	7,478	5,186	3,710	(809)	–	–
Net fee and commission income	13,306	19,804	14,408	12,921	9,452	11,644	2,494	5,881	(1,409)	88,501
Other income/(expense), net (i)	5,426	(2,227)	(488)	(2,511)	(1,118)	(1,361)	(112)	7,427	1,365	6,401
Operating income	55,890	66,387	50,558	71,715	46,947	57,473	14,777	30,500	(44)	394,203
Operating expenses	(6,953)	(12,885)	(10,639)	(14,541)	(12,609)	(14,380)	(5,061)	(10,139)	53	(87,154)
Impairment losses on assets	(15,480)	(12,831)	(13,368)	(24,589)	(11,228)	(13,410)	(6,209)	(2,065)	–	(99,180)
Operating profit	33,457	40,671	26,551	32,585	23,110	29,683	3,507	18,296	9	207,869
Share of profits of associates and joint ventures	–	–	–	–	–	–	–	1,340	–	1,340
Profit before taxation	33,457	40,671	26,551	32,585	23,110	29,683	3,507	19,636	9	209,209
Income tax expense										(40,519)
Profit for the period										168,690
Other segment information:										
Depreciation	902	1,303	1,019	1,503	1,456	1,650	651	736	–	9,220
Amortisation	400	120	100	110	135	163	37	123	–	1,188
Capital expenditure	1,017	1,669	1,073	2,487	957	1,489	482	11,756	–	20,930

(i) Includes net trading income, net (loss)/gain on financial investments and other operating income/(expense) (net).

(In RMB millions, unless otherwise stated)

	31 December 2019									
	Chinese mainland (HO and domestic branches)									
	Head Office	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central China	Western China	Northeastern China	Overseas and others	Eliminations	Total
Assets by geographical areas	10,687,512	6,380,888	4,126,087	4,256,707	2,973,119	3,841,497	1,140,631	3,971,298	(7,330,839)	30,046,900
Including: Investments in associates and joint ventures	–	–	–	–	–	–	–	32,490	–	32,490
Property and equipment	11,964	32,168	12,015	20,252	18,306	23,009	9,413	159,434	–	286,561
Other non-current assets (i)	13,250	8,114	5,975	7,352	8,488	12,370	2,093	25,588	–	83,230
Unallocated assets										62,536
Total assets										30,109,436
Liabilities by geographical areas	8,135,659	6,694,114	4,164,747	7,051,203	2,996,409	3,675,924	1,207,528	724,638	(7,330,853)	27,319,369
Unallocated liabilities										98,064
Total liabilities										27,417,433
Other segment information:										
Credit commitments	1,266,960	767,677	464,593	655,424	252,299	464,788	122,273	725,581	(1,756,524)	2,963,071

(i) Includes long-term receivables, intangible assets, goodwill, long-term deferred expenses, right-of-use assets and other non-current assets.

44. FINANCIAL INSTRUMENT RISK MANAGEMENT

A description and an analysis of the major risks faced by the Group are as follows:

The board of directors (the "Board") has the ultimate responsibility for the risk management and oversees the Group's risk management functions through the Risk Management Committee and the Audit Committee of the Board.

The President supervises the risk management strategies and reports directly to the Board. He chairs two management committees including the Risk Management Committee and the Asset and Liability Management Committee. These two committees formulate and make recommendations in respect of risk management strategies and policies through the President to the Risk Management Committee of the Board. The Chief Risk Officer assists the President to supervise and manage various risks.

The Group has also assigned departments to monitor financial risks within the Group, including the Credit Management Department to monitor credit risk, the Risk Management Department together with the Asset and Liability Management Department to monitor market and liquidity risks, and the Internal Control and Compliance Department to monitor operational risk. The Risk Management Department is primarily responsible for coordinating and establishing a comprehensive risk management framework, preparing consolidated reports on credit risk, market risk and operational risk and reporting directly to the Chief Risk Officer.

The Bank maintains a dual-reporting line structure at the branch level for risk management purposes. Under this structure, the risk management departments of the branches report to risk management departments of both the Head Office and the management of the relevant branches.

(a) Credit risk

Definition and scope

Credit risk is the risk of loss arising from a borrower or counterparty's failure to perform its obligations. Operational failures which result in unauthorised or inappropriate guarantees, financial commitments or investments by the Group may also give rise to credit risk. The Group's credit risk is mainly attributable to its loans, due from banks and other financial institutions and financial investments.

The Group is also exposed to credit risk in other areas in addition to the credit risk arising from the Group's loans, due from banks and other financial institutions and financial investments. The credit risk arising from derivative financial instruments is limited to derivative financial assets recorded in the statement of financial position. In addition, the Group provides guarantees for customers and may therefore be required to make payments on their behalf. These payments will be recovered from customers in accordance with the terms of the agreement. Therefore, the Group assumes a credit risk similar to that arising from loans and applies the same risk control procedures and policies to reduce risks.

Credit risk assessment method

Stage of financial instruments

The Group classifies financial instruments into three stages and makes provisions for expected credit losses accordingly, depending on whether credit risk on that financial instrument has increased significantly since initial recognition.

The three stages are defined as follows:

Stage 1: A financial instrument of which the credit risk has not significantly increase since initial recognition. The amount equal to 12-month expected credit losses is recognised as loss allowance.

Stage 2: A financial instrument with a significant increase in credit risk since initial recognition but is not considered to be credit-impaired. The amount equal to lifetime expected credit losses is recognised as loss allowance.

Stage 3: A financial instrument is considered to be credit-impaired as at the end of the reporting period. The amount equal to lifetime expected credit losses is recognised as loss allowance.

Significant increase in credit risk

The assessment of significant increase since initial recognition in the credit risk is performed at least on a quarterly basis for financial instruments held by the Group. The Group takes into consideration all reasonable and supportable information (including forward-looking information) that reflects significantly change in credit risk for the purposes of classifying financial instruments. The main considerations are regulatory and operating environment, internal and external credit risk gradings, debt-servicing capacity, operating capabilities, contractual terms, and repayment records. The Group compares the risk of default of a single financial instrument or a portfolio of financial instruments with similar credit risk characteristics as at the end of the reporting period and its risk of default at the date of initial application to determine changes in the risk of default during the lifetime of a financial instrument or a portfolio of financial instruments. In determining whether credit risk of a financial instrument has increased significantly since initial recognition, the Group considers factors indicating whether the probability of default has risen sharply, whether the financial instrument has been past due for more than 30 days, whether the market price has been falling to assess deterioration.

Definition of default

The Group defines a corporate borrower as in default when it meets one or more of the following criteria at the timing of recognition:

(i) The principal or interest of loan is past due more than 90 days to the Group.

(ii) The corporate borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as liquidation against collateral.

(iii) The corporate borrower has the above matters in other financial institutions refers to (i), (ii).

The Group defines a retail business borrower as in default when single credit assets of borrowers meets one or more of the following criteria:

(i) The principal or interest of loan is past due more than 90 days to the Group.

(ii) Write-offs.

(iii) The Group considers the borrower is unlikely to pay its credit obligations to the Group in full.

Impairment assessment

Generally, a financial asset is considered to be credit-impaired if:

- It has been overdue for more than 90 days;
- In light of economic, legal or other factors, the Group has made concessions to a borrower in financial difficulties, which would otherwise have been impossible under normal circumstances;
- The borrower is probable to be insolvent or carry out other financial restructurings;
- Due to serious financial difficulties, the financial asset cannot continue to be traded in an active market;
- There are other objective evidences that the financial asset is impaired.

Description of parameters, assumptions, and estimation techniques

Expected credit losses ("ECL") for a financial instrument is measured at an amount equal to 12-month ECL or lifetime ECL depending on whether a significant increase in credit risk on that financial instrument has occurred since initial recognition or whether an asset is considered to be credit-impaired. The loss allowance for loans and advances to customers, other than those corporate loans and advance to customers which are credit-impaired, is measured using the risk parameters method. The key parameters include Probability of Default ("PD"), Loss Given Default ("LGD"), and Exposure at Default ("EAD"), considering the time value of money. Related definitions are as follows:

PD is the possibility that a customer will default on its obligation within a certain period of time in light of forward-looking information. The Group's PD is adjusted based on the results of the Internal Rating-Based Approach under the New Basel Capital Accord, taking the forward-looking information into account and deducting the prudential adjustment to reflect the debtor's point-in-time (PIT) PD under the current macroeconomic environment;

LGD is the magnitude of the likely loss if there is a default in light of forward-looking information. The LGD is depending on the type of counterparty, the method and priority of the recourse, and the type of collaterals, with taking the forward-looking information into account;

EAD refers to the total amount of on- and off-balance sheet exposures in the event of default and is determined based on the historical repayment records.

The assumptions underlying the ECL calculation, such as how the PDs and LGDs of different maturity profiles change are monitored and reviewed on a quarterly basis by the Group.

There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

The impairment loss on credit-impaired corporate loans and advance to customers applied cash flow discount method, if there is objective evidence that an impairment loss on a loan or advance has incurred, the amount of the loss is measured as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The allowance for impairment loss is deducted in the carrying amount. The impairment loss is recognised in the statement of profit or loss. In determining allowances on an individual basis, the following factors are considered:

- The sustainability of the borrower's business plan;
- The borrower's ability to improve performance once a financial difficulty has arisen;
- The estimated recoverable cash flows from projects and liquidation;
- The availability of other financial support and the realisable value of collateral; and
- The timing of the expected cash flows.

It may not be possible to identify a single, or discrete events that result in the impairment, but it may be possible to identify impairment through the combined effect of several events. The impairment losses are evaluated at the end of each reporting period, unless unforeseen circumstances require more careful attention.

Forward-looking information contained in ECL

The calculation of ECL incorporates forward-looking information. The Group has performed historical analysis and identified the key economic variables, including Gross Domestic Product ("GDP"), Consumer Price Index ("CPI"), Purchasing Managers' Index ("PMI"), M2, Industrial Added Value and Real Estate Climate Index, impacting ECL for each portfolio. The impact of these economic variables on the PD and LGD has been determined by performing statistical regression analysis to understand the correlations among the historical changes of the economic variables, PD and LGD. Forecasts of these economic variables are provided quarterly by the Group at least and provide the best estimate view of the economy over the next year.

When calculating the weighted average ECL, the optimism, neutral and pessimism scenarios and its weightings determined by a combination of macro-statistical analysis and expert judgment are taken into account by the Group.

Write-off policy

The Group writes off financial assets when it has exhausted practical recovery efforts and has concluded there is no reasonable expectation of recovery.

Contractual modification of financial assets

The Group sometimes modifies the terms of loans provided to customers due to commercial renegotiations, or for distressed loans, with a view to maximising recovery.

Such rescheduling activities include extended payment term arrangements, payment holidays and payment forgiveness. Rescheduling policies and practices are based on indicators or criteria which, in the judgment of management, indicate that payment will most likely continue. These policies are kept under continuous review. This is only the case for assets which have performed in accordance with the new terms for six consecutive months or more.

The following table includes carrying amount of rescheduled loans and advance to customers:

	30 June 2020	31 December 2019
Rescheduled loans and advances to customers	9,682	7,319
Impaired loans and advances to customers included in above	5,072	2,983

(In RMB millions, unless otherwise stated)

Collaterals and other credit enhancements

The amount and type of collateral required depend on the assessment of the credit risk of the counterparty. Guidelines are in place specifying the types of collateral and valuation parameters which can be accepted.

Reverse repurchase business is mainly collateralised by bills and investment securities. As part of the reverse repurchase agreements, the Group has received securities that it is allowed to sell or repledge in the absence of default by their owners.

Corporate loans and discounted bills are mainly collateralised by properties or other assets. As at 30 June 2020, the gross carrying amount of corporate loans and discounted bills amounted to RMB11,205,721 million (31 December 2019: RMB10,377,695 million), of which credit exposure covered by collateral amounted to RMB3,658,410 million (31 December 2019: RMB3,583,296 million).

Retail loans are mainly collateralised by residential properties. As at 30 June 2020, the gross carrying amount of retail loans amounted to RMB6,769,931 million (31 December 2019: RMB6,383,624 million), of which credit exposure covered by collateral amounted to RMB5,967,512 million (31 December 2019: RMB5,565,771 million).

The Group prefers more liquid collateral with relatively stable market value and does not accept collateral that is illiquid, with difficulties in registration or high fluctuations in market value. The value of collateral should be assessed and confirmed by the Group or valuation agents identified by the Group. The value of collateral should adequately cover the outstanding balance of loans. The loan-to-value ratio depends on types of collateral, usage condition, liquidity, price volatility and realisation cost. All collateral has to be registered in accordance with the relevant laws and regulations. The credit officers inspect the collateral and assess the changes in the value of collateral regularly.

Management monitors the market value of collateral periodically and requests additional collateral in accordance with the underlying agreement when it is considered necessary.

It is the Group's policy to dispose of repossessed assets in an orderly manner. In general, the Group does not occupy repossessed assets for business use.

During the reporting period, the Group took possession of collateral held as security with a carrying amount of RMB333 million (six months ended 30 June 2019: RMB307 million).

(i) Maximum exposure to credit risk without taking account of any collateral and other credit enhancements

As at the end of the reporting period, the maximum credit risk exposure of the Group without taking account of any collateral and other credit enhancements is set out below:

	30 June 2020	31 December 2019
Balances with central banks	3,469,600	3,251,881
Due from banks and other financial institutions	1,243,071	1,042,368
Derivative financial assets	76,931	68,311
Reverse repurchase agreements	1,371,519	845,186
Loans and advances to customers	17,503,330	16,326,552
Financial investments		
— Financial investments measured at FVTPL	887,652	837,972
— Financial investments measured at FVOCI	1,466,358	1,421,609
— Financial investments measured at amortised cost	5,814,874	5,208,167
Others	255,067	181,028
	32,088,402	29,183,074
Credit commitments	2,863,599	2,963,071
Total maximum credit risk exposure	34,952,001	32,146,145

(In RMB millions, unless otherwise stated)

(ii) Risk concentrations

Credit risk is often greater when counterparties are concentrated in one single industry or geographic location or have comparable economic features. In addition, different geographic areas and industrial sectors have their unique characteristics in terms of economic development, and could present a different credit risk.

(1) Loans and advances to customers

By geographical distribution

The composition of the Group's gross loans and advances to customers (excluding accrued interest) by geographical distribution is analysed as follows:

	30 June 2020		31 December 2019	
	Amount	Percentage	Amount	Percentage
Head Office	756,366	4.21%	774,578	4.62%
Yangtze River Delta	3,415,230	19.00%	3,124,793	18.64%
Pearl River Delta	2,575,490	14.33%	2,341,370	13.97%
Bohai Rim	2,925,074	16.27%	2,739,585	16.34%
Central China	2,666,243	14.83%	2,445,215	14.60%
Western China	3,239,846	18.02%	2,991,010	17.84%
Northeastern China	820,730	4.57%	798,691	4.77%
Overseas and others	1,576,673	8.77%	1,546,077	9.22%
Total	17,975,652	100.00%	16,761,319	100.00%

By industry distribution

The composition of the Group's gross loans and advances to customers (excluding accrued interest) by industry is analysed as follows:

	30 June 2020	31 December 2019
Transportation, storage and postal services	2,456,815	2,304,923
Manufacturing	1,785,578	1,655,775
Leasing and commercial services	1,411,482	1,252,193
Water, environment and public utility management	1,071,080	926,499
Production and supply of electricity, heating, gas and water	1,048,438	1,021,366
Real estate	953,654	908,254
Wholesale and retail	579,859	537,326
Finance	330,322	300,159
Construction	308,633	284,949
Mining	224,667	211,241
Science, education, culture and sanitation	261,981	231,260
Others	342,454	321,876
Subtotal for corporate loans	10,774,963	9,955,821
Personal mortgage and business loans	5,921,715	5,512,175
Others	848,216	871,449
Subtotal for personal loans	6,769,931	6,383,624
Discounted bills	430,758	421,874
Total for loans and advances to customers	17,975,652	16,761,319

(In RMB millions, unless otherwise stated)

By collaterals

The composition of the Group's gross loans and advances to customers (excluding accrued interest) by collaterals is analysed as follows:

	30 June 2020	31 December 2019
Unsecured loans	5,875,642	5,369,713
Guaranteed loans	2,229,901	2,078,921
Loans secured by mortgages	8,378,844	7,884,774
Pledged loans	1,491,265	1,427,911
Total	17,975,652	16,761,319

Overdue loans and advances to customers

The composition of the Group's gross overdue loans and advances to customers (excluding accrued interest) by collaterals is analysed as follows:

	30 June 2020				
	Overdue for 1 to 90 days	Overdue for 90 days to 1 year	Overdue for 1 to 3 years	Overdue for over 3 years	Total
Unsecured loans	31,018	23,292	18,106	3,089	75,505
Guaranteed loans	9,853	19,027	21,049	6,153	56,082
Loans secured by mortgages	36,223	32,018	25,884	9,313	103,438
Pledged loans	1,257	4,995	2,621	1,579	10,452
Total	78,351	79,332	67,660	20,134	245,477

	31 December 2019				
	Overdue for 1 to 90 days	Overdue for 90 days to 1 year	Overdue for 1 to 3 years	Overdue for over 3 years	Total
Unsecured loans	27,232	21,684	17,831	5,474	72,221
Guaranteed loans	17,046	25,698	21,799	9,876	74,419
Loans secured by mortgages	35,613	36,689	25,003	11,186	108,491
Pledged loans	3,193	5,554	2,215	2,123	13,085
Total	83,084	89,625	66,848	28,659	268,216

(In RMB millions, unless otherwise stated)

(2) Debt securities investments

By issuers distribution

The following tables present an analysis of debt securities (excluding accrued interest) by types of issuers and investments:

	30 June 2020			
	Financial investments measured at FVTPL	Financial investments measured at FVOCI	Financial investments measured at amortised cost	Total
Governments and central banks	107,851	449,856	4,819,062	5,376,769
Policy banks	38,358	192,387	485,912	716,657
Banks and other financial institutions	183,044	308,080	336,001	827,125
Corporate entities	90,505	497,156	53,028	640,689
	419,758	1,447,479	5,694,003	7,561,240

	31 December 2019			
	Financial investments measured at FVTPL	Financial investments measured at FVOCI	Financial investments measured at amortised cost	Total
Governments and central banks	60,509	421,919	4,306,848	4,789,276
Policy banks	41,444	198,839	412,239	652,522
Banks and other financial institutions	179,106	306,242	340,218	825,566
Corporate entities	77,198	474,271	44,017	595,486
	358,257	1,401,271	5,103,322	6,862,850

By rating distribution

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

	30 June 2020					
	Unrated	AAA	AA	A	Below A	Total
Debt securities (analysed by type of issuers):						
Governments and central banks	1,769,516	3,549,467	13,348	16,520	27,918	5,376,769
Policy banks	701,161	–	1,507	12,793	1,196	716,657
Banks and other financial institutions	300,698	340,820	16,530	91,497	77,580	827,125
Corporate entities	121,921	369,577	5,771	78,140	65,280	640,689
	2,893,296	4,259,864	37,156	198,950	171,974	7,561,240

(In RMB millions, unless otherwise stated)

	31 December 2019					
	Unrated	AAA	AA	A	Below A	Total
Debt securities (analysed by type of issuers):						
Governments and central banks	1,613,759	3,133,011	6,645	13,211	22,650	4,789,276
Policy banks	633,828	213	2,617	15,551	313	652,522
Banks and other financial institutions	281,128	365,377	18,672	84,343	76,046	825,566
Corporate entities	104,386	342,866	25,892	63,480	58,862	595,486
	2,633,101	3,841,467	53,826	176,585	157,871	6,862,850

(iii) Analysis on the credit quality of financial instruments

The Group's credit risk stages of financial instruments are as follows:

	30 June 2020							
	Book value				Provision for expected credit losses			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Financial assets measured at amortised cost								
Cash and balances with central banks	3,542,538	–	–	3,542,538	–	–	–	–
Due from banks and other financial institutions	1,230,174	14,073	–	1,244,247	(1,151)	(25)	–	(1,176)
Reverse repurchase agreements	1,225,470	–	–	1,225,470	(67)	–	–	(67)
Loans and advances to customers	16,936,706	382,643	269,338	17,588,687	(280,965)	(67,411)	(176,951)	(525,327)
Financial investments	5,813,824	4,933	167	5,818,924	(2,593)	(1,330)	(127)	(4,050)
Precious metal leasing and lending	189,008	1,080	687	190,775	(605)	(133)	(339)	(1,077)
Total	28,937,720	402,729	270,192	29,610,641	(285,381)	(68,899)	(177,417)	(531,697)

Note: As simplified approach of impairment allowance is applied to other financial assets measured at amortised cost, three-stage model is not applicable.

	30 June 2020							
	Carrying amount				Provision for expected credit losses			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Financial assets measured at FVOCI								
Loans and advances to customers	432,641	–	623	433,264	(261)	–	(5)	(266)
Financial investments	1,464,735	1,570	53	1,466,358	(2,744)	(75)	(242)	(3,061)
Total	1,897,376	1,570	676	1,899,622	(3,005)	(75)	(247)	(3,327)
Credit commitments	2,820,232	42,828	539	2,863,599	(27,628)	(2,592)	(133)	(30,353)

(In RMB millions, unless otherwise stated)

	31 December 2019							
	Book value				Provision for expected credit losses			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Financial assets measured at amortised cost								
Cash and balances with central banks	3,317,916	–	–	3,317,916	–	–	–	–
Due from banks and other financial institutions	1,024,865	18,748	–	1,043,613	(1,219)	(26)	–	(1,245)
Reverse repurchase agreements	685,623	–	–	685,623	(94)	–	–	(94)
Loans and advances to customers	15,682,629	452,439	239,564	16,374,632	(215,316)	(78,494)	(184,688)	(478,498)
Financial investments	5,206,604	5,118	166	5,211,888	(2,255)	(1,339)	(127)	(3,721)
Precious metal leasing and lending	153,710	1,485	546	155,741	(524)	(333)	(272)	(1,129)
Total	26,071,347	477,790	240,276	26,789,413	(219,408)	(80,192)	(185,087)	(484,687)

Note: As simplified approach of impairment allowance is applied to other financial assets measured at amortised cost, three-stage model is not applicable.

	31 December 2019							
	Carrying amount				Provision for expected credit losses			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Financial assets measured at FVOCI								
Loans and advances to customers	423,370	–	623	423,993	(227)	–	(5)	(232)
Financial investments	1,417,535	4,074	–	1,421,609	(1,778)	(80)	(198)	(2,056)
Total	1,840,905	4,074	623	1,845,602	(2,005)	(80)	(203)	(2,288)
Credit commitments	2,913,139	49,051	881	2,963,071	(25,266)	(3,072)	(196)	(28,534)

(In RMB millions, unless otherwise stated)

(b) Liquidity risk

Liquidity risk is the risk that capital will not be sufficient or funds will not be raised at a reasonable cost in a timely manner to meet the need of asset growth or repayment of debts due, although the Group remains solvent. This may arise from amount or maturity mismatches of assets and liabilities.

The Group manages its liquidity risk through the Asset and Liability Management Department and aims at:

- Optimising the structure of assets and liabilities;
- Maintaining the stability of the deposit base;
- Projecting cash flows and evaluating the level of current assets; and
- In terms of liquidity of the branches, maintaining an efficient internal fund transfer mechanism.

(i) Maturity analysis of the assets and liabilities

The tables below summarise the maturity profile of the Group's assets and liabilities. The Group's expected the remaining maturity of its financial instruments may vary significantly from the following analysis. For example, demand deposits from customers are expected to maintain a stable or increasing balance although they have been classified as repayable on demand in the following tables.

	30 June 2020							
	Overdue/ repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	More than five years	Undated (***)	Total
Assets:								
Cash and balances with central banks	1,044,953	2,363	7,275	22,819	–	–	2,465,128	3,542,538
Due from banks and other financial institutions (*)	322,579	1,379,920	268,583	573,453	69,704	351	–	2,614,590
Derivative financial assets	513	11,153	12,528	24,851	15,549	12,337	–	76,931
Loans and advances to customers	32,638	932,835	774,369	3,175,286	3,667,744	8,831,988	88,470	17,503,330
Financial investments								
— Financial investments measured at FVTPL	10,996	46,426	170,500	218,240	232,547	196,462	148,365	1,023,536
— Financial investments measured at FVOCI	–	50,234	86,560	309,382	720,497	299,685	60,825	1,527,183
— Financial investments measured at amortised cost	–	120,534	195,367	617,738	2,621,183	2,257,843	2,209	5,814,874
Investments in associates and joint ventures	–	–	–	–	–	–	28,327	28,327
Property and equipment	–	–	–	–	–	–	286,627	286,627
Others	343,131	120,512	84,504	22,083	35,114	33,894	54,836	694,074
Total assets	1,754,810	2,663,977	1,599,686	4,963,852	7,362,338	11,632,560	3,134,787	33,112,010
Liabilities:								
Due to central banks	–	1,349	778	28,352	1,964	–	–	32,443
Financial liabilities designated as at FVTPL	64,247	1,485	39,025	3,117	14,216	3,596	–	125,686
Derivative financial liabilities	370	15,205	14,911	41,915	18,081	13,652	–	104,134
Due to banks and other financial institutions (**)	2,251,247	439,956	197,851	248,839	55,101	31,490	–	3,224,484
Certificates of deposit	–	83,103	131,387	121,435	7,531	–	–	343,456
Due to customers	13,613,766	1,280,950	1,738,891	4,142,112	4,270,394	21,757	–	25,067,870
Debt securities issued	–	26,744	11,639	103,777	235,584	348,869	–	726,613
Others	133,505	85,114	31,264	392,870	69,817	27,998	–	740,568
Total liabilities	16,063,135	1,933,906	2,165,746	5,082,417	4,672,688	447,362	–	30,365,254
Net liquidity gap	(14,308,325)	730,071	(566,060)	(118,565)	2,689,650	11,185,198	3,134,787	2,746,756

(*) Includes reverse repurchase agreements.

(**) Includes repurchase agreements.

(***) Includes loans and advances to customers and financial investments that are impaired or not impaired but overdue for more than one month.

(In RMB millions, unless otherwise stated)

	31 December 2019							
	Overdue/ repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	More than five years	Undated (***)	Total
Assets:								
Cash and balances with central banks	615,890	1,018	3,850	20,743	–	–	2,676,415	3,317,916
Due from banks and other financial institutions (*)	181,267	846,498	310,639	493,006	55,302	842	–	1,887,554
Derivative financial assets	498	5,045	6,878	28,784	20,962	6,144	–	68,311
Loans and advances to customers	31,249	985,299	712,711	2,791,186	3,559,038	8,190,112	56,957	16,326,552
Financial investments								
— Financial investments measured at FVTPL	10,661	10,955	43,762	421,926	161,035	180,555	133,184	962,078
— Financial investments measured at FVOCI	–	43,068	87,534	242,037	759,038	289,932	55,263	1,476,872
— Financial investments measured at amortised cost	–	66,799	139,014	708,768	2,466,714	1,824,696	2,176	5,208,167
Investments in associates and joint ventures	–	–	–	–	–	–	32,490	32,490
Property and equipment	–	–	–	–	–	–	286,561	286,561
Others	268,114	78,408	41,887	21,220	27,945	31,242	74,119	542,935
Total assets	1,107,679	2,037,090	1,346,275	4,727,670	7,050,034	10,523,523	3,317,165	30,109,436
Liabilities:								
Due to central banks	–	–	141	–	876	–	–	1,017
Financial liabilities designated as at FVTPL	60,486	760	2,054	21,629	14,812	2,501	–	102,242
Derivative financial liabilities	769	5,440	6,547	42,466	22,830	7,128	–	85,180
Due to banks and other financial institutions (**)	1,623,797	354,801	215,289	250,474	46,856	38,629	–	2,529,846
Certificates of deposit	–	78,222	158,141	110,912	8,153	–	–	355,428
Due to customers	12,461,763	1,063,032	1,581,922	4,725,038	3,121,105	24,795	–	22,977,655
Debt securities issued	–	14,399	24,999	77,835	276,082	349,560	–	742,875
Others	109,527	148,125	58,588	214,862	60,474	31,614	–	623,190
Total liabilities	14,256,342	1,664,779	2,047,681	5,443,216	3,551,188	454,227	–	27,417,433
Net liquidity gap	(13,148,663)	372,311	(701,406)	(715,546)	3,498,846	10,069,296	3,317,165	2,692,003

(*) Includes reverse repurchase agreements.

(**) Includes repurchase agreements.

(***) Includes loans and advances to customers and financial investments that are impaired or not impaired but overdue for more than one month.

(In RMB millions, unless otherwise stated)

(ii) Maturity analysis of contractual undiscounted cash flows

The tables below summarise the maturity profile of the Group's financial instruments based on the contractual undiscounted cash flows. The balances of some items in the tables below are different from the balances on the consolidated statement of financial position as the tables incorporate all cash flows relating to both principal and interest. The Group's expected cash flows on these instruments may vary significantly from the following analysis. For example, demand deposits from customers are expected to maintain a stable or increasing balance although they have been classified as repayable on demand in the following tables.

	30 June 2020							
	Overdue/ repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	More than five years	Undated (***)	Total
Non-derivative cash flows:								
Financial assets:								
Cash and balances with central banks	1,044,953	2,363	10,603	22,819	–	–	2,465,128	3,545,866
Due from banks and other financial institutions (*)	322,760	1,381,871	271,385	581,200	73,997	351	–	2,631,564
Loans and advances to customers (**)	33,167	1,042,465	993,380	3,946,679	6,603,769	14,003,642	272,459	26,895,561
Financial investments								
— Financial investments measured at FVTPL	10,939	45,466	154,328	205,363	238,937	208,311	143,825	1,007,169
— Financial investments measured at FVOCI	–	50,729	88,355	332,984	798,714	352,473	56,136	1,679,391
— Financial investments measured at amortised cost	–	121,680	203,828	721,163	3,151,265	2,686,641	3,157	6,887,734
Others	500,830	38,330	11,681	2,653	11,284	964	470	566,212
	1,912,649	2,682,904	1,733,560	5,812,861	10,877,966	17,252,382	2,941,175	43,213,497

(*) Includes reverse repurchase agreements.

(**) The maturity profile of the renegotiated loans' contractual undiscounted cash flows is determined according to the negotiated terms.

(***) Includes loans and advances to customers and financial investments that are impaired or not impaired but overdue for more than one month.

	30 June 2020							
	Overdue/ repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	More than five years	Undated	Total
Non-derivative cash flows:								
Financial liabilities:								
Due to central banks	–	1,350	780	28,354	1,964	–	–	32,448
Financial liabilities designated as at FVTPL	64,254	1,504	39,246	3,193	14,751	3,632	–	126,580
Due to banks and other financial institutions (*)	2,290,831	440,760	199,261	252,757	61,655	78,854	–	3,324,118
Certificates of deposit	–	83,424	131,867	122,673	7,898	–	–	345,862
Due to customers	13,622,814	1,284,097	1,776,081	4,239,036	4,438,837	22,334	–	25,383,199
Debt securities issued	–	27,177	15,603	122,696	315,743	415,468	–	896,687
Others	494,535	8,094	2,030	8,804	29,419	15,084	–	557,966
	16,472,434	1,846,406	2,164,868	4,777,513	4,870,267	535,372	–	30,666,860
Derivative cash flows:								
Derivative financial instruments settled on net basis	–	(244)	(102)	442	1,173	(499)	–	770
Derivative financial instruments settled on gross basis								
Including: Cash inflow	40,151	1,776,348	1,381,911	2,490,759	256,107	27,586	–	5,972,862
Cash outflow	(38,735)	(1,768,215)	(1,379,577)	(2,505,743)	(257,636)	(26,462)	–	(5,976,368)
	1,416	8,133	2,334	(14,984)	(1,529)	1,124	–	(3,506)

(*) Includes repurchase agreements.

(In RMB millions, unless otherwise stated)

	31 December 2019							
	Overdue/ repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	More than five years	Undated (***)	Total
Non-derivative cash flows:								
Financial assets:								
Cash and balances with central banks	615,890	1,018	7,463	20,743	–	–	2,676,415	3,321,529
Due from banks and other financial institutions (*)	181,303	849,397	314,046	502,881	59,472	1,691	–	1,908,790
Loans and advances to customers (**)	34,735	1,060,503	911,870	3,516,705	6,309,480	12,914,107	239,473	24,986,873
Financial investments								
— Financial investments measured at FVTPL	10,371	10,634	44,638	399,486	181,783	202,154	131,736	980,802
— Financial investments measured at FVOCI	–	43,294	89,714	266,634	843,800	349,679	50,326	1,643,447
— Financial investments measured at amortised cost	–	67,422	145,481	810,717	2,941,781	2,146,968	3,097	6,115,466
Others	369,736	21,787	12,345	5,769	5,887	60	684	416,268
	1,212,035	2,054,055	1,525,557	5,522,935	10,342,203	15,614,659	3,101,731	39,373,175

(*) Includes reverse repurchase agreements.

(**) The maturity profile of the renegotiated loans' contractual undiscounted cash flows is determined according to the negotiated terms.

(***) Includes loans and advances to customers and financial investments that are impaired or not impaired but overdue for more than one month.

	31 December 2019							
	Overdue/ repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	More than five years	Undated	Total
Non-derivative cash flows:								
Financial liabilities:								
Due to central banks	–	–	141	–	876	–	–	1,017
Financial liabilities designated as at FVTPL	60,547	762	2,062	23,413	15,116	2,501	–	104,401
Due to banks and other financial institutions (*)	1,624,350	356,090	217,433	255,480	52,646	52,003	–	2,558,002
Certificates of deposit	–	78,593	159,434	111,849	10,886	–	–	360,762
Due to customers	12,463,090	1,066,170	1,686,585	5,012,827	3,704,857	25,960	–	23,959,489
Debt securities issued	–	15,025	29,741	98,866	362,680	567,317	–	1,073,629
Others	360,741	7,917	3,290	7,539	31,018	18,327	–	428,832
	14,508,728	1,524,557	2,098,686	5,509,974	4,178,079	666,108	–	28,486,132
Derivative cash flows:								
Derivative financial instruments settled on net basis	–	28	(208)	85	(923)	240	–	(778)
Derivative financial instruments settled on gross basis								
Including: Cash inflow	49,846	619,031	400,059	2,696,186	1,616,510	34,653	–	5,416,285
Cash outflow	(52,452)	(605,109)	(401,263)	(2,717,224)	(1,612,491)	(34,825)	–	(5,423,364)
	(2,606)	13,922	(1,204)	(21,038)	4,019	(172)	–	(7,079)

(*) Includes repurchase agreements.

(In RMB millions, unless otherwise stated)

(iii) Analysis of credit commitments by contractual expiry date

Management does not expect all of the commitments will be drawn before the expiry of the commitments.

	30 June 2020						
	Repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	More than five years	Total
Credit commitments	1,160,080	120,896	233,793	653,730	495,171	199,929	2,863,599

	31 December 2019						
	Repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	More than five years	Total
Credit commitments	1,309,180	114,410	197,065	469,933	747,810	124,673	2,963,071

(c) Market risk

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

The Group is primarily exposed to structural interest rate risk arising from commercial banking and position risk arising from treasury transactions. Interest rate risk is inherent in many of its businesses and largely arises from mismatches between the repricing dates of interest-generating assets and interest-bearing liabilities. The analysis of the interest rate risk in the banking book is disclosed in note 44(d).

The Group's currency risk mainly results from the risk arising from exchange rate fluctuations on its foreign exchange exposures. Foreign exchange exposures include the mismatch of foreign exchange assets and liabilities, and off-balance sheet foreign exchange positions arising from derivative transactions.

The Group considers the market risk arising from stock prices fluctuations in respect of its investment portfolios as immaterial.

Sensitivity analysis, interest rate repricing gap analysis and foreign exchange risk concentration analysis are the major market risk management tools used by the Group. The Bank monitors market risk separately in respect of trading and other non-trading portfolios. The Value-at-risk ("VaR") analysis is a major tool used by the Bank to measure and monitor the market risk of its trading portfolios. The following sections include a VaR analysis by risk type of the Group's trading portfolios of the parent company and a sensitivity analysis based on the Group's currency risk exposure and interest rate risk exposure (both trading and non-trading portfolios).

(i) VaR

VaR analysis is a statistical technique which estimates the potential maximum losses that could occur on risk positions taken due to movements in interest rates, foreign exchange rates or prices over a specified time horizon and at a specified level of confidence. The Bank adopts a historical simulation model to calculate and monitor trading portfolio VaR with 250 days' historical market data (with a 99% confidence level, and one-day holding period) on a daily basis.

(In RMB millions, unless otherwise stated)

A summary of VaR by risk type of trading portfolios is as follows:

	Six months ended 30 June 2020			
	30 June 2020	Average	Highest	Lowest
Interest rate risk	60	45	71	29
Currency risk	147	101	152	62
Commodity risk	40	31	87	14
Total portfolio VaR	178	114	210	73

	Six months ended 30 June 2019			
	30 June 2019	Average	Highest	Lowest
Interest rate risk	52	57	71	30
Currency risk	97	77	111	54
Commodity risk	36	52	77	6
Total portfolio VaR	126	106	140	64

VaR for each risk factor is the derived largest potential loss due to fluctuations solely in that risk factor. As there is a diversification effect due to the correlation amongst the risk factors, the individual VaR does not add up to the total portfolio VaR.

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

(1) VaR does not reflect liquidity risk. In the VaR model, a one-day holding period assumes that it is possible to hedge or dispose of positions within that period without restriction, the price of the financial instruments will fluctuate in the specified range, and the correlation between these market prices will remain unchanged. This may not fully reflect the market risk arising at times of severe illiquidity, when a one-day holding period may be insufficient to liquidate or hedge all positions fully;

(2) Even though positions may change throughout the day, VaR only represents the risk of the portfolios at the close of each business day, and it does not account for any losses that may occur beyond the 99% confidence level; and

(3) VaR relies heavily on historical data to provide information and may not clearly predict the future changes and modifications of the risk factors, especially those of an exceptional nature due to significant market moves.

(ii) Currency risk

The Group conducts its businesses mainly in RMB, with certain transactions denominated in USD, HKD, and other currencies in a lesser extent. Transactions in foreign currencies mainly arise from the Group's treasury operations, foreign exchange dealings and overseas investments.

The exchange rate of RMB to USD is managed under a floating exchange rate system. The HKD exchange rate has been pegged to the USD and therefore the exchange rate of RMB to HKD has fluctuated in line with the changes in the exchange rate of RMB to USD.

The Group manages its currency risk through various methods, including limitation management and risk hedging to hedge currency risk, and performing currency risk sensitivity analysis and stress testing regularly.

(In RMB millions, unless otherwise stated)

The tables below indicate a sensitivity analysis of exchange rate changes of the currencies to which the Group had significant exposure on and off the balance sheet on its monetary assets and liabilities and its forecasted cash flows. The analysis calculates the effect of a reasonably possible movement in the currency rates against RMB, with all other variables held constant, on profit before taxation and equity. A negative amount in the table reflects a potential net reduction in profit before taxation or equity, while a positive amount reflects a potential net increase. This effect, however, is based on the assumption that the Group's foreign exchange exposures as at the end of the reporting period are kept unchanged and, therefore, have not incorporated actions that would be taken by the Group to mitigate the adverse impact of this currency risk.

		Effect on profit before taxation		Effect on equity	
Currency	Change in currency rate	30 June 2020	31 December 2019	30 June 2020	31 December 2019
USD	-1%	(184)	(146)	(383)	(379)
HKD	-1%	136	260	(1,516)	(1,492)

While the table above indicates the effect on profit before taxation and equity of 1% depreciation of USD and HKD, there will be an opposite effect with the same amount if the currencies appreciate by the same percentage.

A breakdown of the assets and liabilities analysed by currency is as follows:

	30 June 2020				
	RMB	USD (equivalent to RMB)	HKD (equivalent to RMB)	Others (equivalent to RMB)	Total (equivalent to RMB)
Assets:					
Cash and balances with central banks	3,255,830	143,176	16,131	127,401	3,542,538
Due from banks and other financial institutions (*)	1,880,785	568,068	51,863	113,874	2,614,590
Derivative financial assets	24,088	28,493	10,049	14,301	76,931
Loans and advances to customers	15,802,289	991,856	373,908	335,277	17,503,330
Financial investments					
— Financial investments measured at FVTPL	975,705	31,861	5,302	10,668	1,023,536
— Financial investments measured at FVOCI	1,066,711	324,094	29,125	107,253	1,527,183
— Financial investments measured at amortised cost	5,624,323	110,951	10,621	68,979	5,814,874
Investments in associates and joint ventures	2,818	1,072	219	24,218	28,327
Property and equipment	145,667	138,527	764	1,669	286,627
Others	288,136	142,596	7,758	255,584	694,074
Total assets	29,066,352	2,480,694	505,740	1,059,224	33,112,010
Liabilities:					
Due to central banks	27,941	2,123	–	2,379	32,443
Financial liabilities designated as at FVTPL	43,143	13,486	–	69,057	125,686
Derivative financial liabilities	46,853	34,007	10,675	12,599	104,134
Due to banks and other financial institutions (**)	2,227,340	805,985	21,640	169,519	3,224,484
Certificates of deposit	38,734	206,554	24,285	73,883	343,456
Due to customers	23,450,436	860,787	429,255	327,392	25,067,870
Debt securities issued	374,409	293,948	5,604	52,652	726,613
Others	573,016	155,638	5,614	6,300	740,568
Total liabilities	26,781,872	2,372,528	497,073	713,781	30,365,254
Net position	2,284,480	108,166	8,667	345,443	2,746,756
Credit commitments	2,039,894	547,489	93,475	182,741	2,863,599

(*) Includes reverse repurchase agreements.

(**) Includes repurchase agreements.

(In RMB millions, unless otherwise stated)

	31 December 2019				
	RMB	USD (equivalent to RMB)	HKD (equivalent to RMB)	Others (equivalent to RMB)	Total (equivalent to RMB)
Assets:					
Cash and balances with central banks	3,035,646	141,588	10,890	129,792	3,317,916
Due from banks and other financial institutions (*)	1,214,612	562,308	37,690	72,944	1,887,554
Derivative financial assets	30,693	19,773	7,341	10,504	68,311
Loans and advances to customers	14,809,532	869,350	351,007	296,663	16,326,552
Financial investments					
— Financial investments measured at FVTPL	909,353	32,450	6,076	14,199	962,078
— Financial investments measured at FVOCI	1,041,158	320,611	36,698	78,405	1,476,872
— Financial investments measured at amortised cost	5,030,922	102,767	13,345	61,133	5,208,167
Investments in associates and joint ventures	2,981	930	152	28,427	32,490
Property and equipment	186,232	97,883	751	1,695	286,561
Others	235,342	103,146	5,550	198,897	542,935
Total assets	26,496,471	2,250,806	469,500	892,659	30,109,436
Liabilities:					
Due to central banks	–	141	–	876	1,017
Financial liabilities designated as at FVTPL	20,845	14,433	22	66,942	102,242
Derivative financial liabilities	45,060	23,546	6,157	10,417	85,180
Due to banks and other financial institutions (**)	1,713,312	658,857	27,766	129,911	2,529,846
Certificates of deposit	28,202	231,440	16,247	79,539	355,428
Due to customers	21,509,155	837,901	369,830	260,769	22,977,655
Debt securities issued	370,064	320,025	11,719	41,067	742,875
Others	490,017	110,278	19,481	3,414	623,190
Total liabilities	24,176,655	2,196,621	451,222	592,935	27,417,433
Net position	2,319,816	54,185	18,278	299,724	2,692,003
Credit commitments	2,249,604	499,355	78,134	135,978	2,963,071

(*) Includes reverse repurchase agreements.

(**) Includes repurchase agreements.

(d) Interest rate risk in the banking book

Interest rate risk in the banking book is defined as the risk of loss in the overall gain and economic value of the banking book arising from adverse movements in interest rate and term structure, etc. This risk may occur in the following situations: when the interest rate fluctuates, because the repricing period of different financial instruments is different, the debt interest rate repricing date is earlier than the asset interest rate when interest rate rising and vice versa. The bank will face to the risk of reduced or even negative spreads over certain period of time; when the pricing benchmark interest rates are different, the changes in the benchmark interest rates are inconsistent; when there are embedded option terms or implied options in the business of holding options derivatives or banking book's on- and off-balance sheet business; and due to changes in expected default levels or market liquidity, the market's assessment of the credit quality of financial instruments changes, leading to changes in credit spreads.

The Group manages the interest rate risk of banking book through the Asset and the Liability Management Department, following methods have been adopted:

- Interest rate prediction: analysing the macroeconomic factors that may impact on the PBOC benchmark interest rates and market interest rates;
- Duration management: optimising the differences in timing between contractual repricing (maturities) of interest-generating assets and interest-bearing liabilities;

(In RMB millions, unless otherwise stated)

- Pricing management: managing the deviation of the pricing of interest-generating assets and the benchmark interest rates or market interest rates;
- Quota management: optimising the positions of interest-generating assets and interest-bearing liabilities and control the impact on profit and loss and equity; and
- Derivative trading: using interest rate derivatives for hedging management in a timely manner.

A principal part of the Group's management of interest rate risk is to monitor the sensitivity of projected net interest income under varying interest rate scenarios (simulation modeling). The Group aims to mitigate the impact of prospective interest rate movements which could reduce future net interest income, while balancing the cost of such hedging on the current revenue.

The following tables demonstrate the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's net interest income and equity. The following table lists the data including the trading book's data.

The effect of the net interest income is the effect of the assumed changes in interest rates on the net interest income, arising from the financial assets and financial liabilities held at the end of the period that are subject to repricing within the coming year, including the effect of hedging instruments. The effect of equity is the effect of the assumed changes in interest rates on other comprehensive income, calculated by revaluing fixed rate financial assets measured at FVOCI held at the end of the period, including the effect of any associated hedges.

	30 June 2020			
	Increased by 100 basis points		Decreased by 100 basis points	
Currency	Effect on net interest income	Effect on equity	Effect on net interest income	Effect on equity
RMB	(38,897)	(29,444)	38,897	32,121
USD	(558)	(7,238)	558	7,243
HKD	(3,713)	(78)	3,713	78
Others	1,388	(1,516)	(1,388)	1,517
Total	(41,780)	(38,276)	41,780	40,959

	31 December 2019			
	Increased by 100 basis points		Decreased by 100 basis points	
Currency	Effect on net interest income	Effect on equity	Effect on net interest income	Effect on equity
RMB	(6,951)	(29,652)	6,951	32,313
USD	(979)	(6,416)	979	6,420
HKD	(3,630)	(43)	3,630	43
Others	1,553	(1,144)	(1,553)	1,147
Total	(10,007)	(37,255)	10,007	39,923

The interest rate sensitivities set out in the tables above are for illustration only and are based on simplified scenarios. The figures represent the effect of the pro forma movements in net interest income and equity based on the projected yield curve scenarios and the Group's current interest rate risk profile. This effect, however, does not incorporate actions that would be taken by management to mitigate the impact of interest rate risk. The projections above also assume that interest rates of all maturities move by the same amount and, therefore, do not reflect the potential impact on net interest income and equity in the case where some rates change while others remain unchanged.

(In RMB millions, unless otherwise stated)

The tables below summarise the contractual repricing or maturity dates, whichever is earlier, of the Group's assets and liabilities:

	30 June 2020					
	Less than three months	Three months to one year	One to five years	More than five years	Non-interest bearing	Total
Assets:						
Cash and balances with central banks	3,154,382	–	–	–	388,156	3,542,538
Due from banks and other financial institutions (*)	1,960,747	572,895	68,247	–	12,701	2,614,590
Derivative financial assets	–	–	–	–	76,931	76,931
Loans and advances to customers	5,379,388	11,545,610	342,549	209,751	26,032	17,503,330
Financial investments						
— Financial investments measured at FVTPL	148,915	111,002	76,333	97,416	589,870	1,023,536
— Financial investments measured at FVOCI	241,570	302,926	634,765	287,097	60,825	1,527,183
— Financial investments measured at amortised cost	392,214	614,316	2,558,401	2,248,535	1,408	5,814,874
Investments in associates and joint ventures	–	–	–	–	28,327	28,327
Property and equipment	–	–	–	–	286,627	286,627
Others	2,079	47	–	–	691,948	694,074
Total assets	11,279,295	13,146,796	3,680,295	2,842,799	2,162,825	33,112,010
Liabilities:						
Due to central banks	2,127	28,352	1,964	–	–	32,443
Financial liabilities designated as at FVTPL	39,278	1,579	11,911	21	72,897	125,686
Derivative financial liabilities	–	–	–	–	104,134	104,134
Due to banks and other financial institutions (**)	2,891,529	231,604	53,732	31,400	16,219	3,224,484
Certificates of deposit	222,965	118,256	2,235	–	–	343,456
Due to customers	16,217,709	4,097,872	4,226,072	21,010	505,207	25,067,870
Debt securities issued	215,613	44,743	117,394	348,863	–	726,613
Others	2,236	5,414	16,612	6,134	710,172	740,568
Total liabilities	19,591,457	4,527,820	4,429,920	407,428	1,408,629	30,365,254
Interest rate mismatch	(8,312,162)	8,618,976	(749,625)	2,435,371	N/A	N/A

(*) Includes reverse repurchase agreements.

(**) Includes repurchase agreements.

The data set out in the above tables includes trading book's data.

(In RMB millions, unless otherwise stated)

	31 December 2019					
	Less than three months	Three months to one year	One to five years	More than five years	Non-interest bearing	Total
Assets:						
Cash and balances with central banks	2,970,858	–	–	–	347,058	3,317,916
Due from banks and other financial institutions (*)	1,317,721	491,964	52,363	842	24,664	1,887,554
Derivative financial assets	–	–	–	–	68,311	68,311
Loans and advances to customers	10,849,253	4,966,835	320,940	135,154	54,370	16,326,552
Financial investments						
— Financial investments measured at FVTPL	124,802	128,720	45,262	102,776	560,518	962,078
— Financial investments measured at FVOCI	232,121	233,683	677,791	278,014	55,263	1,476,872
— Financial investments measured at amortised cost	289,260	700,577	2,405,542	1,812,788	–	5,208,167
Investments in associates and joint ventures	–	–	–	–	32,490	32,490
Property and equipment	–	–	–	–	286,561	286,561
Others	3,395	76	–	–	539,464	542,935
Total assets	15,787,410	6,521,855	3,501,898	2,329,574	1,968,699	30,109,436
Liabilities:						
Due to central banks	141	–	876	–	–	1,017
Financial liabilities designated as at FVTPL	834	19,762	12,068	–	69,578	102,242
Derivative financial liabilities	–	–	–	–	85,180	85,180
Due to banks and other financial institutions (**)	2,212,773	236,160	38,775	38,624	3,514	2,529,846
Certificates of deposit	245,817	102,708	6,903	–	–	355,428
Due to customers	14,687,406	4,670,307	3,084,830	24,008	511,104	22,977,655
Debt securities issued	231,676	39,201	122,446	349,552	–	742,875
Others	2,549	5,087	15,970	7,211	592,373	623,190
Total liabilities	17,381,196	5,073,225	3,281,868	419,395	1,261,749	27,417,433
Interest rate mismatch	(1,593,786)	1,448,630	220,030	1,910,179	N/A	N/A

(*) Includes reverse repurchase agreements.

(**) Includes repurchase agreements.

The data set out in the above table includes trading book's data.

(e) Capital management

The Group's objectives on capital management are:

- Maintain reasonable capital adequacy ratio to continuously meet regulatory requirements on capital. Keeping stable capital base to ensure the Group's business growth and the implementation of business development and strategic plan in order to achieve comprehensive, coordinated and sustainable development;
- Adopt the advanced measurement approaches, improve the internal capital adequacy assessment process (ICAAP), disclose information on capital management, cover all types of risks, and ensure the stable operation of the Group;
- Integrate the quantified results of various risks into daily management, establish a bank value management system with economic capital as the core tool, improve the policy, process and application management system, strengthen the capital constraint and incentive mechanism, enhance the product pricing and decision-making capabilities, and improve the capital allocation efficiency; and
- Make reasonable use of various capital instruments, continuously enhance capital strengths, refine capital structure, improve capital quality, reduce capital cost, and maximize shareholder returns.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the risk profile of its activities. In order to maintain or adjust the capital structure, the Group may adjust its profit distribution policy, issue or repurchase own shares, qualifying additional tier 1 capital instruments, qualifying tier 2 capital instruments and convertible bonds, etc.

The Group's Management monitors the capital adequacy ratios regularly based on regulations issued by the CBIRC. The required information is respectively filed with the CBIRC by the Group and the Bank semi-annually and quarterly.

From 1 January 2013, the Group commenced to calculate the capital adequacy ratios in accordance with Regulation Governing Capital of Commercial Banks (Provisional) and other relevant regulations. In April 2014, the former CBRC officially approved the Bank to adopt advanced capital management approaches. Within the scope of the approval, the foundation internal ratings-based (IRB) approach is adopted to corporate credit risk, the IRB approach to retail credit risk, the internal model approach (IMA) to market risk, and the standardised approach to operational risk meeting regulatory requirements.

Domestic commercial banks should meet the requirements of capital adequacy ratios by the end of 2018 in accordance with Regulation Governing Capital of Commercial Banks (Provisional). For domestic systemically important banks, minimum core tier 1 capital adequacy ratio, tier 1 capital adequacy ratio and capital adequacy ratio should reach 8.50%, 9.50% and 11.50%, respectively. For non-systemically important banks, corresponding minimum ratios should reach 7.50%, 8.50% and 10.50%, respectively. In addition, overseas entities are directly regulated by local banking regulatory commissions, and the requirements of capital adequacy ratios differ by countries.

The Group calculates the following core tier 1 capital adequacy ratio, tier 1 capital adequacy ratio and capital adequacy ratio in accordance with Regulation Governing Capital of Commercial Banks (Provisional) and relevant requirements. The requirements pursuant to these regulations may have certain differences comparing to those applicable in Hong Kong and other jurisdictions.

The capital adequacy ratios and related components of the Group are calculated in accordance with the statutory financial statements of the Group prepared under PRC GAAP. During the period, the Group has complied in full with all its externally imposed capital requirements.

(In RMB millions, unless otherwise stated)

The capital adequacy ratios calculated after implementation of the advanced capital management approaches are as follows:

	30 June 2020	31 December 2019
Core tier 1 capital	2,526,951	2,472,774
Paid-in capital	356,407	356,407
Valid portion of capital reserve	148,563	149,067
Surplus reserve	292,625	292,149
General reserve	305,006	304,876
Retained profits	1,421,369	1,367,180
Valid portion of minority interests	4,079	4,178
Others	(1,098)	(1,083)
Core tier 1 capital deductions	15,725	15,500
Goodwill	9,128	9,038
Other intangible assets other than land use rights	3,604	2,933
Cash flow hedge reserves that relate to the hedging of items that are not fair valued on the balance sheet	(4,987)	(4,451)
Investments in core tier 1 capital instruments issued by financial institutions that are under control but not subject to consolidation	7,980	7,980
Net core tier 1 capital	2,511,226	2,457,274
Additional tier 1 capital	200,207	200,249
Additional tier 1 capital instruments and related premium	199,456	199,456
Valid portion of minority interests	751	793
Net tier 1 capital	2,711,433	2,657,523
Tier 2 capital	450,708	463,956
Valid portion of tier 2 capital instruments and related premium	252,624	272,680
Surplus provision for loan impairment	196,774	189,569
Valid portion of minority interests	1,310	1,707
Net capital base	3,162,141	3,121,479
Risk-weighted assets (i)	19,769,139	18,616,886
Core tier 1 capital adequacy ratio	12.70%	13.20%
Tier 1 capital adequacy ratio	13.72%	14.27%
Capital adequacy ratio	16.00%	16.77%

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

45. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value estimates are generally subjective in nature, and are made as of a specific point in time based on the characteristics of the financial instruments and relevant market information. The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: valuation techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The Group has established policies and internal controls with respect to the measurement of fair values, specifically the framework of fair value measurement of financial instrument, fair value measurement methodologies and procedures. Fair value measurement policies specify valuation techniques, parameter selection and relevant concepts, models and parameter solutions. Operating procedures specify measurement operating procedures, valuation date, market parameter selection and corresponding allocation of responsibilities. In the process of fair value measurement, front office is responsible for daily transactions management. Financial Accounting Department plays a lead role of developing accounting policies of fair value measurement, valuation methodologies and system implementation. Risk Management Department is responsible for verifying trade details and valuation models.

The following is a description of the fair value of the financial instruments recorded at fair value which are determined using valuation techniques. These incorporate the Group's estimate of assumptions that a market participant would make when valuing the instruments.

Financial investments

Financial investments valued using valuation techniques consist of debt securities and asset-backed securities. The Group values such securities in use of a discounted cash flow analysis which incorporates either only observable data or both observable and non-observable data. Observable inputs include assumptions regarding current interest rates; unobservable inputs include assumptions regarding expected future default rates, prepayment rates and market liquidity discounts.

A majority of the debt securities classified as level 2 are RMB bonds. The fair value of these bonds are determined based on the valuation results provided by China Central Depository & Clearing Co., Ltd., which are determined based on a valuation technique for which all significant inputs are observable market data.

Derivatives

Derivatives valued using a valuation technique with market observable inputs are mainly interest rate swaps, foreign exchange forwards, swaps and options, etc. The most frequently applied valuation techniques include discounted cash flow model and Black-Scholes model. The models incorporate various inputs including foreign exchange spot and forward rates, foreign exchange rate volatility, interest rate yield curves, etc.

Structured products are mainly valued using dealer's quotations.

Loans and advances to customers

The loans and advances to customers valued by the valuation technology are mainly the bill business and the discounted cash flow model is used. For the bank acceptance bill, based on the different credit risk of the acceptor, the interest rate curve is set up with the actual transaction data in the market as the sample; for the commercial bill, based on the interbank offered rate, the interest rate curve is constructed according to the credit risk and liquidity point difference adjustment.

(In RMB millions, unless otherwise stated)

Other liabilities designated as at fair value through profit or loss

For unquoted other liabilities designated as at FVTPL, the discounted cash flow model is used based on current yield curve appropriate for the remaining term to maturity adjusted for market liquidity and credit spreads; and Heston model is applied based on yield curves, foreign exchange forward rates, foreign exchange rate volatilities, etc., which is calibrated by active market quotes of standard European options with the same underlying.

(a) Financial instruments measured at fair value

The following tables show an analysis of financial instruments measured at fair value by level of the fair value hierarchy:

	30 June 2020			
	Level 1	Level 2	Level 3	Total
Financial assets which are measured at fair value on a recurring basis:				
Derivative financial assets	5,581	69,390	1,960	76,931
Reverse repurchase agreements measured at FVTPL	–	146,116	–	146,116
Loans and advances to customers measured at FVTPL	–	5,643	1,063	6,706
Loans and advances to customers measured at FVOCI	5,622	427,642	–	433,264
Financial investments measured at FVTPL				
Debt securities	6,580	358,857	54,321	419,758
Equity investments	16,939	3,923	66,366	87,228
Funds and other investments	28,321	338,671	149,558	516,550
	51,840	701,451	270,245	1,023,536
Financial investments measured at FVOCI				
Debt securities	353,584	1,112,774	–	1,466,358
Equity investments	2,450	9,108	49,267	60,825
	356,034	1,121,882	49,267	1,527,183
	419,077	2,472,124	322,535	3,213,736
Financial liabilities which are measured at fair value on a recurring basis:				
Due to customers	–	930,230	–	930,230
Financial liabilities designated as at FVTPL	314	124,813	559	125,686
Derivative financial liabilities	5,559	96,678	1,897	104,134
	5,873	1,151,721	2,456	1,160,050

(In RMB millions, unless otherwise stated)

	31 December 2019			
	Level 1	Level 2	Level 3	Total
Financial assets which are measured at fair value on a recurring basis:				
Derivative financial assets	4,650	62,651	1,010	68,311
Reverse repurchase agreements measured at FVTPL	–	159,657	–	159,657
Loans and advances to customers measured at FVTPL	–	5,276	1,149	6,425
Loans and advances to customers measured at FVOCI	7,637	416,356	–	423,993
Financial investments measured at FVTPL				
Debt securities	6,002	299,342	52,913	358,257
Equity investments	14,410	2,037	64,172	80,619
Funds and other investments	26,224	441,534	55,444	523,202
	46,636	742,913	172,529	962,078
Financial investments measured at FVOCI				
Debt securities	341,281	1,080,281	47	1,421,609
Equity investments	1,017	9,351	44,895	55,263
	342,298	1,089,632	44,942	1,476,872
	401,221	2,476,485	219,630	3,097,336
Financial liabilities which are measured at fair value on a recurring basis:				
Due to customers	–	896,318	–	896,318
Financial liabilities designated as at FVTPL	48	101,602	592	102,242
Derivative financial liabilities	3,990	80,138	1,052	85,180
	4,038	1,078,058	1,644	1,083,740

(b) Movement in level 3 financial instruments measured at fair value

The following table shows a reconciliation of the opening and closing balance of level 3 financial assets and financial liabilities which are measured at fair value and the movement during the reporting period:

	1 January 2020	Total gains/(losses) recorded in profit or loss	Total gains recorded in other comprehensive income	Additions	Disposals and Settlements	Transfer in/(out) of level 3	30 June 2020
Financial assets:							
Derivative financial assets	1,010	487	–	404	(239)	298	1,960
Loans and advances to customers measured at FVTPL	1,149	(86)	–	–	–	–	1,063
Financial investments measured at FVTPL							
Debt securities	52,913	477	–	2,320	(1,638)	249	54,321
Equity investments	64,172	421	–	3,986	(102)	(2,111)	66,366
Funds and other investments	55,444	3,729	–	98,479	(6,847)	(1,247)	149,558
Financial investments measured at FVOCI							
Debt securities	47	–	–	–	(47)	–	–
Equity investments	44,895	–	483	3,914	(25)	–	49,267
	219,630	5,028	483	109,103	(8,898)	(2,811)	322,535
Financial liabilities:							
Financial liabilities designated as at FVTPL	(592)	33	–	–	–	–	(559)
Derivative financial liabilities	(1,052)	241	–	(217)	231	(1,100)	(1,897)
	(1,644)	274	–	(217)	231	(1,100)	(2,456)

(In RMB millions, unless otherwise stated)

	1 January 2019	Total gains/(losses) recorded in profit or loss	Total gains/(losses) recorded in other comprehensive income	Additions	Disposals and Settlements	Transfer out of level 3	31 December 2019
Financial assets:							
Derivative financial assets	960	944	–	17	(519)	(392)	1,010
Loans and advances to customers measured at FVTPL	444	19	–	686	–	–	1,149
Financial investments measured at FVTPL							
Debt securities	34,727	3,255	–	16,803	(1,235)	(637)	52,913
Equity investments	20,107	20	–	44,899	(172)	(682)	64,172
Funds and other investments	151,513	488	–	31,097	(127,580)	(74)	55,444
Financial investments measured at FVOCI							
Debt securities	143	–	(1)	47	(142)	–	47
Equity investments	19,489	–	(1,714)	27,121	(1)	–	44,895
Other investments	307	–	33	–	(340)	–	–
	227,690	4,726	(1,682)	120,670	(129,989)	(1,785)	219,630
Financial liabilities:							
Financial liabilities designated as at FVTPL	(1,372)	(160)	–	–	107	833	(592)
Derivative financial liabilities	(2,174)	(203)	–	(89)	244	1,170	(1,052)
	(3,546)	(363)	–	(89)	351	2,003	(1,644)

Gains or losses on level 3 financial instruments included in the statement of net profit or loss for the period comprise:

	Six months ended 30 June 2020		
	Realised	Unrealised	Total
Net gains	1,718	3,584	5,302

	Six months ended 30 June 2019		
	Realised	Unrealised	Total
Net gains	1,482	5,710	7,192

(c) Transfers between levels

(i) Transfers between level 1 and level 2

Due to changes in market conditions for certain securities, quoted prices in active markets were available for these securities. Therefore, these securities were transferred from level 2 to level 1 of the fair value hierarchy as at the end of the reporting period.

Due to changes in market conditions for certain securities, quoted prices in active markets were no longer available for these securities. However, there was sufficient information available to measure the fair values of these securities based on observable market inputs. Therefore, these securities were transferred from level 1 to level 2 of the fair value hierarchy as at the end of the reporting period.

During the reporting period, the transfers between level 1 and level 2 of the fair value hierarchy for financial assets and liabilities of the Group were immaterial.

(In RMB millions, unless otherwise stated)

(ii) Transfers between level 2 and level 3

As at the end of the reporting period, certain financial instruments were transferred out from level 3 to level 2 of the fair value hierarchy for financial assets and liabilities when significant inputs used in their fair value measurements, which was previously unobservable became observable.

During the reporting period, certain derivatives financial instruments were transferred out from level 3 to level 2 of the fair value hierarchy when significant inputs used in their fair value measurements such as market price volatility, which was previously unobservable became observable.

(d) Valuation of financial instruments with significant unobservable inputs

Financial instruments valued with significant unobservable inputs are primarily certain structured derivatives, certain debt securities and asset-backed securities. These financial instruments are valued using cash flow discount model. The models incorporate various non-observable assumptions such as discount rate and market rate volatilities.

As at 30 June 2020, the effects of changes in significant unobservable assumptions to reasonably possible alternative assumptions were immaterial.

(e) Fair value of financial assets and financial liabilities not carried at fair value

No significant difference between the carrying amount and the fair value of the financial assets and financial liabilities not measured at fair value, except for the following items:

	30 June 2020				
	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets					
Financial investments measured at amortised cost	5,814,874	5,927,385	95,022	5,607,895	224,468
	5,814,874	5,927,385	95,022	5,607,895	224,468
Financial liabilities					
Subordinated bonds and Tier 2 Capital Notes	350,196	360,536	–	360,536	–
	350,196	360,536	–	360,536	–

	31 December 2019				
	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets					
Financial investments measured at amortised cost	5,208,167	5,293,114	92,991	4,979,955	220,168
	5,208,167	5,293,114	92,991	4,979,955	220,168
Financial liabilities					
Subordinated bonds and Tier 2 Capital Notes	350,204	355,307	–	355,307	–
	350,204	355,307	–	355,307	–

Subject to the existence of an active market, such as an authorised securities exchange, the market value is the best reflection of the fair value of financial instruments. As there is no available market value for certain of the financial assets and financial liabilities held and issued by the Group, the discounted cash flow method or other valuation methods described below are adopted to determine the fair values of these financial assets and financial liabilities:

(i) The fair values of financial investments measured at amortised cost relating to the restructuring of the Bank are estimated on the basis of the stated interest rates and the consideration of the relevant special clauses of the instruments evaluated in the absence of any other relevant observable market data, and the fair values approximate to their carrying amounts. The fair values of financial investments measured at amortised cost irrelevant to the restructuring of the Bank are determined based on the available market values. If quoted market prices are not available, then fair values are estimated on the basis of pricing models or discounted cash flows.

(ii) The fair values of subordinated bonds and tier 2 capital notes are determined with reference to the available market values. If quoted market prices are not available, then fair values are estimated on the basis of pricing models or discounted cash flows.

All of the above-mentioned assumptions and methods provide a consistent basis for the calculation of the fair values of the Group's assets and liabilities. However, other institutions may use different assumptions and methods. Therefore, the fair values disclosed by different financial institutions may not be entirely comparable.

46. AFTER THE REPORTING PERIOD EVENT

Participation in Investment in the National Green Development Fund Co., Ltd.

The Bank has signed the Promoter's Agreement of the National Green Development Fund Co., Ltd. in July 2020 to invest RMB8.0 billion in the National Green Development Fund Co., Ltd. (the "NGDF"). The capital injection shall be paid by instalments in five years commencing from 2020, with the subscription amounting to about 9.04% of the NGDF's capital. The investment is still subject to relevant procedures of the regulatory authorities.

Issuance Progress of Offshore Preference Shares

The First Extraordinary General Meeting of 2018 of the Bank reviewed and approved proposals on issuance of domestic and offshore preference shares. The Bank has received reply from the CBIRC in March 2020 and received reply from China Securities Regulatory Commission in July 2020, approving the issuance of no more than 300 million offshore preference shares with the proceeds not exceeding RMB30.0 billion equivalent of USD, which will be counted as the additional tier 1 capital of the Bank in accordance with relevant regulatory requirements.

Issuance of Undated Additional Tier 1 Capital Bonds

The Board of Directors of the Bank reviewed and approved the Proposal on the Issuance of Undated Additional Tier 1 Capital Bonds on 28 August 2020. The Bank planned to issue undated additional tier 1 capital bonds of no more than RMB100.0 billion in domestic market, which will be used to replenish additional tier 1 capital of the Bank. The issuance plan for the undated additional tier 1 capital bonds is still subject to the approval of the Shareholders' General Meeting of the Bank, after which, it is still subject to the approval of the relevant regulatory authorities.

47. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform with the current period's presentation.

48. APPROVAL OF THE UNAUDITED INTERIM FINANCIAL REPORT

The interim financial report was approved by the board of directors on 28 August 2020.

(In RMB millions, unless otherwise stated)

(a) Illustration of differences between the financial statements prepared under IFRSs and those prepared in accordance with PRC GAAP

There are no differences between the profit attributable to equity holders of the parent company under PRC GAAP and IFRSs for the six months ended 30 June 2020 (for the six months ended 30 June 2019: no differences). There are no differences between the equity attributable to equity holders of the parent company under PRC GAAP and IFRSs as at 30 June 2020 (31 December 2019: no differences).

(b) Foreign currency concentrations

	30 June 2020			
	USD	HKD	Others	Total
Spot assets	2,341,095	504,757	1,033,337	3,879,189
Spot liabilities	(2,351,436)	(497,073)	(712,638)	(3,561,147)
Forward purchases	3,354,229	266,318	989,317	4,609,864
Forward sales	(3,402,402)	(156,967)	(1,294,294)	(4,853,663)
Net option position	(60,288)	1,973	(29)	(58,344)
Net (short)/long position	(118,802)	119,008	15,693	15,899
Net structural position	118,507	983	24,744	144,234

	31 December 2019			
	USD	HKD	Others	Total
Spot assets	2,151,993	468,597	862,537	3,483,127
Spot liabilities	(2,175,878)	(451,222)	(591,767)	(3,218,867)
Forward purchases	2,492,467	223,694	500,414	3,216,575
Forward sales	(2,479,103)	(122,258)	(726,443)	(3,327,804)
Net option position	(63,983)	(118)	(1,593)	(65,694)
Net (short)/long position	(74,504)	118,693	43,148	87,337
Net structural position	78,070	903	28,954	107,927

The net option position is calculated using the delta equivalent approach required by the Hong Kong Monetary Authority. The net structural position of the Group includes the structural positions of the Bank's overseas branches, banking subsidiaries and other subsidiaries substantially involved in foreign exchange. Structural assets and liabilities include:

- property and equipment, net of depreciation charges;
- capital and statutory reserves of overseas branches; and
- investments in overseas subsidiaries, associates and joint ventures.

(In RMB millions, unless otherwise stated)

(c) International claims

International claims refers to the sum of cross-border claims in all currencies and local claims in foreign currencies, including loans and advances to customers, balances with central banks, amounts due from banks and other financial institutions and debt investments.

A country or geographical area is reported where it constitutes 10% or more of the aggregate amount of international claims, after taking into account any risk transfers. Risk transfers are only made if the claims are guaranteed by a party in a country which is different from that of the counterparty or if the claims are on an overseas branch of a bank whose Head Office is located in another country.

	30 June 2020				
	Banks and other financial institutions	Official sector	Non-bank private sector	Others	Total
Asia Pacific	701,405	299,405	1,048,778	139,549	2,189,137
— of which attributed to Hong Kong	60,901	32,450	278,154	72,246	443,751
North and South America	80,920	110,401	143,403	6,180	340,904
	782,325	409,806	1,192,181	145,729	2,530,041

	31 December 2019				
	Banks and other financial institutions	Official sector	Non-bank private sector	Others	Total
Asia Pacific	653,898	282,678	961,955	130,308	2,028,839
— of which attributed to Hong Kong	72,345	62,704	234,694	65,293	435,036
North and South America	77,725	126,753	113,197	6,579	324,254
	731,623	409,431	1,075,152	136,887	2,353,093

(In RMB millions, unless otherwise stated)

(d) Loans and advances to customers (excludes accrued interest)

(i) Overdue loans and advances to customers

	30 June 2020	31 December 2019
Gross loans and advances to customers of the Group which have been overdue with respect to either principal or interest for periods of:		
Between 3 and 6 months	29,966	36,916
Between 6 and 12 months	49,366	52,709
Over 12 months	87,794	95,507
	167,126	185,132
As a percentage of the total gross loans and advances to customers:		
Between 3 and 6 months	0.18%	0.23%
Between 6 and 12 months	0.27%	0.31%
Over 12 months	0.48%	0.56%
	0.93%	1.10%

The definition of overdue loans and advances to customers is set out as follows:

Loans and advances with a specific repayment date are classified as overdue when the principal or interest is overdue.

For loans and advances repayable by regular instalments, if part of the instalments is overdue, the whole amounts of these loans and advances would be classified as overdue.

(ii) Overdue loans and advances to customers by geographical distribution

	30 June 2020	31 December 2019
Head Office	43,209	37,579
Bohai Rim	39,257	51,665
Western China	35,788	40,266
Central China	32,210	41,351
Pearl River Delta	19,888	21,804
Yangtze River Delta	35,453	26,608
Northeastern China	24,850	37,190
Overseas and others	14,822	11,753
	245,477	268,216

(iii) Rescheduled loans and advances to customers

	30 June 2020		31 December 2019	
		% of total loans and advances		% of total loans and advances
Rescheduled loans and advances	9,682	0.05%	7,319	0.04%
Less: Rescheduled loans and advances overdue for more than three months	(2,324)	(0.01%)	(1,335)	(0.01%)
Rescheduled loans and advances overdue for less than three months	7,358	0.04%	5,984	0.03%

(In RMB millions, unless otherwise stated)

(e) Exposures to Chinese mainland non-bank entities

The Bank is a commercial bank incorporated in Chinese mainland with its banking business primarily conducted in Chinese mainland. As at 30 June 2020, substantial amounts of the Bank's exposures arose from businesses with Chinese mainland entities or individuals. Analyses of various types of exposures by counterparty have been disclosed in the respective notes to the financial statements.

(f) Correspondence between balance sheet in published financial statements and capital composition

The disclosure of correspondence between balance sheet in published financial statements and capital composition is based on the Notice on Issuing Regulatory Documents on Capital Regulation for Commercial Banks (Yin Jian Fa, No. 33, 2013) Appendix 2 Notice on Enhancing Disclosure Requirements for Composition of Capital.

(i) Capital composition

Item		30 June 2020	31 December 2019	Reference
Core tier 1 capital:				
1	Paid-in capital	356,407	356,407	X18
2	Retained earnings	2,019,000	1,964,205	
2a	Surplus reserve	292,625	292,149	X21
2b	General reserve	305,006	304,876	X22
2c	Retained profits	1,421,369	1,367,180	X23
3	Accumulated other comprehensive income (and other public reserves)	147,465	147,984	
3a	Capital reserve	148,563	149,067	X19
3b	Others	(1,098)	(1,083)	X24
4	Valid portion to core tier 1 capital during the transition period (only applicable to non-joint stock companies. Fill in 0 for joint stock banks)	–	–	
5	Valid portion of minority interests	4,079	4,178	X25
6	**Core tier 1 capital before regulatory adjustments**	**2,526,951**	**2,472,774**	
Core tier 1 capital: Regulatory adjustments				
7	Prudential valuation adjustments	–	–	
8	Goodwill (net of deferred tax liabilities)	9,128	9,038	X16
9	Other intangible assets other than land use rights (net of deferred tax liabilities)	3,604	2,933	X14–X15
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of deferred tax liabilities)	–	–	
11	Cash flow hedge reserves that relate to the hedging of items that are not fair valued on the balance sheet	(4,987)	(4,451)	X20
12	Shortfall of provision for loan impairment	–	–	
13	Gain on sale related to asset securitisation	–	–	
14	Unrealised gains and losses due to changes in own credit risk on fair valued liabilities	–	–	
15	Defined-benefit pension fund net assets (net of deferred tax liabilities)	–	–	
16	Direct or indirect investments in own ordinary shares	–	–	
17	Reciprocal cross-holdings in core tier 1 capital between banks or between banks and other financial institutions	–	–	

(In RMB millions, unless otherwise stated)

Item		30 June 2020	31 December 2019	Reference
18	Deductible amount of non-significant minority investment in core tier 1 capital instruments issued by financial institutions that are not subject to consolidation	–	–	
19	Deductible amount of significant minority investment in core tier 1 capital instruments issued by financial institutions that are not subject to consolidation	–	–	
20	Mortgage servicing rights	N/A	N/A	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of deferred tax liabilities)	–	–	
22	Deductible amount exceeding the 15% threshold for significant minority capital investments in core tier 1 capital instruments issued by financial institutions that are not subject to consolidation and undeducted portion of deferred tax assets arising from temporary differences (net of deferred tax liabilities)	–	–	
23	Including: Deductible amount of significant minority investments in core tier 1 capital instruments issued by financial institutions	–	–	
24	Including: Deductible amount of mortgage servicing rights	N/A	N/A	
25	Including: Deductible amount in deferred tax assets arising from temporary differences	–	–	
26a	Investment in core tier 1 capital instruments issued by financial institutions that are under control but not subject to consolidation	7,980	7,980	X11
26b	Shortfall in core tier 1 capital instruments issued by financial institutions that are under control but not subject to consolidation	–	–	
26c	Others that should be deducted from core tier 1 capital	–	–	
27	Undeducted shortfall that should be deducted from additional tier 1 capital and tier 2 capital	–	–	
28	**Total regulatory adjustments to core tier 1 capital**	**15,725**	**15,500**	
29	**Core tier 1 capital**	**2,511,226**	**2,457,274**	
Additional tier 1 capital:				
30	Additional tier 1 capital instruments and related premium	199,456	199,456	
31	Including: Portion classified as equity	199,456	199,456	X28+X32
32	Including: Portion classified as liabilities	–	–	
33	Invalid instruments to additional tier 1 capital after the transition period	–	–	
34	Valid portion of minority interests	751	793	X26
35	Including: Invalid portion to additional tier 1 capital after the transition period	–	–	
36	**Additional tier 1 capital before regulatory adjustments**	**200,207**	**200,249**	
Additional tier 1 capital: Regulatory adjustments				
37	Direct or indirect investments in own additional tier 1 instruments	–	–	

(In RMB millions, unless otherwise stated)

Item		30 June 2020	31 December 2019	Reference
38	Reciprocal cross-holdings in additional tier 1 capital between banks or between banks and other financial institutions	–	–	
39	Deductible amount of non-significant minority investment in additional tier 1 capital instruments issued by financial institutions that are not subject to consolidation	–	–	
40	Significant minority investments in additional tier 1 capital instruments issued by financial institutions that are not subject to consolidation	–	–	
41a	Investments in additional tier 1 capital instruments issued by financial institutions that are under control but not subject to consolidation	–	–	
41b	Shortfall in additional tier 1 capital instruments issued by financial institutions that are under control but not subject to consolidation	–	–	
41c	Others that should be deducted from additional tier 1 capital	–	–	
42	Undeducted shortfall that should be deducted from tier 2 capital	–	–	
43	**Total regulatory adjustments to additional tier 1 capital**	**–**	**–**	
44	**Additional tier 1 capital**	**200,207**	**200,249**	
45	**Tier 1 capital (core tier 1 capital + additional tier 1 capital)**	**2,711,433**	**2,657,523**	
Tier 2 capital:				
46	Tier 2 capital instruments and related premium	252,624	272,680	X17
47	Invalid instruments to tier 2 capital after the transition period	40,570	60,855	
48	Valid portion of minority interests	1,310	1,707	X27
49	Including: Invalid portion to tier 2 capital after the transition period	65	439	
50	Valid portion of surplus provision for loan impairment	196,774	189,569	X02+X04
51	**Tier 2 capital before regulatory adjustments**	**450,708**	**463,956**	
Tier 2 capital: Regulatory adjustments				
52	Direct or indirect investments in own tier 2 instruments	–	–	
53	Reciprocal cross-holdings in tier 2 capital between banks or between banks and other financial institutions	–	–	
54	Deductible portion of non-significant minority investment in tier 2 capital instruments issued by financial institutions that are not subject to consolidation	–	–	
55	Significant minority investments in tier 2 capital instruments issued by financial institutions that are not subject to consolidation	–	–	X31
56a	Investments in tier 2 capital instruments issued by financial institutions that are under control but not subject to consolidation	–	–	
56b	Shortfall in tier 2 capital instruments issued by financial institutions that are under control but not subject to consolidation	–	–	

(In RMB millions, unless otherwise stated)

Item		30 June 2020	31 December 2019	Reference
56c	Others that should be deducted from tier 2 capital	–	–	
57	**Total regulatory adjustments to tier 2 capital**	**–**	**–**	
58	**Tier 2 capital**	**450,708**	**463,956**	
59	**Total capital (tier 1 capital+ tier 2 capital)**	**3,162,141**	**3,121,479**	
60	**Total risk-weighted assets**	**19,769,139**	**18,616,886**	
Requirements for capital adequacy ratio and reserve capital				
61	Core tier 1 capital adequacy ratio	12.70%	13.20%	
62	Tier 1 capital adequacy ratio	13.72%	14.27%	
63	Capital adequacy ratio	16.00%	16.77%	
64	Institution specific buffer requirement	4.0%	4.0%	
65	Including: Capital conservation buffer requirement	2.5%	2.5%	
66	Including: Countercyclical buffer requirement	–	–	
67	Including: G-SIB buffer requirement	1.5%	1.5%	
68	Percentage of core tier 1 capital meeting buffers to risk-weighted assets	7.70%	8.20%	
Domestic minima for regulatory capital				
69	Core tier 1 capital adequacy ratio	5.0%	5.0%	
70	Tier 1 capital adequacy ratio	6.0%	6.0%	
71	Capital adequacy ratio	8.0%	8.0%	
Amounts below the thresholds for deduction				
72	Undeducted portion of non-significant minority investments in capital instruments issued by financial institutions that are not subject to consolidation	99,602	84,515	X05+X07+X08+X09+X12+X29+X30
73	Undeducted portion of significant minority investments in capital instruments issued by financial institutions that are not subject to consolidation	35,320	37,654	X06+X10+X13
74	Mortgage servicing rights (net of deferred tax liabilities)	N/A	N/A	
75	Deferred tax assets arising from temporary differences (net of deferred tax liabilities)	61,975	60,846	
Valid caps of surplus provision for loan impairment in tier 2 capital				
76	Provision for loan impairment under the weighted approach	19,733	17,647	X01
77	Valid cap of surplus provision for loan impairment in tier 2 capital under the weighted approach	9,389	7,923	X02
78	Surplus provision for loan impairment under the internal ratings-based approach	505,594	460,851	X03
79	Valid cap of surplus provision for loan impairment in tier 2 capital under the internal ratings-based approach	187,385	181,646	X04
Capital instruments subject to phase-out arrangements				
80	Valid cap to core tier 1 capital instruments for the current period due to phase-out arrangements	–	–	
81	Excluded from core tier 1 capital due to cap	–	–	
82	Valid cap to additional tier 1 capital instruments for the current period due to phase-out arrangements	–	–	
83	Excluded from additional tier 1 capital due to cap	–	–	
84	Valid cap to tier 2 capital instruments for the current period due to phase-out arrangements	40,570	60,855	
85	Excluded from tier 2 capital for the current period due to cap	83,671	63,383	

(In RMB millions, unless otherwise stated)

(ii) Consolidated financial statements

	30 June 2020 Consolidated balance sheet as in published financial statements*	30 June 2020 Balance sheet under regulatory scope of consolidation*	31 December 2019 Consolidated balance sheet as in published financial statements*	31 December 2019 Balance sheet under regulatory scope of consolidation*
Assets				
Cash and balances with central banks	3,542,538	3,542,538	3,317,916	3,317,916
Due from banks and other financial institutions	622,255	584,993	475,325	450,976
Precious metals	313,702	313,702	238,061	238,061
Placements with banks and other financial institutions	620,816	620,816	567,043	567,043
Derivative financial assets	76,931	76,931	68,311	68,311
Reverse repurchase agreements	1,371,519	1,370,659	845,186	841,954
Loans and advances to customers	17,503,330	17,502,039	16,326,552	16,325,339
Financial investments	8,365,593	8,234,804	7,647,117	7,528,268
— Financial investments measured at FVTPL	1,023,536	979,682	962,078	921,042
— Financial investments measured at FVOCI	1,527,183	1,498,520	1,476,872	1,451,357
— Financial investments measured at amortised cost	5,814,874	5,756,602	5,208,167	5,155,869
Long-term equity investments	28,327	36,307	32,490	40,470
Fixed assets	242,700	242,646	244,902	244,846
Construction in progress	42,055	42,054	39,714	39,712
Deferred income tax assets	64,112	64,112	62,536	62,536
Other assets	318,132	304,225	244,283	230,111
Total assets	33,112,010	32,935,826	30,109,436	29,955,543
Liabilities				
Due to central banks	32,443	32,443	1,017	1,017
Due to banks and other financial institutions	2,382,150	2,382,150	1,776,320	1,776,320
Placements from banks and other financial institutions	591,487	591,487	490,253	490,253
Financial liabilities measured at FVTPL	125,686	125,686	102,242	102,242
Derivative financial liabilities	104,134	104,134	85,180	85,180
Repurchase agreements	250,847	247,498	263,273	254,926
Certificates of deposit	343,456	343,456	355,428	355,428
Due to customers	25,067,870	25,067,870	22,977,655	22,977,655
Employee benefits payable	29,833	29,601	35,301	34,960
Taxes payable	71,287	71,233	109,601	109,545
Debt securities issued	726,613	726,613	742,875	742,875
Deferred income tax liabilities	2,627	2,137	1,873	1,690
Other liabilities	636,821	473,235	476,415	339,246
Total liabilities	30,365,254	30,197,543	27,417,433	27,271,337

(*) Prepared in accordance with PRC GAAP.

(In RMB millions, unless otherwise stated)

	30 June 2020 Consolidated balance sheet as in published financial statements*	30 June 2020 Balance sheet under regulatory scope of consolidation*	31 December 2019 Consolidated balance sheet as in published financial statements*	31 December 2019 Balance sheet under regulatory scope of consolidation*
Equity				
Share capital	356,407	356,407	356,407	356,407
Other equity instruments	206,132	206,132	206,132	206,132
Capital reserve	148,563	148,563	149,067	149,067
Other comprehensive income	(1,212)	(1,098)	(1,266)	(1,083)
Surplus reserve	292,768	292,625	292,291	292,149
General reserve	305,148	305,006	305,019	304,876
Retained profits	1,423,060	1,421,369	1,368,536	1,367,180
Equity attributable to equity holders of the parent company	2,730,866	2,729,004	2,676,186	2,674,728
Minority interests	15,890	9,279	15,817	9,478
Total equity	2,746,756	2,738,283	2,692,003	2,684,206

(*) Prepared in accordance with PRC GAAP.

(iii) Description of related items

Item	30 June 2020 Balance sheet under regulatory scope of consolidation	Reference
Loans and advances to customers	17,502,039	
Total loans and advances to customers	18,027,366	
Less: Provision for loan impairment under the weighted approach	19,733	X01
Including: Valid cap of surplus provision for loan impairment in tier 2 capital under the weighted approach	9,389	X02
Less: Provision for loan impairment under the internal ratings-based approach	505,594	X03
Including: Valid cap of surplus provision for loan impairment in tier 2 capital under the internal ratings-based approach	187,385	X04
Financial investments		
Financial investments measured at FVTPL	979,682	
Including: Non-significant minority investments in core tier 1 capital instruments issued by financial institutions that are not subject to consolidation	85	X05
Including: Significant minority investments in core tier 1 capital instruments issued by financial institutions that are not subject to consolidation	4,158	X06
Including: Non-significant minority investments in additional tier 1 capital instruments issued by financial institutions that are not subject to consolidation	5,465	X07
Including: Non-significant minority investments in tier 2 capital instruments issued by financial institutions that are not subject to consolidation	85,119	X08

(In RMB millions, unless otherwise stated)

Item	30 June 2020 Balance sheet under regulatory scope of consolidation	Reference
Financial investments measured at FVOCI	1,498,520	
Including: Non-significant minority investments in core tier 1 capital instruments issued by financial institutions that are not subject to consolidation	7,422	X09
Including: Significant minority investments in core tier 1 capital instruments issued by financial institutions that are not subject to consolidation	3,520	X10
Including: Non-significant minority investments in tier 2 capital instruments issued by financial institutions that are not subject to consolidation	–	X29
Financial investments measured at amortised cost	5,756,602	
Including: Non-significant minority investments in tier 2 capital instruments issued by financial institutions that are not subject to consolidation	1,489	X30
Including: Significant minority investments in tier 2 capital instruments issued by financial institutions that are not subject to consolidation	–	X31
Long-term equity investments	36,307	
Including: Investment in core tier 1 capital instruments issued by financial institutions that are under control but not subject to consolidation	7,980	X11
Including: Undeducted portion of non-significant minority investments in capital instruments issued by financial institutions that are not subject to consolidation	22	X12
Including: Undeducted portion of significant minority investments in capital instruments issued by financial institutions that are not subject to consolidation	27,642	X13
Other assets	304,225	
Interest receivable	2,037	
Intangible assets	19,971	X14
Including: Land use rights	16,367	X15
Other receivables	237,271	
Goodwill	9,128	X16
Long-term deferred expenses	3,877	
Repossessed assets	8,956	
Others	22,985	
Debt securities issued	726,613	
Including: Valid portion of tier 2 capital instruments and their premium	252,624	X17
Share capital	356,407	X18
Other equity instruments	206,132	
Including: Preference shares	119,469	X28
Including: Perpetual bonds	79,987	X32
Capital reserve	148,563	X19
Other comprehensive income	(1,098)	X24
Reserve for changes in fair value of financial assets	26,297	
Reserve for cash flow hedging	(5,305)	
Including: Cash flow hedge reserves that relate to the hedging of items that are not fair valued on the balance sheet	(4,987)	X20
Changes in share of other owners' equity of associates and joint ventures	(374)	
Foreign currency translation reserve	(20,697)	
Others	(1,019)	

Item	30 June 2020 Balance sheet under regulatory scope of consolidation	Reference
Surplus reserve	292,625	X21
General reserve	305,006	X22
Retained profits	1,421,369	X23
Minority interests	9,279	
Including: Valid portion to core tier 1 capital	4,079	X25
Including: Valid portion to additional tier 1 capital	751	X26
Including: Valid portion to tier 2 capital	1,310	X27

(iv) *Main features of eligible capital instruments*

As at 30 June 2020, the main features of the Bank's eligible capital instruments are set out as follows:

Main features of regulatory capital instrument	Ordinary shares (A share)	Ordinary shares (H share)	Preference shares (Offshore)	Preference shares (Domestic)	Undated additional tier 1 capital bonds (Domestic)	Preference shares (Domestic)
Issuer	The Bank	The Bank	The Bank	The Bank	The Bank	The Bank
Unique identifier	601398	1398	4604	360011	1928018	360036
Governing law(s) of the instrument	Securities Law of the People's Republic of China/China	Securities and Futures Ordinance of Hong Kong/Hong Kong, China	The creation and issue of the Offshore Preference Shares and the rights and obligations (including non-contractual rights and obligations) attached to them are governed by, and shall be construed in accordance with, PRC law	Company Law of the People's Republic of China, Securities Law of the People's Republic of China, Guidance of the State Council on Launch of Preference Shares Pilot, Trial Administrative Measures on Preference Shares, Guidance on the Issuance of Preference Shares of Commercial Banks to Replenish Tier 1 Capital/China	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents /China	Company Law of the People's Republic of China, Securities Law of the People's Republic of China, Guidance of the State Council on Launch of Preference Shares Pilot, Trial Administrative Measures on Preference Shares, Guidance on the Issuance of Preference Shares of Commercial Banks to Replenish Tier 1 Capital/China
Regulatory treatment						
Including: Transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Core tier 1 capital	Core tier 1 capital	Additional tier 1 capital	Additional tier 1 capital	Additional tier 1 capital	Additional tier 1 capital
Including: Post-transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Core tier 1 capital	Core tier 1 capital	Additional tier 1 capital	Additional tier 1 capital	Additional tier 1 capital	Additional tier 1 capital
Including: Eligible to the parent company/group level	Parent company/ Group	Parent company/ Group	Parent company/ Group	Parent company/ Group	Parent company/ Group	Parent company/ Group
Instrument type	Core tier 1 capital instrument	Core tier 1 capital instrument	Additional tier 1 capital instrument	Additional tier 1 capital instrument	Additional tier 1 capital instrument	Additional tier 1 capital instrument
Amount recognised in regulatory capital (in millions, as at the latest reporting date)	RMB 336,553	RMB 168,374	RMB equivalent 4,542	RMB 44,947	RMB 79,987	RMB 69,981
Par value of instrument (in millions)	RMB 269,612	RMB 86,795	EUR 600	RMB 45,000	RMB 80,000	RMB 70,000
Accounting treatment	Share capital, Capital reserve	Share capital, Capital reserve	Other equity	Other equity	Other equity	Other equity
Original date of issuance	19 October 2006	19 October 2006	10 December 2014	18 November 2015	26 July 2019	19 September 2019
Perpetual or dated	Perpetual	Perpetual	Perpetual	Perpetual	Perpetual	Perpetual
Including: Original maturity date	No maturity date	No maturity date	No maturity date	No maturity date	No maturity date	No maturity date

(In RMB millions, unless otherwise stated)

Main features of regulatory capital instrument	Ordinary shares (A share)	Ordinary shares (H share)	Preference shares (Offshore)	Preference shares (Domestic)	Undated additional tier 1 capital bonds (Domestic)	Preference shares (Domestic)
Issuer call (subject to prior supervisory approval)	No	No	Yes	Yes	Yes	Yes
Including: Optional call date, contingent call dates and redemption amount	N/A	N/A	The First Redemption Date is 10 December 2021, in full or partial amount	The First Redemption Date is 18 November 2020, in full or partial amount	The First Redemption Date is 30 July 2024, in full or partial amount	The First Redemption Date is 24 September 2024, in full or partial amount
Including: Subsequent call dates, if applicable	N/A	N/A	10 December in each year after the First Redemption Date	Commences on the First Redemption Date (18 November 2020) and ends on the completion date of redemption or conversion of all the Domestic Preference Shares	Redemption of present bonds in full or in part on each Distribution Payment Date since the First Redemption Date (30 July 2024). The Issuer has the right to redeem the present bonds in full rather than in part if the present bonds are no longer qualified as additional tier 1 capital after they are issued due to unpredictable changes in regulatory rules	Commences on the First Redemption Date (24 September 2024) and ends on the completion date of redemption or conversion of all the Domestic Preference Shares
Coupons/dividends						
Including: Fixed or floating dividend/coupon	Floating	Floating	Fixed to floating	Fixed to floating	Fixed to floating	Fixed to floating
Including: Coupon rate and any related index	N/A	N/A	6% (dividend rate) before 10 December 2021	4.5% (dividend rate) before 18 November 2020	4.45% (interest rate) before 30 July 2024	4.2% (dividend rate) before 24 September 2024
Including: Existence of a dividend stopper	N/A	N/A	Yes	Yes	Yes	Yes
Including: Fully discretionary, partially discretionary or mandatory cancellation of coupons/dividends	Fully discretionary	Fully discretionary	Partially discretionary	Partially discretionary	Partially discretionary	Partially discretionary
Including: Redemption incentive mechanism	No	No	No	No	No	No
Including: Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible or non-convertible	No	No	Yes	Yes	No	Yes
Including: If convertible, conversion trigger(s)	N/A	N/A	Additional Tier 1 Capital Trigger Event or Tier 2 Capital Trigger Event	Additional Tier 1 Capital Trigger Event or Tier 2 Capital Trigger Event	N/A	Additional Tier 1 Capital Trigger Event or Tier 2 Capital Trigger Event
Including: If convertible, fully or partially	N/A	N/A	Fully or partially convertible when an Additional Tier 1 Capital Trigger Event occurs; fully convertible when a Tier 2 Capital Trigger Event occurs	Fully or partially convertible when an Additional Tier 1 Capital Trigger Event occurs; fully convertible when a Tier 2 Capital Trigger Event occurs	N/A	Fully or partially convertible when an Additional Tier 1 Capital Trigger Event occurs; fully convertible when a Tier 2 Capital Trigger Event occurs

Main features of regulatory capital instrument	Ordinary shares (A share)	Ordinary shares (H share)	Preference shares (Offshore)	Preference shares (Domestic)	Undated additional tier 1 capital bonds (Domestic)	Preference shares (Domestic)
Including: If convertible, conversion rate	N/A	N/A	The initial conversion price is equal to the average trading price of the H shares of the Bank for the 20 trading days preceding 25 July 2014, the date of publication of the Board resolution in respect of the issuance plan	The initial conversion price is equal to the average trading price of the A shares of the Bank for the 20 trading days preceding 25 July 2014, the date of publication of the Board resolution in respect of the issuance plan	N/A	The initial conversion price is equal to the average trading price of the A shares of the Bank for the 20 trading days preceding 30 August 2018, the date of publication of the Board resolution in respect of the issuance plan
Including: If convertible, mandatory or optional conversion	N/A	N/A	Mandatory	Mandatory	N/A	Mandatory
Including: If convertible, specify instrument type convertible into	N/A	N/A	Core tier 1 capital	Core tier 1 capital	N/A	Core tier 1 capital
Including: If convertible, specify issuer of instrument it converts into	N/A	N/A	The Bank	The Bank	N/A	The Bank
Write-down feature	No	No	No	No	Yes	No
Including: If write-down, write-down trigger(s)	N/A	N/A	N/A	N/A	Additional Tier 1 Capital Trigger Event or Tier 2 Capital Trigger Event	N/A
Including: If write-down, full or partial	N/A	N/A	N/A	N/A	Full or partial write-down when an Additional Tier 1 Capital Trigger Event occurs; full write-down when a Tier 2 Capital Trigger Event occurs	N/A
Including: If write-down, permanent or temporary	N/A	N/A	N/A	N/A	Permanent write-down	N/A
Including: If temporary write-down, description of write-up mechanism	N/A	N/A	N/A	N/A	N/A	N/A
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinated to depositor, general creditor, creditor of the subordinated debts, and preference shareholders	Subordinated to depositor, general creditor, creditor of the subordinated debts, and preference shareholders	Subordinated to deposits, general debts, subordinated debts, tier 2 capital bonds and undated additional tier 1 capital bonds	Subordinated to deposits, general debts, subordinated debts, tier 2 capital bonds and undated additional tier 1 capital bonds	Subordinated to deposits, general debts, subordinated debts and tier 2 capital bonds	Subordinated to deposits, general debts, subordinated debts, tier 2 capital bonds and undated additional tier 1 capital bonds
Non-compliant transitioned features	No	No	No	No	No	No
Including: If yes, specify non-compliant features	N/A	N/A	N/A	N/A	N/A	N/A

Main features of regulatory capital instrument	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds
Issuer	The Bank	The Bank	The Bank
Unique identifier	Rule 144A ISIN: US455881AD47 Regulation S ISIN: USY39656AC06	1728021	1728022
Governing law(s) of the instrument	The Notes and the Fiscal Agency Agreement shall be governed by, and shall be construed in accordance with, New York law, except that the provisions of the Notes relating to subordination shall be governed by, and construed in accordance with, PRC law	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents
Regulatory treatment			
Including: Transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Tier 2 capital	Tier 2 capital	Tier 2 capital
Including: Post-transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Tier 2 capital	Tier 2 capital	Tier 2 capital
Including: Eligible to the parent company/group level	Parent company/ Group	Parent company/ Group	Parent company/ Group
Instrument type	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument
Amount recognised in regulatory capital (in millions, as at the latest reporting date)	RMB equivalent 14,053	RMB 44,000	RMB 44,000
Par value of instrument (in millions)	USD 2,000	RMB 44,000	RMB 44,000
Accounting treatment	Debt securities issued	Debt securities issued	Debt securities issued
Original date of issuance	21 September 2015	06 November 2017	20 November 2017
Perpetual or dated	Dated	Dated	Dated
Including: Original maturity date	21 September 2025	08 November 2027	22 November 2027
Issuer call (subject to prior supervisory approval)	No	Yes	Yes
Including: Optional call date, contingent call dates and redemption amount	N/A	08 November 2022, in full amount	22 November 2022, in full amount
Including: Subsequent call dates, if applicable	N/A	N/A	N/A

Main features of regulatory capital instrument	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds
Coupons/dividends			
Including: Fixed or floating dividend/coupon	Fixed	Fixed	Fixed
Including: Coupon rate and any related index	4.875%	4.45%	4.45%
Including: Existence of a dividend stopper	No	No	No
Including: Fully discretionary, partially discretionary or mandatory cancellation of coupons/dividends	Mandatory	Mandatory	Mandatory
Including: Redemption incentive mechanism	No	No	No
Including: Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible or non-convertible	No	No	No
Including: If convertible, conversion trigger(s)	N/A	N/A	N/A
Including: If convertible, fully or partially	N/A	N/A	N/A
Including: If convertible, conversion rate	N/A	N/A	N/A
Including: If convertible, mandatory or optional conversion	N/A	N/A	N/A
Including: If convertible, specify instrument type convertible into	N/A	N/A	N/A
Including: If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A
Write-down feature	Yes	Yes	Yes
Including: If write-down, write-down trigger(s)	Whichever occurs earlier: (i) CBIRC having decided that a write-down is necessary, without which the Issuer would become non-viable; or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable	Whichever occurs earlier: (i) CBIRC having decided that a write-down is necessary, without which the Issuer would become non-viable; or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable	Whichever occurs earlier: (i) CBIRC having decided that a write-down is necessary, without which the Issuer would become non-viable; or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable
Including: If write-down, full or partial	Partial or full write-down	Partial or full write-down	Partial or full write-down
Including: If write-down, permanent or temporary	Permanent write-down	Permanent write-down	Permanent write-down
Including: If temporary write-down, description of write-up mechanism	N/A	N/A	N/A

Main features of regulatory capital instrument	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinated to depositor and general creditor, pari passu with other subordinated debts	Subordinated to depositor and general creditor; but senior to equity capital, other tier 1 capital instruments and hybrid capital bonds; pari passu with other subordinated debts that have been issued by the Issuer and are pari passu with the present bonds; and pari passu with other tier 2 capital instruments that will possibly be issued in the future and are pari passu with the present bonds	Subordinated to depositor and general creditor; but senior to equity capital, other tier 1 capital instruments and hybrid capital bonds; pari passu with other subordinated debts that have been issued by the Issuer and are pari passu with the present bonds; and pari passu with other tier 2 capital instruments that will possibly be issued in the future and are pari passu with the present bonds
Non-compliant transitioned features	No	No	No
Including: If yes, specify non-compliant features	N/A	N/A	N/A

Main features of regulatory capital instrument	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds
Issuer	The Bank	The Bank	The Bank	The Bank
Unique identifier	1928006	1928007	1928011	1928012
Governing law(s) of the instrument	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents
Regulatory treatment				
Including: Transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital

Main features of regulatory capital instrument	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds
Including: Post-transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
Including: Eligible to the parent company/group level	Parent company/ Group	Parent company/ Group	Parent company/ Group	Parent company/ Group
Instrument type	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument
Amount recognised in regulatory capital (in millions, as at the latest reporting date)	RMB45,000	RMB10,000	RMB45,000	RMB10,000
Par value of instrument (in millions)	RMB45,000	RMB10,000	RMB45,000	RMB10,000
Accounting treatment	Debt securities issued	Debt securities issued	Debt securities issued	Debt securities issued
Original date of issuance	21 March 2019	21 March 2019	24 April 2019	24 April 2019
Perpetual or dated	Dated	Dated	Dated	Dated
Including: Original maturity date	25 March 2029	25 March 2034	26 April 2029	26 April 2034
Issuer call (subject to prior supervisory approval)	Yes	Yes	Yes	Yes
Including: Optional call date, contingent call dates and redemption amount	25 March 2024, in full amount	25 March 2029, in full amount	26 April 2024, in full amount	26 April 2029, in full amount
Including: Subsequent call dates, if applicable	N/A	N/A	N/A	N/A
Coupons/dividends				
Including: Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed
Including: Coupon rate and any related index	4.26%	4.51%	4.40%	4.69%
Including: Existence of a dividend stopper	No	No	No	No
Including: Fully discretionary, partially discretionary or mandatory cancellation of coupons/dividends	Mandatory	Mandatory	Mandatory	Mandatory
Including: Redemption incentive mechanism	No	No	No	No
Including: Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible or non-convertible	No	No	No	No
Including: If convertible, conversion trigger(s)	N/A	N/A	N/A	N/A
Including: If convertible, fully or partially	N/A	N/A	N/A	N/A
Including: If convertible, conversion rate	N/A	N/A	N/A	N/A
Including: If convertible, mandatory or optional conversion	N/A	N/A	N/A	N/A

Main features of regulatory capital instrument	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds
Including: If convertible, specify instrument type convertible into	N/A	N/A	N/A	N/A
Including: If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A	N/A
Write-down feature	Yes	Yes	Yes	Yes
Including: If write-down, write-down trigger(s)	Whichever occurs earlier: (i) CBIRC having decided that a write-down is necessary, without which the Issuer would become non-viable; or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable	Whichever occurs earlier: (i) CBIRC having decided that a write-down is necessary, without which the Issuer would become non-viable; or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable	Whichever occurs earlier: (i) CBIRC having decided that a write-down is necessary, without which the Issuer would become non-viable; or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable	Whichever occurs earlier: (i) CBIRC having decided that a write-down is necessary, without which the Issuer would become non-viable; or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable
Including: If write-down, full or partial	Partial or full write-down	Partial or full write-down	Partial or full write-down	Partial or full write-down
Including: If write-down, permanent or temporary	Permanent write-down	Permanent write-down	Permanent write-down	Permanent write-down
Including: If temporary write-down, description of write-up mechanism	N/A	N/A	N/A	N/A
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinated to depositor and general creditor, but senior to equity capital, other tier 1 capital instruments and hybrid capital bonds; pari passu with other subordinated debts that have been issued by the Issuer and are pari passu with the present bonds; and pari passu with other tier 2 capital instruments that will possibly be issued in the future and are pari passu with the present bonds	Subordinated to depositor and general creditor, but senior to equity capital, other tier 1 capital instruments and hybrid capital bonds; pari passu with other subordinated debts that have been issued by the Issuer and are pari passu with the present bonds; and pari passu with other tier 2 capital instruments that will possibly be issued in the future and are pari passu with the present bonds	Subordinated to depositor and general creditor, but senior to equity capital, other tier 1 capital instruments and hybrid capital bonds; pari passu with other subordinated debts that have been issued by the Issuer and are pari passu with the present bonds; and pari passu with other tier 2 capital instruments that will possibly be issued in the future and are pari passu with the present bonds	Subordinated to depositor and general creditor, but senior to equity capital, other tier 1 capital instruments and hybrid capital bonds; pari passu with other subordinated debts that have been issued by the Issuer and are pari passu with the present bonds; and pari passu with other tier 2 capital instruments that will possibly be issued in the future and are pari passu with the present bonds
Non-compliant transitioned features	No	No	No	No
Including: If yes, specify non-compliant features	N/A	N/A	N/A	N/A

(In RMB millions, unless otherwise stated)

(g) Disclosure of Leverage Ratio

The following information is disclosed in accordance with the Administrative Measures for Leverage Ratio of Commercial Banks (Revised) (CBRC No.1, 2015) Appendix 3 Disclosure Templates of Leverage Ratio.

Comparison of Regulatory Leverage Ratio Items and Accounting Items

S/N	Item	30 June 2020	31 December 2019
1	Total consolidated assets as per published financial statements	33,112,010	30,109,436
2	Consolidated adjustments for accounting purposes but outside the scope of regulatory consolidation	(176,184)	(153,893)
3	Adjustments for fiduciary assets	–	–
4	Adjustments for derivative financial instruments	104,141	12,352
5	Adjustment for securities financing transactions	28,832	18,975
6	Adjustment for off-balance sheet items	2,186,540	2,010,844
7	Other adjustments	(15,725)	(15,500)
8	Balance of adjusted on- and off-balance sheet assets	35,239,614	31,982,214

Leverage Ratio, Net Tier 1 Capital, Balance of Adjusted On- and Off-balance Sheet Assets and Related Information

S/N	Item	30 June 2020	31 December 2019
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	31,888,096	29,507,681
2	Less: Asset amounts deducted in determining Basel III Tier 1 capital	(15,725)	(15,500)
3	Balance of adjusted on-balance sheet assets (excluding derivatives and SFTs)	31,872,371	29,492,181
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	86,637	74,843
5	Add-on amounts for PFE associated with all derivatives transactions	70,931	70,072
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	–	–
7	Less: Deductions of receivables assets for cash variation margin provided in derivatives transactions	–	–
8	Less: Exempted CCP leg of client-cleared trade exposures	(11,136)	(18,334)
9	Effective notional amount of written credit derivatives	64,740	32,286
10	Less: Adjusted effective notional deductions for written credit derivatives	(20,394)	(71,672)
11	Total derivative exposures	190,778	87,195
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	961,093	373,019
13	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	–	–
14	CCR exposure for SFT assets	28,832	18,975
15	Agent transaction exposures	–	–
16	Total securities financing transaction exposures	989,925	391,994
17	Off-balance sheet exposure at gross notional amount	5,437,627	5,025,875
18	Less: Adjustments for conversion to credit equivalent amounts	(3,251,087)	(3,015,031)
19	Balance of adjusted off-balance sheet assets	2,186,540	2,010,844
20	Net tier 1 capital	2,711,433	2,657,523
21	Balance of adjusted on- and off-balance sheet assets	35,239,614	31,982,214
22	Leverage ratio	7.69%	8.31%

(In RMB millions, unless otherwise stated)

(h) Quantitative Information Disclosure of Liquidity Coverage Ratio Using Advanced Approaches

		Second-quarter 2020	
S/N	Item	Total un-weighted value	Total weighted value
High-quality liquid assets			
1	Total high-quality liquid assets (HQLA)		5,505,166
Cash outflows			
2	Retail deposits and deposits from small business customers, of which:	12,003,272	1,195,027
3	Stable deposits	80,989	2,799
4	Less stable deposits	11,922,283	1,192,228
5	Unsecured wholesale funding, of which:	13,931,031	4,633,916
6	Operational deposits (excluding those generated from correspondent banking activities)	8,356,302	2,036,466
7	Non-operational deposits (all counterparties)	5,486,812	2,509,533
8	Unsecured debt	87,917	87,917
9	Secured funding		12,014
10	Additional requirements, of which:	3,104,901	1,210,246
11	Outflows related to derivative exposures and other collateral requirements	1,048,765	1,048,765
12	Outflows related to loss of funding on debt products	–	–
13	Credit and liquidity facilities	2,056,136	161,481
14	Other contractual funding obligations	65,748	65,223
15	Other contingent funding obligations	4,356,394	124,401
16	Total cash outflows		7,240,827
Cash inflows			
17	Secured lending (including reverse repos and securities borrowing)	1,498,354	1,040,663
18	Inflows from fully performing exposures	1,578,025	1,141,104
19	Other cash inflows	1,020,559	1,015,693
20	Total cash inflows	4,096,938	3,197,460
			Total adjusted value
21	Total HQLA		5,505,166
22	Total net cash outflows		4,043,367
23	Liquidity coverage ratio (%)		136.32%

Data of the above table are all the simple arithmetic means of the 91 natural days' figures of the recent quarter.

(In RMB millions, unless otherwise stated)

(i) Quantitative Information Disclosure of Net Stable Funding Ratio (NSFR) Using Advanced Approaches

		30 June 2020				
		Unweighted value by residual maturity				
No.	**Item**	**No maturity**	**< 6 months**	**6 months to < 1 year**	**≥ 1 year**	**Weighted value**
Available stable funding (ASF) item						
1	Capital:	2,928,483	–	–	253,328	3,181,811
2	Regulatory capital	2,928,483	–	–	252,624	3,181,107
3	Other capital instruments	–	–	–	704	704
4	Retail deposits and deposits from small business customers:	6,460,795	6,003,765	33,587	9,445	11,263,064
5	Stable deposits	30,038	58,748	16,973	6,836	107,306
6	Less stable deposits	6,430,757	5,945,017	16,614	2,609	11,155,758
7	Wholesale funding:	8,847,924	6,091,162	371,885	288,180	7,465,560
8	Operational deposits	8,519,454	276,325	67,200	3,258	4,434,747
9	Other wholesale funding	328,470	5,814,837	304,685	284,922	3,030,813
10	Liabilities with matching interdependent assets	–	–	–	–	–
11	Other liabilities:	9,258	1,066,356	40,993	524,749	471,974
12	NSFR derivative liabilities				82,529	
13	All other liabilities and equities not included in the above categories	9,258	1,066,356	40,993	442,220	471,974
14	Total ASF					22,382,409
Required stable funding (RSF) item						
15	Total NSFR high-quality liquid assets (HQLA)					795,765
16	Deposits held at other financial institutions for operational purposes	164,009	20,049	12,098	1,924	100,364
17	Loans and securities:	4,892	4,214,846	2,922,789	14,475,393	15,135,479
18	Loans to financial institutions secured by Level 1 HQLA	–	885,518	1,738	9,725	142,705
19	Loans to financial institutions secured by non-Level 1 HQLA and unsecured loans to financial institutions	–	1,158,065	415,271	250,759	633,900
20	Loans to retail and small business customers, non-financial institutions, sovereigns, central banks and PSEs, of which:	–	1,879,124	2,310,747	8,119,410	8,931,727
21	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	–	373,094	465,052	245,109	569,271
22	Residential mortgages, of which:	–	1,231	2,053	5,442,035	4,624,219
23	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	–	600	607	17,393	12,233
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	4,892	290,908	192,980	653,464	802,928
25	Assets with matching interdependent liabilities	–	–	–	–	–
26	Other assets:	389,264	399,796	24,925	543,579	1,222,376
27	Physical traded commodities, including gold	41,590				35,352
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs				53,996	45,897
29	NSFR derivative assets				68,329	–
30	NSFR derivative liabilities with additional variation margin posted				93,275*	18,655
31	All other assets not included in the above categories	347,674	399,796	24,925	421,254	1,122,472
32	Off-balance sheet items				7,008,275	247,123
33	Total RSF					17,501,107
34	Net Stable Funding Ratio (%)					127.89%

(*) The amount of derivative liabilities shall be recorded for this item, which is the amount of NSFR derivative liabilities without regard to maturity before deducting variation margin. It is excluded from the item 26 "Other assets".

(In RMB millions, unless otherwise stated)

		31 March 2020				
		Unweighted value by residual maturity				
No.	Item	No maturity	< 6 months	6 months to < 1 year	≥ 1 year	Weighted value
Available stable funding (ASF) item						
1	Capital:	2,959,556	–	–	253,371	3,212,927
2	Regulatory capital	2,959,556	–	–	252,662	3,212,218
3	Other capital instruments	–	–	–	709	709
4	Retail deposits and deposits from small business customers:	6,474,423	5,809,405	27,728	9,123	11,094,075
5	Stable deposits	35,746	41,551	13,756	6,984	93,484
6	Less stable deposits	6,438,677	5,767,854	13,972	2,139	11,000,591
7	Wholesale funding:	8,365,580	5,935,486	295,345	327,487	7,159,312
8	Operational deposits	8,072,525	271,734	52,675	2,745	4,201,212
9	Other wholesale funding	293,055	5,663,752	242,670	324,742	2,958,100
10	Liabilities with matching interdependent assets	–	–	–	–	–
11	Other liabilities:	10,522	892,839	56,548	553,738	503,895
12	NSFR derivative liabilities				88,639	
13	All other liabilities and equities not included in the above categories	10,522	892,839	56,548	465,099	503,895
14	Total ASF					21,970,209
Required stable funding (RSF) item						
15	Total NSFR high-quality liquid assets (HQLA)					758,470
16	Deposits held at other financial institutions for operational purposes	155,146	19,994	15,043	1,705	97,059
17	Loans and securities:	4,829	3,744,078	2,544,530	14,162,131	14,619,155
18	Loans to financial institutions secured by Level 1 HQLA	–	573,995	2,455	8,517	95,167
19	Loans to financial institutions secured by non-Level 1 HQLA and unsecured loans to financial institutions	–	975,681	185,078	237,584	477,300
20	Loans to retail and small business customers, non-financial institutions, sovereigns, central banks and PSEs, of which:	–	1,899,263	2,135,678	8,016,031	8,770,968
21	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	–	311,447	450,710	247,217	531,482
22	Residential mortgages, of which:	–	1,261	2,060	5,287,683	4,493,161
23	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	–	614	631	17,764	12,690
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	4,829	293,878	219,259	612,316	782,559
25	Assets with matching interdependent liabilities	–	–	–	–	–
26	Other assets:	383,961	443,537	20,321	545,714	1,270,786
27	Physical traded commodities, including gold	37,267				31,677
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs				52,755	44,842
29	NSFR derivative assets				82,176	–
30	NSFR derivative liabilities with additional variation margin posted				101,071*	20,214
31	All other assets not included in the above categories	346,694	443,537	20,321	410,783	1,174,053
32	Off-balance sheet items				6,570,936	240,960
33	Total RSF					16,986,430
34	Net Stable Funding Ratio (%)					129.34%

(*) The amount of derivative liabilities shall be recorded for this item, which is the amount of NSFR derivative liabilities without regard to maturity before deducting variation margin. It is excluded from the item 26 "Other assets".

List of Domestic and Overseas Branches and Offices

Domestic Institutions

ANHUI PROVINCIAL BRANCH
Address: No. 189 Wuhu Road, Hefei City, Anhui Province, China
Postcode: 230001
Tel: 0551-62869178/62868101
Fax: 0551-62868077

BEIJING MUNICIPAL BRANCH
Address: Tower B, Tianyin Mansion, No. 2 Fuxingmen South Street, Xicheng District, Beijing, China
Postcode: 100031
Tel: 010-66410579
Fax: 010-66410579

CHONGQING MUNICIPAL BRANCH
Address: No. 9 Jiangnan Road, Nan'an District, Chongqing, China
Postcode: 400060
Tel: 023-62918002
Fax: 023-62918059

DALIAN BRANCH
Address: No. 5 Zhongshan Square, Dalian City, Liaoning Province, China
Postcode: 116001
Tel: 0411-82378888
Fax: 0411-82808377

FUJIAN PROVINCIAL BRANCH
Address: No. 108 Gutian Road, Fuzhou City, Fujian Province, China
Postcode: 350005
Tel: 0591-88087819/88087000
Fax: 0591-83353905/83347074

GANSU PROVINCIAL BRANCH
Address: No. 408 Qingyang Road, Chengguan District, Lanzhou City, Gansu Province, China
Postcode: 730030
Tel: 0931-8434172
Fax: 0931-8435166

GUANGDONG PROVINCIAL BRANCH
Address: No. 123 Yanjiangxi Road, Guangzhou City, Guangdong Province, China
Postcode: 510120
Tel: 020-81308130
Fax: 020-81308789

GUANGXI AUTONOMOUS REGION BRANCH
Address: No. 15-1 Jiaoyu Road, Nanning City, Guangxi Autonomous Region, China
Postcode: 530022
Tel: 0771-5316617
Fax: 0771-5316617/2806043

GUIZHOU PROVINCIAL BRANCH
Address: No. 200 Zhonghua North Road, Yunyan District, Guiyang City, Guizhou Province, China
Postcode: 550001
Tel: 0851-88620004/88620018
Fax: 0851-85963911

HAINAN PROVINCIAL BRANCH
Address: No. 54 Heping South Road, Haikou City, Hainan Province, China
Postcode: 570203
Tel: 0898-65303138/65342829
Fax: 0898-65342986

HEBEI PROVINCIAL BRANCH
Address: Tower B, Zhonghua Shangwu Tower, No. 188 Zhongshan West Road, Shijiazhuang City, Hebei Province, China
Postcode: 050051
Tel: 0311-66001999/66000001
Fax: 0311-66001889/66000002

HENAN PROVINCIAL BRANCH
Address: No. 99 Jingsan Road, Zhengzhou City, Henan Province, China
Postcode: 450011
Tel: 0371-65776888/65776808
Fax: 0371-65776889/65776988

HEILONGJIANG PROVINCIAL BRANCH
Address: No. 218 Zhongyang Street, Daoli District, Harbin City, Heilongjiang Province, China
Postcode: 150010
Tel: 0451-84668023/84668577
Fax: 0451-84698115

HUBEI PROVINCIAL BRANCH
Address: No. 31 Zhongbei Road, Wuchang District, Wuhan City, Hubei Province, China
Postcode: 430071
Tel: 027-69908676/69908658
Fax: 027-69908040

HUNAN PROVINCIAL BRANCH
Address: No. 619 Furong Middle Road Yi Duan, Changsha City, Hunan Province, China
Postcode: 410011
Tel: 0731-84428833/84420000
Fax: 0731-84430039

JILIN PROVINCIAL BRANCH
Address: No. 9559 Renmin Avenue, Changchun City, Jilin Province, China
Postcode: 130022
Tel: 0431-89569718/89569007
Fax: 0431-88923808

JIANGSU PROVINCIAL BRANCH
Address: No. 408 Zhongshan South Road, Nanjing City, Jiangsu Province, China
Postcode: 210006
Tel: 025-52858000
Fax: 025-52858111

JIANGXI PROVINCIAL BRANCH
Address: No. 233, Fuhe North Road, Nanchang City, Jiangxi Province, China
Postcode: 330008
Tel: 0791-86695682/86695018
Fax: 0791-86695230

LIAONING PROVINCIAL BRANCH
Address: No. 88 Nanjing North Road, Heping District, Shenyang City, Liaoning Province, China
Postcode: 110001
Tel: 024-23491600
Fax: 024-23491609

INNER MONGOLIA AUTONOMOUS REGION BRANCH
Address: No. 10 East 2nd Ring Road, Xincheng District, Hohhot City, Inner Mongolia Autonomous Region, China
Postcode: 010060
Tel: 0471-6940307/6940297
Fax: 0471-6940048

NINGBO BRANCH
Address: No. 218 Zhongshan West Road, Ningbo City, Zhejiang Province, China
Postcode: 315010
Tel: 0574-87361162
Fax: 0574-87361190

NINGXIA AUTONOMOUS REGION BRANCH
Address: No. 901 Huanghe East Road, Jinfeng District, Yinchuan City, Ningxia Autonomous Region, China
Postcode: 750002
Tel: 0951-5029200
Fax: 0951-5042348

QINGDAO BRANCH
Address: No. 25 Shandong Road, Shinan District, Qingdao City, Shandong Province, China
Postcode: 266071
Tel: 0532-85809988-621031
Fax: 0532-85814711

QINGHAI PROVINCIAL BRANCH
Address: No. 2 Shengli Road, Xining City, Qinghai Province, China
Postcode: 810001
Tel: 0971-6169722/6152326
Fax: 0971-6152326

SHANDONG PROVINCIAL BRANCH
Address: No. 310 Jingsi Road, Jinan City, Shandong Province, China
Postcode: 250001
Tel: 0531-66681622
Fax: 0531-87941749

SHANXI PROVINCIAL BRANCH
Address: No. 145 Yingze Street, Taiyuan City, Shanxi Province, China
Postcode: 030001
Tel: 0351-6248888/6248011
Fax: 0351-6248004

SHAANXI PROVINCIAL BRANCH
Address: No. 395 Dongxin Street, Xi'an City, Shaanxi Province, China
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Tel: 029-87602608/87602630
Fax: 029-87602999

SHANGHAI MUNICIPAL BRANCH
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Postcode: 200120
Tel: 021-58885888
Fax: 021-58882888

SHENZHEN BRANCH
Address: North Block Financial Center, No. 5055 Shennan East Road, Luohu District, Shenzhen City, Guangdong Province, China
Postcode: 518015
Tel: 0755-82246400
Fax: 0755-82246247

SICHUAN PROVINCIAL BRANCH
Address: No. 45 Zongfu Road, Jinjiang District, Chengdu City, Sichuan Province, China
Postcode: 610020
Tel: 028-82866000
Fax: 028-82866025

TIANJIN MUNICIPAL BRANCH
Address: No. 123 Weidi Road, Hexi District, Tianjin, China
Postcode: 300074
Tel: 022-28400648
Fax: 022-28400123/28400647

XIAMEN BRANCH
Address: No. 17 Hubin North Road, Xiamen City, Fujian Province, China
Postcode: 361012
Tel: 0592-5292000
Fax: 0592-5054663

XINJIANG AUTONOMOUS REGION BRANCH
Address: No. 231 Renmin Road, Tianshan District, Urumqi, Xinjiang Autonomous Region, China
Postcode: 830002
Tel: 0991-5981888
Fax: 0991-2828608

TIBET AUTONOMOUS REGION BRANCH
Address: No. 31 Jinzhu Mid-Rd., Lhasa, Tibet Autonomous Region
Postcode: 850000
Tel: 0891-6898019/6898002
Fax: 0891-6898001

YUNNAN PROVINCIAL BRANCH
Address: Bank Mansion, No. 395 Qingnian Road, Kunming City, Yunnan Province, China
Postcode: 650021
Tel: 0871-65536313
Fax: 0871-63134637

ZHEJIANG PROVINCIAL BRANCH
Address: No. 66 Juyuan Road, Jianggan District, Hangzhou City, Zhejiang Province, China
Postcode: 310016
Tel: 0571-87803888
Fax: 0571-87808207

ICBC Credit Suisse Asset Management Co., Ltd.
Address: Tower A, Xinsheng Plaza, No. 5 Financial Street, Xicheng District, Beijing, China
Postcode: 100033
Tel: 010-66583333
Fax: 010-66583158

ICBC Financial Leasing Co., Ltd.
Address: No. 20 Plaza East Road, Economic Development Zone, Tianjin, China
Postcode: 300457
Tel: 022-66283766/010-66105888
Fax: 022-66224510/010-66105999

ICBC-AXA Assurance Co., Ltd.
Address: 19/F Mirae Asset Tower, No. 166 Lujiazui Ring Road, Pudong New Area, Shanghai, China
Postcode: 200120
Tel: 021-58792288
Fax: 021-58792299

ICBC Financial Asset Investment Co., Ltd.
Address: 19–20/F, Tower B, Yang Zi S&T Innovation Center Phase I, Jiangbei New Area, No. 211 Pubin Road, Nanjing City, Jiangsu Province, China
Postcode: 211800
Tel: 025-58172219

ICBC Wealth Management Co., Ltd.
Address: COCP Fortune Center, No. 96 Taipingqiao Avenue, Xicheng District, Beijing, China
Postcode: 100032
Tel: 010-66076588
Fax: 010-81011513

ICBC Information and Technology Co., Ltd.
Address: 1/F, Building C, Enterprise Office Area, Xiongan Citizens Service Center, Rongcheng County, Xiongan District, China (Hebei) Pilot Free Trade Zone
Postcode: 071700
Tel: 010-58270028

Chongqing Bishan ICBC Rural Bank Co., Ltd.
Address: No. 1 Aokang Avenue, Bishan District, Chongqing, China
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Tel: 023-85297704
Fax: 023-85297709

Zhejiang Pinghu ICBC Rural Bank Co., Ltd.
Address: No. 258 Chengnan West Road, Pinghu City, Zhejiang Province, China
Postcode: 314200
Tel: 0573-85139616
Fax: 0573-85139626

Overseas Institutions

Hong Kong and Macau

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Fax: +852-28051166
SWIFT: UBHKHKHH

ICBC International Holdings Limited
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Tel: +852-26833888
Fax: +852-26833900
SWIFT: ICILHKH1

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Email: icbc@mc.icbc.com.cn
Tel: +853-28555222
Fax: +853-28338064
SWIFT: ICBKMOMX

Industrial and Commercial Bank of China Limited, Macau Branch
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Fax: +853-28338064
SWIFT: ICBKMOMM

Asia-Pacific

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Fax: +813-52198525
SWIFT: ICBKJPJT

Industrial and Commercial Bank of China Limited, Seoul Branch
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Fax: +82-27553748
SWIFT: ICBKKRSE

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Fax: +82-514636880
SWIFT: ICBKKRSE

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Fax: +976-77108866

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Fax: +65-65381370
SWIFT: ICBKSGSG

PT. Bank ICBC Indonesia
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Fax: +62-2131996016
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Email: icbcmalaysia@my.icbc.com.cn
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Fax: +603-23013388
SWIFT: ICBKMYKL

Industrial and Commercial Bank of China Limited, Manila Branch
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Fax: +63-284032023
SWIFT: ICBKPHMM

Industrial and Commercial Bank of China (Thai) Public Company Limited
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Tel: +66-26295588
Fax: +66-26639888
SWIFT: ICBKTHBK

Industrial and Commercial Bank of China Limited, Hanoi City Branch
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Tel: +84-2462698888
Fax: +84-2462699800
SWIFT: ICBKVNVN

Industrial and Commercial Bank of China Limited, Ho Chi Minh City Representative Office
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Email: hcmadmin@vn.icbc.com.cn
Tel: +84-28-35208991

Industrial and Commercial Bank of China Limited, Vientiane Branch
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Tel: +856-21258888
Fax: +856-21258897
SWIFT: ICBKLALA

Industrial and Commercial Bank of China Limited, Phnom Penh Branch
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Email: icbckh@kh.icbc.com.cn
Tel: +855-23955880
Fax: +855-23965268
SWIFT: ICBKKHPP

Industrial and Commercial Bank of China Limited, Yangon Branch
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Fax: +95-019339278
SWIFT: ICBKMMMY

Industrial and Commercial Bank of China (Almaty) Joint Stock Company
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Email: office@kz.icbc.com.cn
Tel: +7-7272377085
Fax: +7-7272377070
SWIFT: ICBKKZKX

Industrial and Commercial Bank of China Limited Karachi Branch
Address: 15th & 16th Floor, Ocean Tower, G-3, Block-9, Scheme # 5, Main Clifton Road, Karachi, Pakistan.P.C:75600
Email: service@pk.icbc.com.cn
Tel: +92-2135208988
Fax: +92-2135208930
SWIFT: ICBKPKKA

Industrial and Commercial Bank of China Limited, Mumbai Branch
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Email: icbcmumbai@india.icbc.com.cn
Tel: +91-2271110300
Fax: +91-2271110353
SWIFT: ICBKINBB

Industrial and Commercial Bank of China Limited, Dubai (DIFC) Branch
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Email: dboffice@dxb.icbc.com.cn
Tel: +971-47031111
Fax: +971-47031199
SWIFT: ICBKAEAD

Industrial and Commercial Bank of China Limited, Abu Dhabi Branch
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SWIFT: ICBKAEAA

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Email: ICBCDOHA@doh.icbc.com.cn
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SWIFT: ICBKQAQA

Industrial and Commercial Bank of China Limited, Riyadh Branch
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Email: service@sa.icbc.com.cn
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Fax: +966-112899879
SWIFT: ICBKSARI

Industrial and Commercial Bank of China Limited, Kuwait Branch
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SWIFT: ICBKKWKW

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Fax: +49-6950604708
SWIFT: ICBKDEFF

Industrial and Commercial Bank of China Limited, Luxembourg Branch
Address: 32, Boulevard Royal, L-2449 Luxembourg, B.P.278 L-2012 Luxembourg
Email: office@eu.icbc.com.cn
Tel: +352-2686661
Fax: +352-26866666
SWIFT: ICBKLULL

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Email: office@eu.icbc.com.cn
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Fax: +352-26866666
SWIFT: ICBKLULU

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Fax: +33-140065899
SWIFT: ICBKFRPP

Industrial and Commercial Bank of China (Europe) S.A. Amsterdam Branch
Address: Johannes Vermeerstraat 7-9, 1071 DK, Amsterdam, the Netherlands
Email: icbcamsterdam@nl.icbc.com.cn
Tel: +31-205706666
Fax: +31-206702774
SWIFT: ICBKNL2A

Industrial and Commercial Bank of China (Europe) S.A. Brussels Branch
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Email: info@be.icbc.com.cn
Tel: +32-2-5398888
Fax: +32-2-5398870
SWIFT: ICBKBEBB

Industrial and Commercial Bank of China (Europe) S.A. Milan Branch
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Email: hradmin@it.icbc.com.cn
Tel: +39-0200668899
Fax: +39-0200668888
SWIFT: ICBKITMM

Industrial and Commercial Bank of China (Europe) S.A. Sucursal en España
Address: Paseo de Recoletos, 12, 28001, Madrid, España
Email: icbcspain@es.icbc.com.cn
Tel: +34-902195588
Fax: +34-912168866
SWIFT: ICBKESMM

Industrial and Commercial Bank of China (Europe) S.A. Poland Branch
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Tel: +48-222788066
Fax: +48-222788090
SWIFT: ICBKPLPW

ICBC (London) PLC
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Email: admin@icbclondon.com
Tel: +44-2073978888
Fax: +44-2073978899
SWIFT: ICBKGB2L

Industrial and Commercial Bank of China Limited, London Branch
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Email: admin@icbclondon.com
Tel: +44-2073978888
Fax: +44-2073978890
SWIFT: ICBKGB3L

ICBC Standard Bank PLC
Address: 20 Gresham Street, London, United Kingdom, EC2V 7JE
Email: londonmarketing@icbcstandard.com
Tel: +44-2031455000
Fax: +44-2031895000
SWIFT: SBLLGB2L

Bank ICBC (joint stock company)
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Email: info@ms.icbc.com.cn
Tel: +7-4952873099
Fax: +7-4952873098
SWIFT: ICBKRUMM

ICBC Turkey Bank Anonim Şirketi
Address: Maslak Mah. Dereboyu, 2 Caddesi No: 13 34398 Sariyer, İSTANBUL
Email: gongwen@tr.icbc.com.cn
Tel: +90-2123355011
SWIFT: ICBKTRIS

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Address: 12F City Empiria, Na Strži 1702/65, 14000 Prague 4 - Nusle, Czech Republic
Email: info@cz.icbc.com.cn
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Fax: +420-237762899
SWIFT: ICBKCZPP

Industrial and Commercial Bank of China Limited, Beijing, Zurich Branch
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Tel: +41-58-9095588
Fax: +41-58-9095577
SWIFT: ICBKCHZZ

ICBC Austria Bank GmbH
Address: Kolingasse 4, 1090 Vienna, Austria
Email: generaldept@at.icbc.com.cn
Tel: +43-1-9395588
Fax: +43-1-9395588-6800
SWIFT: ICBKATWW

Americas

Industrial and Commercial Bank of China Limited, New York Branch
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Tel: +1-2128387799
Fax: +1-2128386688
SWIFT: ICBKUS33

Industrial and Commercial Bank of China (USA) NA
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Email: info@us.icbc.com.cn
Tel: +1-2122388208
Fax: +1-2122193211
SWIFT: ICBKUS3N

Industrial and Commercial Bank of China Financial Services LLC
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Fax: +1-2129937349
SWIFT: ICBKUS3F

Industrial and Commercial Bank of China (Canada)
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Tel: +1-4163665588
Fax: +1-4166072000
SWIFT: ICBKCAT2

Industrial and Commercial Bank of China Mexico S.A.
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