中国建设银行
China Construction Bank

中國建設銀行股份有限公司

CHINA CONSTRUCTION BANK CORPORATION

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

(Stock Code: 939)

INTERIM RESULTS ANNOUNCEMENT

For the Six Months Ended 30 June 2013

The board of directors of China Construction Bank Corporation (the "Bank") is pleased to announce the unaudited consolidated interim results of the Bank and its subsidiaries (the "Group") for the six months ended 30 June 2013, prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Listing Rules of Hong Kong Stock Exchange") and International Accounting Standard 34 "Interim Financial Reporting". The interim results have been reviewed by the audit committee and external auditors of the Bank.

Summary of Interim Results 2013

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

(Expressed in millions of RMB unless otherwise stated)	Six months ended 30 June 2013	Six months ended 30 June 2012	Change (%)
For the period			
Net interest income	187,660	169,692	10.59
Net fee and commission income	55,524	49,243	12.76
Operating income	252,307	227,812	10.75
Profit before tax	155,189	138,512	12.04
Net profit	119,964	106,494	12.65
Net profit attributable to equity shareholders of the Bank	119,711	106,283	12.63
Per share (In RMB)			
Basic and diluted earnings per share	0.48	0.43	11.63
Profitability indicators (%)			Change +/(-)
Annualised return on average assets [1]	1.66	1.65	0.01
Annualised return on average equity	23.90	24.56	(0.66)
Net interest spread	2.54	2.53	0.01
Net interest margin	2.71	2.71	-
Net fee and commission income to operating income	22.01	21.62	0.39
Cost-to-income ratio [2]	24.63	25.28	(0.65)
Loan-to-deposit ratio	66.63	64.54	2.09

1. Calculated by dividing net profit by the average of total assets at the beginning and end of the period and then multiplying by two.
2. In order to maintain consistency for cost-to-income ratio between the PRC and IFRS reports, as well as taking other banks' relevant disclosures into considerations, the calculation of such a ratio has been amended to operating expenses (after deductions of business taxes and surcharges and other business costs) divided by operating income (after deduction of other business costs). The comparative figures have been amended accordingly.

(Expressed in millions of RMB unless otherwise stated)	**At 30 June 2013**	**At 31 December 2012**	**Change(%)**
As at the end of the period			
Net loans and advances to customers	7,882,071	7,309,879	7.83
Total assets	14,859,214	13,972,828	6.34
Deposits from customers	12,149,438	11,343,079	7.11
Total liabilities	13,858,703	13,023,283	6.41
Total equity attributable to equity shareholders of the Bank	992,374	941,668	5.38
Share capital	250,011	250,011	-
Per share (In RMB)			
Net assets per share	4.00	3.80	5.26
Capital adequacy indicators (%)			Change +/(-)
Common Equity Tier 1 ratio[1]	10.66	N/A	N/A
Tier 1 ratio[1]	10.66	N/A	N/A
Total capital ratio[1]	13.34	N/A	N/A
Total equity to total assets	6.73	6.80	(0.07)
Asset quality indicators (%)			
Non-performing loan ratio	0.99	0.99	-
Allowances to non-performing loans	265.20	271.29	(6.09)
Allowances to total loans	2.63	2.69	(0.06)

1. Since the first quarter of 2013, the ratios are calculated in accordance with the *Measures for Capital Management of Commercial Banks (Trial)* promulgated by the CBRC in June 2012. Therefore, the relevant regulation is not applicable to the 2012 ratios.

Consolidated statement of comprehensive income

(Expressed in millions of RMB, unless otherwise stated)

	Six months ended 30 June		Variance
	2013	2012 (Restated)	(%)
Interest income	**313,347**	295,433	6.06
Interest expense	**(125,687)**	(125,741)	(0.04)
Net interest income	**187,660**	169,692	10.59
Fee and commission income	**56,995**	50,525	12.81
Fee and commission expense	**(1,471)**	(1,282)	14.74
Net fee and commission income	**55,524**	49,243	12.76
Net trading gain	**1,270**	350	262.86
Dividend income	**193**	89	116.85
Net gain arising from investment securities	**302**	1,814	(83.35)
Other operating income, net	**7,358**	6,624	11.08
Operating income	**252,307**	227,812	10.75
Operating expenses	**(81,067)**	(74,570)	8.71
	171,240	153,242	11.74
Impairment losses on:			
– Loans and advances to customers	**(16,067)**	(14,726)	9.11
– Others	**13**	(12)	(208.33)
Impairment losses	**(16,054)**	(14,738)	8.93
Share of profits less losses of associates and jointly controlled entities	**3**	8	(62.50)
Profit before tax	**155,189**	138,512	12.04
Income tax expense	**(35,225)**	(32,018)	10.02
Net profit	**119,964**	106,494	12.65

Consolidated statement of comprehensive income (continued)

(Expressed in millions of RMB, unless otherwise stated)

	Six months ended 30 June		Variance
	2013	2012 (Restated)	(%)
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Remeasurements of post employment benefit obligations	**(57)**	31	(283.87)
Others	**-**	5	(100.00)
Total items that will not be reclassified to profit or loss	**(57)**	36	(258.33)
Items that may be reclassified subsequently to profit or loss			
(Losses)/gains of available-for-sale financial assets arising during the period	**(772)**	7,557	(110.22)
Less: Income tax relating to available-for-sale financial assets	**273**	(1,886)	(114.48)
Reclassification adjustments for losses included in profit or loss	**(839)**	(735)	14.15
Net gains on cash flow hedges	**193**	-	
Exchange difference on translating foreign operations	**(836)**	303	(375.91)
Total items that may be reclassified subsequently to profit or loss	**(1,981)**	5,239	(137.81)
Other comprehensive income for the period, net of tax	**(2,038)**	5,275	(138.64)
Total comprehensive income for the period	**117,926**	111,769	5.51
Net profit attributable to:			
Equity shareholders of the Bank	**119,711**	106,283	12.63
Non-controlling interests	**253**	211	19.91
	119,964	106,494	12.65
Total comprehensive income attributable to**:**			
Equity shareholders of the Bank	**117,709**	111,544	5.53
Non-controlling interests	**217**	225	(3.56)
	117,926	111,769	5.51
Basic and diluted earnings per share (in RMB Yuan)	**0.48**	0.43	11.63

Consolidated statement of financial position

(Expressed in millions of RMB, unless otherwise stated)

	30 June 2013	31 December 2012 (Restated)	Variance (%)
Assets:			
Cash and deposits with central banks	**2,536,161**	2,458,069	3.18
Deposits with banks and non-bank financial institutions	**754,193**	585,898	28.72
Precious metals	**33,349**	38,419	(13.20)
Placements with banks and non-bank financial institutions	**111,206**	129,653	(14.23)
Financial assets at fair value through profit or loss	**44,244**	27,572	60.47
Positive fair value of derivatives	**12,515**	12,671	(1.23)
Financial assets held under resale agreements	**335,442**	316,685	5.92
Interest receivable	**78,835**	68,264	15.49
Loans and advances to customers	**7,882,071**	7,309,879	7.83
Available-for-sale financial assets	**756,318**	701,041	7.88
Held-to-maturity investments	**1,891,545**	1,918,322	(1.40)
Debt securities classified as receivables	**217,453**	219,713	(1.03)
Interests in associates and jointly controlled entities	**2,357**	2,366	(0.38)
Fixed assets	**119,935**	113,946	5.26
Land use rights	**15,966**	16,232	(1.64)
Intangible assets	**1,925**	2,061	(6.60)
Goodwill	**1,629**	1,651	(1.33)
Deferred tax assets	**28,257**	27,051	4.46
Other assets	**35,813**	23,335	53.47
Total assets	**14,859,214**	13,972,828	6.34

Consolidated statement of financial position (continued)

(Expressed in millions of RMB, unless otherwise stated)

	30 June 2013	31 December 2012 (Restated)	Variance (%)
Liabilities:			
Borrowings from central banks	**112,132**	6,281	1685.26
Deposits from banks and non-bank financial institutions	**748,010**	977,487	(23.48)
Placements from banks and non-bank financial institutions	**140,130**	120,256	16.53
Financial liabilities at fair value through profit or loss	**35,596**	37,251	(4.44)
Negative fair value of derivatives	**13,967**	11,541	21.02
Financial assets sold under repurchase agreements	**1,177**	2,360	(50.13)
Deposits from customers	**12,149,438**	11,343,079	7.11
Accrued staff costs	**30,990**	32,772	(5.44)
Taxes payable	**34,822**	53,271	(34.63)
Interest payable	**144,116**	123,215	16.96
Provisions	**5,498**	5,058	8.70
Debt securities issued	**315,950**	262,991	20.14
Deferred tax liabilities	**327**	332	(1.51)
Other liabilities	**126,550**	47,389	167.05
Total liabilities	**13,858,703**	13,023,283	6.41
Equity:			
Share capital	**250,011**	250,011	0.00
Capital reserve	**135,353**	135,217	0.10
Investment revaluation reserve	**1,722**	3,023	(43.04)
Surplus reserve	**86,718**	86,718	0.00
General reserve	**152,338**	80,483	89.28
Retained earnings	**371,887**	391,034	(4.90)
Exchange reserve	**(5,655)**	(4,818)	17.37
Total equity attributable to equity shareholders of the Bank	**992,374**	941,668	5.38
Non-controlling interests	**8,137**	7,877	3.30
Total equity	**1,000,511**	949,545	5.37
Total liabilities and equity	**14,859,214**	13,972,828	6.34

Consolidated statement of changes in equity

(Expressed in millions of RMB, unless otherwise stated)

	Attributable to equity shareholders of the Bank								
	Share capital	Capital reserve	Investment revaluation reserve	Surplus reserve	General reserve	Retained earnings	Exchange reserve	Non-controlling interests	Total equity
As at 31 December 2012	250,011	135,281	3,023	86,718	80,483	391,034	(4,818)	7,877	949,609
Change in accounting policy	-	(64)	-	-	-	-	-	-	(64)
31 December 2012 (Restated)	250,011	135,217	3,023	86,718	80,483	391,034	(4,818)	7,877	949,545
Movements during the period	-	136	(1,301)	-	71,855	(19,147)	(837)	260	50,966
(1) Total comprehensive income for the period	-	136	(1,301)	-	-	119,711	(837)	217	117,926
(2) Changes in share capital	-	-	-	-	-	-	-	51	51
i Non-controlling interests of new subsidiaries	-	-	-	-	-	-	-	49	49
ii Change in shareholdings in subsidiaries	-	-	-	-	-	-	-	2	2
(3) Profit distribution	-	-	-	-	71,855	(138,858)	-	(8)	(67,011)
i Appropriation to general reserve	-	-	-	-	71,855	(71,855)	-	-	-
ii Appropriation to equity shareholders	-	-	-	-	-	(67,003)	-	(8)	(67,011)
As at 30 June 2013	250,011	135,353	1,722	86,718	152,338	371,887	(5,655)	8,137	1,000,511

Consolidated statement of changes in equity (continued)

(Expressed in millions of RMB, unless otherwise stated)

	Attributable to equity shareholders of the Bank								
	Share capital	Capital reserve	Investment revaluation reserve	Surplus reserve	General reserve	Retained earnings	Exchange reserve	Non-controlling interests	Total equity
As at 31 December 2011	250,011	135,178	6,383	67,576	67,342	289,266	(4,615)	5,520	816,661
Change in accounting policy	-	(1)	-	-	-	-	-	-	(1)
31 December 2011 (Restated)	250,011	135,177	6,383	67,576	67,342	289,266	(4,615)	5,520	816,660
Movements during the period	-	36	4,922	-	12,821	34,334	303	359	52,775
(1) Total comprehensive income for the period	-	36	4,922	-	-	106,283	303	225	111,769
(2) Changes in share capital	-	-	-	-	-	-	-	181	181
i. Non-controlling interests of new subsidiaries	-	-	-	-	-	-	-	186	186
ii. Change in shareholdings in subsidiaries	-	-	-	-	-	-	-	(5)	(5)
(3) Profit distribution	-	-	-	-	12,821	(71,949)	-	(47)	(59,175)
i. Appropriation to general reserve	-	-	-	-	12,821	(12,821)	-	-	-
ii. Appropriation to equity shareholders	-	-	-	-	-	(59,128)	-	(47)	(59,175)
As at 30 June 2012 (Restated)	250,011	135,213	11,305	67,576	80,163	323,600	(4,312)	5,879	869,435

Consolidated statement of changes in equity (continued)

(Expressed in millions of RMB, unless otherwise stated)

	Attributable to equity shareholders of the Bank								
	Share capital	Capital reserve	Investment revaluation reserve	Surplus reserve	General reserve	Retained earnings	Exchange reserve	Non-controlling interests	Total equity
As at 31 December 2011	250,011	135,178	6,383	67,576	67,342	289,266	(4,615)	5,520	816,661
Change in accounting policy	-	(1)	-	-	-	-	-	-	(1)
31 December 2011 (Restated)	250,011	135,177	6,383	67,576	67,342	289,266	(4,615)	5,520	816,660
Movements during the year	-	40	(3,360)	19,142	13,141	101,768	(203)	2,357	132,885
(1) Total comprehensive income for the year	-	(31)	(3,360)	-	-	193,179	(203)	443	190,028
(2) Changes in share capital	-	71	-	-	-	-	-	1,999	2,070
i Capital injection by non-controlling interests	-	26	-	-	-	-	-	2,803	2,829
ii Non-controlling interests of new subsidiaries	-	-	-	-	-	-	-	529	529
iii Change in shareholdings in subsidiaries	-	45	-	-	-	-	-	(1,333)	(1,288)
(3) Profit distribution	-	-	-	19,142	13,141	(91,411)	-	(85)	(59,213)
i Appropriation to surplus reserve	-	-	-	19,142	-	(19,142)	-	-	-
ii Appropriation to general reserve	-	-	-	-	13,141	(13,141)	-	-	-
iii Appropriation to equity shareholders	-	-	-	-	-	(59,128)	-	(85)	(59,213)
As at 31 December 2012 (Restated)	250,011	135,217	3,023	86,718	80,483	391,034	(4,818)	7,877	949,545

Consolidated statement of cash flows

(Expressed in millions of RMB, unless otherwise stated)

	Six months ended 30 June	
	2013	2012
Cash flows from operating activities		
Profit before tax	**155,189**	138,512
Adjustments for:		
– Impairment losses	**16,054**	14,738
– Depreciation and amortisation	**7,463**	6,647
– Unwinding of discount	**(721)**	(839)
– Revaluation loss on financial instruments at fair value through profit or loss	**1,734**	365
– Share of profit less losses of associates and jointly controlled entities	**(3)**	(8)
– Dividend income	**(193)**	(89)
– Unrealised foreign exchange loss/(gains)	**1,540**	(178)
– Interest expense on subordinated bonds issued	**3,783**	2,750
– Net gain on disposal of investment securities	**(302)**	(1,814)
– Net gain on disposal of fixed assets and other long-term assets	**(45)**	(23)
	184,499	160,061
Changes in operating assets:		
Net increase in deposits with central banks and with banks and non-bank financial institutions	**(170,195)**	(170,028)
Net increase in placements with banks and non-bank financial institutions	**(26,171)**	(4,809)
Net increase in loans and advances to customers	**(599,502)**	(561,731)
Net increase in financial assets held under resale agreements	**(18,757)**	(121,007)
Increase in other operating assets	**(34,512)**	(26,934)
	(849,137)	(884,509)
Changes in operating liabilities:		
Net increase in borrowings from central banks	**106,099**	558
Net increase in placements from banks and non-bank financial institutions	**21,413**	22,022
Net increase in deposits from customers and from banks and non-bank financial institutions	**585,915**	1,016,808
Net decrease in financial assets sold under repurchase agreements	**(1,183)**	(7,254)
Net increase in certificates of deposit issued	**54,879**	43,664
Income tax paid	**(52,995)**	(52,785)
Increase in other operating liabilities	**27,241**	42,377
	741,369	1,065,390
Net cash from operating activities	**76,731**	340,942

Consolidated statement of cash flows (continued)

(Expressed in millions of RMB, unless otherwise stated)

	Six months ended 30 June	
	2013	2012
Cash flows from investing activities		
Proceeds from sale and redemption of investments	**301,617**	282,470
Dividends received	**194**	88
Proceeds from disposal of fixed assets and other long-term assets	**303**	358
Purchase of investment securities	**(329,854)**	(359,078)
Purchase of fixed assets and other long-term assets	**(13,083)**	(11,466)
Acquisition of subsidiaries, associates and jointly controlled entities	**(8)**	(209)
Net cash used in investing activities	**(40,831)**	(87,837)
Cash flows from financing activities		
Issue of bonds	**-**	993
Capital contribution by non-controlling interests	**49**	186
Dividends paid	**(18)**	(36)
Interest paid on bonds issued	**(1,536)**	(1,505)
Cash paid relating to other financing activities	**-**	(5)
Net cash used in financing activities	**(1,505)**	(367)
Effect of exchange rate changes on cash and cash equivalents	**(1,773)**	1,814
Net increase in cash and cash equivalents	**32,622**	254,552
Cash and cash equivalents as at 1 January	**748,920**	558,463
Cash and cash equivalents as at 30 June	**781,542**	813,015
Cash flows from operating activities include:		
Interest received	**302,065**	279,396
Interest paid, excluding interest expense on bonds issued	**(103,237)**	(100,436)

Notes:

1 Except consolidation and supplementary retirement benefits, there are no significant changes in the accounting policies adopted in the preparation of the results announcement compared to the year ended 31 December 2012.

2 Unless otherwise stated, the financial figures are expressed in millions of RMB.

3 For the purpose of this results announcement, Mainland China refers to the PRC excluding the Hong Kong Special Administrative Region of the PRC ("Hong Kong"), the Macau Special Administrative Region of the PRC and Taiwan.

4 Net gain arising from investment securities

	Six months ended 30 June	
	2013	2012
Net gain on sale of available-for-sale financial assets	**131**	1,018
Net revaluation gain reclassified from other comprehensive income on disposal	**77**	738
Net gain on sale of held-to-maturity investments	**94**	58
Total	**302**	1814

5 Operating expenses

	Six months ended 30 June	
	2013	2012
Staff costs		
– Salaries, bonuses, allowances and subsidies	**24,704**	23,974
– Defined contribution retirement schemes	**4,419**	3,769
– Other social insurance and welfare	**3,389**	3,107
– Housing funds	**2,461**	2,139
– Union running costs and employee education costs	**1,008**	987
– Compensation to employees for termination of employment relationship	**4**	6
	35,985	33,982
Premises and equipment expenses		
– Depreciation charges	**6,300**	5,580
– Rent and property management expenses	**3,270**	2,802
– Maintenance	**958**	888
– Utilities	**872**	827
– Others	**682**	560
	12,082	10,657
Business tax and surcharges	**15,780**	14,975
Amortisation expenses	**1,163**	1,067
Audit fees	**56**	76
Other general and administrative expenses	**16,001**	13,813
Total	**81,067**	74,570

6 Income tax expense

(1) Income tax expense

	Six months ended 30 June	
	2013	2012
Current tax	**35,929**	35,509
– Mainland China	**35,600**	35,110
– Hong Kong	**246**	301
– Other countries and regions	**83**	98
Adjustments for prior years	**(46)**	590
Deferred tax	**(658)**	(4,081)
Total	**35,225**	32,018

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

(2) Reconciliation between income tax expense and accounting profit

	Six months ended 30 June	
	2013	2012
Profit before tax	**155,189**	138,512
Income tax calculated at statutory tax rate	**38,797**	34,628
Non-deductible expenses		
– Staff costs	**156**	134
– Others	**599**	440
	755	574
Non-taxable income		
– Interest income from PRC government bonds	**(3,958)**	(3,607)
– Others	**(323)**	(167)
	(4,281)	(3,774)
Total	**35,271**	31,428
Adjustments on income tax for prior years which affect profit or loss	**(46)**	590
Income tax expense	**35,225**	32,018

7 Earnings per share

Basic earnings per share for the six months ended 30 June 2013 and 2012 have been computed by dividing the net profit attributable to equity shareholders of the Bank by the weighted average number of ordinary shares outstanding during the period. There was no difference between basic and diluted earnings per share as there were no potentially dilutive shares outstanding during the six months ended 30 June 2013 and 2012.

	Six months ended 30 June	
	2013	2012
Net profit attributable to shareholders of the Bank	**119,711**	106,283
Weighted average number of shares (in million shares)	**250,011**	250,011
Basic and diluted earnings per share attributable to shareholders of the Bank (in RMB Yuan)	**0.48**	0.43

8 Derivatives

(1) Analysed by type of contract

	As at 30 June 2013			As at 31 December 2012		
	Notional amounts	**Assets**	**Liabilities**	Notional amounts	Assets	Liabilities
Interest rate contracts	**321,837**	**1,879**	**1,681**	368,207	3,143	2,870
Exchange rate contracts	**1,283,881**	**9,328**	**10,601**	1,017,303	9,059	7,832
Other contracts	**10,822**	**1,308**	**1,685**	12,153	469	839
Total	**1,616,540**	**12,515**	**13,967**	1,397,663	12,671	11,541

(2) Analysed by credit risk-weighted assets

	30 June 2013	31 December 2012
Interest rate contracts	**2,449**	3,067
Exchange rate contracts	**19,388**	11,616
Other contracts	**1,596**	525
Total	**23,433**	15,208

The notional amounts of derivatives only represent the unsettled transaction volume as at the end of the reporting period. They do not represent the amounts at risk. Since 1 January 2013 the Group has adopted *Administrative Measures for the Capital of Commercial Banks (for Trial Implementation)* and the related policies. In accordance with the rules set out by the CBRC, the credit risk-weighted assets added the credit valuation adjustment-weighted assets, and were the characteristics of the counterparties and the maturities. It included customer driven transactions, which were hedged back to back.

8 Derivatives (continued)

(3) Hedge accounting

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

Group

	30 June 2013			31 December 2012		
	Notional amounts	**Assets**	**Liabilities**	Notional amounts	Assets	Liabilities
Fair value hedges						
Interest rate swaps	**11,576**	**69**	**(130)**	6,786	126	(174)
Cash flow hedges						
Foreign exchange forwards	**42,840**	**12**	**(574)**	-	-	-
Total	**54,416**	**81**	**(704)**	6,786	126	(174)

(a) *Fair value hedge*

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

Gains or losses on fair value hedges are as follows:

	Six months ended 30 June	
	2013	2012
Net (losses)/gains on		
– hedging instruments	**(13)**	103
– hedged items	**13**	(103)
Ineffectiveness recognised in net gain or loss on fair value changes	**-**	-

(b) *Cash flow hedge*

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

For the six months ended 30 June 2013, total impact of the cash flow hedge on other comprehensive income was a net gain of RMB193 million which was recognised in "Capital reserve" (six months ended 30 June 2012: nil), and there was no ineffectiveness for the six months ended 30 June 2013 and 30 June 2012.

There were no transactions for which cash flow hedge accounting had to be ceased on 30 June 2013 and 31 December 2012 as a result of the highly probable cash flows no longer being expected to occur.

9 Deposits from customers

	30 June 2013	31 December 2012
Demand deposits		
– Corporate customers	**3,922,845**	3,816,312
– Personal customers	**2,319,692**	2,107,369
Subtotal	**6,242,537**	5,923,681
Time deposits (including call deposits)		
– Corporate customers	**2,571,380**	2,392,797
– Personal customers	**3,335,521**	3,026,601
Subtotal	**5,906,901**	5,419,398
Total	**12,149,438**	11,343,079

Deposits from customers include:

		30 June 2013	31 December 2012
(1)	Pledged deposits		
	– Deposits for acceptance	**158,145**	124,367
	– Deposits for guarantee	**55,390**	42,616
	– Deposits for letter of credit	**37,053**	34,443
	– Others	**179,586**	192,272
	Total	**430,174**	393,698
(2)	Outward remittance and remittance payables	**22,318**	8,722

(3) As at 30 June 2012, the balance of wealth management products with principal guaranteed by the Group was RMB486,801 million (31 December 2012: RMB355,284million).

10 Profit distribution

The Bank declared a cash dividend of RMB67,003 million for the year ended 31 December 2012 according to the profit distribution plan approved by the Annual General Meeting held on 6 June 2013.

11 Commitments and contingent liabilities

(1) Credit commitments

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

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

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

	30 June 2013	31 December 2012
Loan commitments		
– with an original maturity within one year	**172,985**	168,906
– with an original maturity of one year or over	**259,217**	272,360
Credit card commitments	**393,108**	343,698
	825,310	784,964
Bank acceptances	**375,286**	344,848
Financing guarantees	**180,739**	165,294
Non-financing guarantees	**459,450**	441,367
Sight letters of credit	**25,204**	28,246
Usance letters of credit	**307,522**	203,972
Others	**34,540**	47,608
Total	**2,208,051**	2,016,299

(2) Credit risk-weighted amount

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

	30 June 2013	31 December 2012
Credit risk-weighted amount of contingent liabilities and commitments	**866,871**	908,026

11 Commitments and contingent liabilities(continued)

(3) Operating lease commitments

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

	30 June 2013	31 December 2012
Within one year	**3,567**	3,973
After one year but within two years	**3,203**	2,976
After two years but within three years	**2,459**	2,268
After three years but within five years	**3,013**	2,699
After five years	**2,553**	1,662
Total	**14,795**	13,578

(4) Capital commitments

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

	30 June 2013	31 December 2012
Contracted for	**2,144**	4,351
Authorised but not contracted for	**5,367**	6,332
Total	**7,511**	10,683

(5) Underwriting obligations

As at 30 June 2013, there were no unexpired underwriting commitments of the Group (As at 31 December 2012: Nil).

(6) Redemption obligations

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

The redemption obligations, which represent the nominal value of government bonds underwritten and sold by the Group, but not yet matured as at 30 June 2013, were RMB50,757 million (As at 31 December 2012: RMB49,022 million).

11 Commitments and contingent liabilities(continued)

(7) Outstanding litigation and disputes

As at 30 June 2013, the Group was the defendant in certain pending litigation and disputes with gross claims of RMB3,125 million (as at 31 December 2012: RMB2,735million). Provisions have been made for the estimated losses arising from such litigations based upon the opinions of the Group's internal and external legal counsels. The Group considers that the provisions made are reasonable and adequate.

(8) Provisions against commitments and contingent liabilities

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

12 Operating segments

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

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

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

12 Operating segments(continued)

(1) Geographical segments

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

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

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

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

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

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

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

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

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

12 Operating segments(continued)

(1) Geographical segments (continued)

	Six months ended 30 June 2013								
	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central	Western	Northeastern	Head Office	Overseas	Total
External net interest income	28,866	17,436	17,322	20,279	23,317	6,961	71,520	1,959	187,660
Internal net interest income/(expense)	3,769	6,356	10,174	9,398	7,706	4,619	(43,063)	1,041	-
Net interest income	32,635	23,792	27,496	29,677	31,023	11,580	28,457	3,000	187,660
Net fee and commission income	10,857	9,032	9,067	9,221	7,291	3,049	6,220	787	55,524
Net trading gain/(loss)	304	338	238	146	232	66	1,320	(1,374)	1,270
Dividend income	-	1	2	116	47	-	27	-	193
Net gain arising from investment securities	169	-	-	-	-	10	83	40	302
Other operating income, net	4,200	162	212	270	670	2	226	1,616	7,358
Operating income	48,165	33,325	37,015	39,430	39,263	14,707	36,333	4,069	252,307
Operating expenses	(17,888)	(10,600)	(12,474)	(14,041)	(13,655)	(5,908)	(4,913)	(1,588)	(81,067)
Impairment losses	(10,885)	(511)	88	(1,689)	(119)	(722)	(1,037)	(1,179)	(16,054)
Share of profits less losses of associates and jointly controlled entities	-	-	-	(1)	-	-	-	4	3
Profit before tax	19,392	22,214	24,629	23,699	25,489	8,077	30,383	1,306	155,189
Capital expenditure	1,315	1,006	4,185	2,525	1,950	678	1,262	151	13,072
Depreciation and amortisation	1,284	833	1,044	1,395	1,220	651	945	91	7,463
	30 June 2013								
Segment assets	2,621,903	2,096,048	2,658,515	2,348,861	2,433,540	903,683	5,715,220	634,397	19,412,167
Interests in associates and jointly controlled entities	-	-	-	444	-	-	-	1,913	2,357
	2,621,903	2,096,048	2,658,515	2,349,305	2,433,540	903,683	5,715,220	636,310	19,414,524
Deferred tax assets									28,257
Elimination									(4,583,567)
Total assets									14,859,214
Segment liabilities	2,602,760	2,084,838	2,644,375	2,334,511	2,420,170	898,505	4,849,398	607,386	18,441,943
Deferred tax liabilities									327
Elimination									(4,583,567)
Total liabilities									13,858,703
Off-balance sheet credit commitments	538,502	423,897	532,640	264,957	263,133	109,837	14,001	61,084	2,208,051

12 Operating segments(continued)

(1) Geographical segments (continued)

	Six months ended 30 June 2012								
	Yangtze River Delta	**Pearl River Delta**	**Bohai Rim**	**Central**	**Western**	**Northeastern**	**Head Office**	**Overseas**	**Total**
External net interest income	26,739	14,274	14,906	17,397	20,497	6,416	68,269	1,194	169,692
Internal net interest income/(expense)	3,037	6,358	10,331	7,784	6,289	4,158	(38,876)	919	-
Net interest income	29,776	20,632	25,237	25,181	26,786	10,574	29,393	2,113	169,692
Net fee and commission income	10,857	8,903	8,026	7,564	6,519	2,952	3,869	553	49,243
Net trading gain/(loss)	281	345	166	74	128	69	(766)	53	350
Dividend income	-	-	-	45	10	13	11	10	89
Net gain arising from investment securities	85	-	-	384	639	15	665	26	1,814
Other operating income, net	2,961	180	110	163	379	42	2,666	123	6,624
Operating income	43,960	30,060	33,539	33,411	34,461	13,665	35,838	2,878	227,812
Operating expenses	(16,009)	(10,195)	(11,695)	(13,059)	(12,358)	(5,608)	(4,279)	(1,367)	(74,570)
Impairment losses	(7,158)	(1,478)	(1,520)	(1,921)	(1,126)	(728)	(122)	(685)	(14,738)
Share of profits less losses of associates and jointly controlled entities	-	-	-	(5)	-	-	-	13	8
Profit before tax	20,793	18,387	20,324	18,426	20,977	7,329	31,437	839	138,512
Capital expenditure	1,444	1,093	1,351	2,286	1,610	1,009	515	2,062	11,370
Depreciation and amortisation	1,159	761	970	1,216	1,082	572	833	54	6,647
	31 December 2012 (Restated)								
Segment assets	2,453,994	2,006,787	2,590,592	2,170,917	2,269,546	863,899	5,431,210	516,623	18,303,568
Interests in associates and jointly controlled entities	-	-	-	410	-	-	-	1,956	2,366
	2,453,994	2,006,787	2,590,592	2,171,327	2,269,546	863,899	5,431,210	518,579	18,305,934
Deferred tax assets									27,051
Elimination									(4,360,157)
Total assets									13,972,828
Segment liabilities	2,452,082	2,002,197	2,583,373	2,163,987	2,261,857	860,707	4,568,577	490,328	17,383,108
Deferred tax liabilities									332
Elimination									(4,360,157)
Total liabilities									13,023,283
Off-balance sheet credit commitments	517,083	376,871	441,783	255,566	249,619	104,579	13,002	57,796	2,016,299

12 Operating segments(continued)

(2) Business segments

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

Corporate banking

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

Personal banking

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

Treasury business

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

Others

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

12 Operating segments(continued)

(2) Business segments (continued)

	Six months ended 30 June 2013				
	Corporate banking	**Personal banking**	**Treasury business**	**Others**	**Total**
External net interest income	113,391	287	69,623	4,359	187,660
Internal net interest (expenses)/income	(19,829)	63,338	(42,628)	(881)	-
Net interest income	93,562	63,625	26,995	3,478	187,660
Net fee and commission income	24,027	19,069	11,300	1,128	55,524
Net trading (loss)/gain	(3)	721	1,911	(1,359)	1,270
Dividend income	-	-	-	193	193
Net gain/(loss) arising from investment securities	-	-	322	(20)	302
Other operating income/(expense), net	225	389	(93)	6,837	7,358
Operating income	117,811	83,804	40,435	10,257	252,307
Operating expenses	(31,544)	(40,237)	(2,441)	(6,845)	(81,067)
Impairment losses	(11,469)	(3,950)	627	(1,262)	(16,054)
Share of profits less losses of associates and jointly controlled entities	-	-	-	3	3
Profit before tax	74,798	39,617	38,621	2,153	155,189
Capital expenditure	2,884	6,471	346	3,371	13,072
Depreciation and amortisation	2,167	4,863	260	173	7,463
	30 June 2013				
Segment assets	5,665,623	2,520,007	6,016,274	745,644	14,947,548
Interests in associates and jointly controlled entities	-	-	-	2,357	2,357
	5,665,623	2,520,007	6,016,274	748,001	14,949,905
Deferred tax assets					28,257
Elimination					(118,948)
Total assets					14,859,214
Segment liabilities	6,587,529	6,250,021	283,519	856,255	13,977,324
Deferred tax liabilities					327
Elimination					(118,948)
Total liabilities					13,858,703
Off-balance sheet credit commitments	1,781,188	365,779	-	61,084	2,208,051

12 Operating segments(continued)

(2) Business segments (continued)

	Six months ended 30 June 2012				
	Corporate banking	**Personal banking**	**Treasury business**	**Others**	**Total**
External net interest income/(expenses)	104,256	(4,361)	66,659	3,138	169,692
Internal net interest (expenses)/income	(16,058)	55,062	(38,408)	(596)	-
Net interest income	88,198	50,701	28,251	2,542	169,692
Net fee and commission income	21,892	16,205	10,165	981	49,243
Net trading (loss)/gain	(7)	322	(9)	44	350
Dividend income	-	-	-	89	89
Net gain arising from investment securities	-	-	200	1,614	1,814
Other operating income, net	231	129	2,768	3,496	6,624
Operating income	110,314	67,357	41,375	8,766	227,812
Operating expenses	(29,754)	(36,846)	(2,851)	(5,119)	(74,570)
Impairment losses	(9,950)	(4,489)	520	(819)	(14,738)
Share of profits less losses of associates and jointly controlled entities	-	-	-	8	8
Profit before tax	70,610	26,022	39,044	2,836	138,512
Capital expenditure	3,378	7,413	368	211	11,370
Depreciation and amortisation	1,975	4,334	215	123	6,647
	31 December 2012 (Restated)				
Segment assets	5,368,220	2,167,249	6,065,163	477,840	14,078,472
Interests in associates and jointly controlled entities	-	-	-	2,366	2,366
	5,368,220	2,167,249	6,065,163	480,206	14,080,838
Deferred tax assets					27,051
Elimination					(135,061)
Total assets					13,972,828
Segment liabilities	6,529,675	5,744,452	335,719	548,166	13,158,012
Deferred tax liabilities					332
Elimination					(135,061)
Total liabilities					13,023,283
Off-balance sheet credit commitments	1,641,277	317,226	-	57,796	2,016,299

Unaudited supplementary financial information

(a) Liquidity ratios

	As at 30 June 2013	**Average for the six months ended 30 June 2013**	As at 31 December 2012	Average for the year ended 31December 2012
RMB current assets to RMB current liabilities	**51.94%**	**54.33%**	56.73%	56.65%
Foreign currency current assets to foreign currency current liabilities	**43.12%**	**50.97%**	58.81%	58.53%

The above liquidity ratios are calculated in accordance with the formula promulgated by the CBRC.

The Hong Kong Banking (Disclosure) Rules (the “Rules”) took effect on 1 January, 2007. It requires the disclosure of average liquidity ratio, which is the arithmetic mean of each calendar month’s liquidity ratio. The Group prepared the liquidity ratios on a semi-annual basis and the disclosed average liquidity ratio is the arithmetic mean of two consecutive liquidity ratios as at 30 June and 31 December.

(b) Currency concentrations

	30 June 2013			
	USD (RMB equivalent)	**HKD (RMB equivalent)**	**Others (RMB equivalent)**	**Total**
Spot assets	**630,777**	**167,739**	**68,484**	**867,000**
Spot liabilities	**(516,811)**	**(194,077)**	**(144,368)**	**(855,256)**
Forward purchases	**602,364**	**49,348**	**137,604**	**789,316**
Forward sales	**(717,235)**	**(5,789)**	**(54,631)**	**(777,655)**
Net options position	**188**	**-**	**-**	**188**
Net (short)/long position	**(717)**	**17,221**	**7,089**	**23,593**
Net structural position	**965**	**4,085**	**(871)**	**4,179**

	31 December 2012			
	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	Total
Spot assets	524,730	153,916	125,957	804,603
Spot liabilities	(432,029)	(161,150)	(178,574)	(771,753)
Forward purchases	409,707	9,581	232,258	651,546
Forward sales	(499,732)	(5,363)	(179,561)	(684,656)
Net options position	28	-	(1)	27
Net long/(short) position	2,704	(3,016)	79	(233)
Net structural position	12	4,520	7	4,539

The net option position is calculated using the delta equivalent approach required by the Hong Kong Monetary Authority (the "HKMA"). The net structural position of the Group includes the structural positions of the Bank's overseas branches, banking subsidiaries and other subsidiaries substantially involved in foreign exchange. Structural assets and liabilities include:

– investments in property and equipment, net of accumulated depreciation;

– capital and statutory reserves of overseas branches; and

– investments in overseas subsidiaries and related companies.

(c) Cross-border claims

The Group is principally engaged in business operations within Mainland China, and regards all claims on overseas third parties as cross-border claims.

For the purpose of this unaudited supplementary financial information, Mainland China excludes Hong Kong Special Administrative Region of the PRC ("Hong Kong"), Macau Special Administrative Region of the PRC and Taiwan.

Cross-border claims include loans and advances to customers, deposits and placements with banks and non-bank financial institutions, holdings of trade bills and certificates of deposit and investment securities.

Cross-border claims have been disclosed by country or geographical area. A country or geographical area is reported where it constitutes 10% or more of the aggregate amount of cross-border claims, after taking into account any risk transfers. Risk transfers are only made if claims are guaranteed by a party in a country which is different from that of the counterparty or if claims are on an overseas branch of a bank whose head office is located in another country.

	30 June 2013			
	Banks and non-bank financial institutions	**Public sector entities**	**Others**	**Total**
Asia Pacific excluding Mainland China	**12,321**	**1,754**	**218,009**	**232,084**
– of which attributed to Hong Kong	**5,122**	**163**	**195,377**	**200,662**
Europe	**4,579**	**83**	**10,777**	**15,439**
North and South America	**18,855**	**81**	**41,519**	**60,455**
Total	**35,755**	**1,918**	**270,305**	**307,978**

	31 December 2012			
	Banks and non-bank financial institutions	Public sector entities	Others	Total
Asia Pacific excluding Mainland China	24,628	1,832	190,776	217,236
– of which attributed to Hong Kong	16,581	-	161,,805	178,386
Europe	1,762	94	18,593	20,449
North and South America	25,504	83	80,309	105,896
Total	51,894	2,009	289,678	343,581

The above cross-border claims are disclosed in accordance with the requirements of the Rules. According to these requirements, "others" includes the transactions with sovereign counterparties.

(d) Overdue loans and advances to customers by geographical sector

	30 June 2013	31 December 2012
Yangtze River Delta	**31,172**	24,635
Pearl River Delta	**7,844**	5,115
Central	**7,198**	6,433
Bohai Rim	**5,435**	5,677
Western	**5,104**	4,569
Northeastern	**4,464**	3,663
Head office	**2,147**	1,964
Overseas	**174**	305
Total	**63,538**	52,361

The above analysis represents the gross amount of loans and advances overdue for more than 90 days as required by the Rules.

Loans and advances with a specific repayment date are classified as overdue when the principal or interest is overdue.

Loans and advances repayable on demand are classified as overdue when a demand for repayment has been served on the borrower but repayment has not been made in accordance with the instructions. If the loans and advances repayable on demand are outside the approved limit that was advised to the borrower, they are also considered as overdue.

Management Discussion and Analysis

Financial Review

In the first half of 2013, the global economy continued to recover slowly and China's economy developed steadily on the whole. China's GDP and the consumer price index increased by 7.6% and 2.4% respectively over the same period last year. The aggregate financing volume increased rapidly, while China's economy was plagued by weak consumption demand and excess capacity. The PBOC implemented prudent monetary policy and actively promoted the reform of interest rate liberalisation. On 20 July 2013, the PBOC extensively removed control over the lending rates of financial institutions.

The Group closely monitored the trend of national economy and changes in regulatory requirements, accelerated business structure adjustments, and strengthened comprehensive risk controls, achieving steady profit growth and stable asset quality.

Statement of Comprehensive Income Analysis

In the first half of 2013, the Group recorded profit before tax of RMB155,189 million, up 12.04% over the same period last year. Net profit was RMB119,964 million, up 12.65% over the same period last year. The Group's profit achieved steady growth over the same period last year. This was mainly due to the following factors: First, the interest-earning assets increased moderately, with enhanced pricing management, pushing up net interest income by RMB17,968 million, or 10.59% compared to the same period in 2012. Second, the Group actively conducted service and product innovations. The net fee and commission income steadily increased by RMB6,281 million, or 12.76% over the same period last year. Third, the Group kept its operating expenses at a reasonable level. The cost-to-income ratio decreased by 0.65 percentage points to 24.63% compared with the same period last year.

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

(In millions of RMB, except percentages)	**Six months ended 30 June 2013**	**Six months ended 30 June 2012**	**Change (%)**
Net interest income	187,660	169,692	10.59
Net non-interest income	64,647	58,120	11.23
− Net fee and commission income	55,524	49,243	12.76
Operating income	252,307	227,812	10.75
Operating expenses	(81,067)	(74,570)	8.71
Impairment losses	(16,054)	(14,738)	8.93
Share of profits less losses of associates and jointly controlled entities	3	8	(62.50)
Profit before tax	155,189	138,512	12.04
Income tax expense	(35,225)	(32,018)	10.02
Net profit	119,964	106,494	12.65
Other comprehensive income for the period, net of tax	(2,038)	5,275	(138.64)
Total comprehensive income for the period	117,926	111,769	5.51

Net interest income

In the first half of 2013, the Group's net interest income was RMB187,660 million, an increase of RMB17,968 million, or 10.59%, over the same period last year. The net interest income accounted for 74.38% of the operating income.

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

(In millions of RMB, except percentages)	Six months ended 30 June 2013			Six months ended 30 June 2012		
	Average balance	Interest income/ expense	Annualised average yield/cost (%)	Average balance	Interest income/ expense	Annualised average yield/cost (%)
Assets						
Gross loans and advances to customers	7,841,914	227,120	5.84	6,789,430	214,965	6.37
Investments in debt securities	2,856,667	51,850	3.66	2,772,660	48,966	3.55
Deposits with central banks	2,392,241	18,413	1.55	2,310,510	17,107	1.49
Deposits and placements with banks and non-bank financial institutions	695,709	12,375	3.59	558,594	10,663	3.84
Financial assets held under resale agreements	176,642	3,589	4.10	170,819	3,732	4.39
Total interest-earning assets	13,963,173	313,347	4.52	12,602,013	295,433	4.71
Total allowances for impairment losses	(217,705)			(186,355)		
Non-interest-earning assets	427,384			321,416		
Total assets	14,172,852	313,347		12,737,074	295,433	
Liabilities						
Deposits from customers	11,537,567	109,018	1.91	10,239,371	103,580	2.03
Deposits and placements from banks and non-bank financial institutions	892,167	10,632	2.40	1,118,767	17,819	3.20
Financial assets sold under repurchase agreements	30,487	575	3.80	40,297	925	4.61
Debt securities issued	283,301	4,958	3.53	195,047	3,399	3.50
Other interest-bearing liabilities	33,705	504	3.01	2,663	18	1.38
Total interest-bearing liabilities	12,777,227	125,687	1.98	11,596,145	125,741	2.18
Non-interest-bearing liabilities	382,652			268,563		
Total liabilities	13,159,879	125,687		11,864,708	125,741	
Net interest income		187,660			169,692	
Net interest spread			2.54			2.53
Net interest margin			2.71			2.71

In the first half of 2013, the Group's net interest margin was 2.71%, the same as that of the same period last year. The main factors for the positive changes of net interest margin were as follows: First, the gross loans and advances to customers accounted for a higher proportion in interest-earning assets. Second, with strengthened control over the price and scale of deposits from banks and non-bank financial institutions, both the business volume and cost of deposits from banks and non-bank financial institutions decreased compared to the same period of 2012. Third, because of the benchmark deposit and lending interest rates cuts by the PBOC in 2012, the cost of deposits had a year-on-year decrease. The yield of loans decreased year-on-year due to the repricing of existing loans following the interest rate cuts, partially offsetting the positive effects of the above factors on net interest margin.

The following table shows the effects of the movement of the average balances and average interest rates of the Group's assets and liabilities on the change in interest income or expense for the first half of 2013 versus that of 2012.

(In millions of RMB)	Volume factor[1]	Interest rate factor[1]	Change in interest income/expense
Assets			
Gross loans and advances to customers	31,572	(19,417)	12,155
Investments in debt securities	1,496	1,388	2,884
Deposits with central banks	635	671	1,306
Deposits and placements with banks and non-bank financial institutions	2,474	(762)	1,712
Financial assets held under resale agreements	122	(265)	(143)
Change in interest income	36,299	(18,385)	17,914
Liabilities			
Deposits from customers	12,239	(6,801)	5,438
Deposits and placements from banks and non-bank financial institutions	(3,202)	(3,985)	(7,187)
Financial assets sold under repurchase agreements	(202)	(148)	(350)
Debt securities issued	1,540	19	1,559
Other interest-bearing liabilities	441	45	486
Change in interest expenses	10,816	(10,870)	(54)
Change in net interest income	25,483	(7,515)	17,968

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

Net interest income increased by RMB17,968 million over the same period last year, in which an increase of RMB25,483 million was due to the movement of average balances of assets and liabilities, and a decrease of RMB7,515 million was due to the movement of average yields or costs.

Interest income

In the first half of 2013, the Group's interest income was RMB313,347 million, an increase of RMB17,914 million, or 6.06%, over the same period of 2012. In this amount, the proportions of interest income from loans and advances to customers, investments in debt securities, deposits with central banks, deposits and placements with banks and non-bank financial institutions were 72.48%, 16.55%, 5.88% and 3.95% respectively.

Interest income from loans and advances to customers

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

	Six months ended 30 June 2013			Six months ended 30 June 2012		
(In millions of RMB, except percentages)	**Average balance**	**Interest income**	**Average yield (%)**	**Average balance**	**Interest income**	**Average yield (%)**
Corporate loans and advances	5,057,334	154,853	6.17	4,556,709	150,708	6.65
Short-term loans	1,785,299	52,928	5.98	1,510,690	49,678	6.61
Medium to long-term loans	3,272,035	101,925	6.28	3,046,019	101,030	6.67
Personal loans and advances	2,127,044	61,169	5.75	1,737,743	53,365	6.14
Discounted bills	144,625	3,737	5.21	120,837	5,005	8.33
Overseas operations and subsidiaries	512,911	7,361	2.89	374,141	5,887	3.16
Gross loans and advances to customers	7,841,914	227,120	5.84	6,789,430	214,965	6.37

Interest income from loans and advances to customers rose by RMB12,155 million, or 5.65% year-on-year, to RMB227,120 million, mainly because the average balance of loans and advances to customers increased by RMB1,052,484 million, or 15.50% year-on-year. And the average yield of loans and advances to customers decreased by 53 basis points to 5.84% over the same period last year, mainly due to the repricing of existing loans following the interest rate cuts in 2012. The Group actively adjusted credit structure and enhanced pricing management, and the weighted interest rate for newly granted loans increased every quarter from the beginning of the year.

Interest income from investments in debt securities

Interest income from investments in debt securities grew by RMB2,884 million, or 5.89%, to RMB51,850 million over the same period last year. This was mainly because the average yield of investments in debt securities increased by 11 basis points over the same period last year, due to the optimisation of the duration and structure of investments in RMB debt securities and increased investments in high-yield debt securities. In addition, the average balance of investments in debt securities increased by 3.03% year-on-year.

Interest income from deposits with central banks

Interest income from deposits with central banks amounted to RMB18,413 million, an increase of RMB1,306 million, or 7.63% over the same period last year. This was mainly because the average balance of deposits with central banks increased by 3.54% year-on-year. In addition, the amount of excess reserve was kept at a reasonable level, and the average yield increased by six basis points.

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

Interest income from deposits and placements with banks and non-bank financial institutions grew by RMB1,712 million to RMB12,375 million, a year-on-year increase of 16.06%. This was primarily because the average balance of deposits and placements with banks and non-bank financial institutions rose by 24.55% over the same period of 2012.

Interest income from financial assets held under resale agreements

Interest income from financial assets held under resale agreements decreased by RMB143 million, or 3.83%, year-on-year to RMB3,589 million. This was mainly because the average yield of financial assets held under resale agreements decreased by 29 basis points over the same period of 2012.

Interest expense

In the first half of 2013, the Group's interest expense was RMB125,687 million, a year-on-year decrease of RMB54 million, or 0.04%.

Interest expense on deposits from customers

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

	Six months ended 30 June 2013			**Six months ended 30 June 2012**		
(In millions of RMB, except percentages)	**Average balance**	**Interest expense**	**Average cost (%)**	**Average balance**	**Interest expense**	**Average cost (%)**
Corporate deposits	5,929,795	52,881	1.80	5,302,376	50,068	1.90
Demand deposits	3,507,945	12,365	0.71	3,223,782	13,956	0.87
Time deposits	2,421,850	40,516	3.37	2,078,594	36,112	3.47
Personal deposits	5,399,359	54,846	2.05	4,791,478	52,414	2.20
Demand deposits	2,237,182	3,971	0.36	1,905,815	4,527	0.48
Time deposits	3,162,177	50,875	3.24	2,885,663	47,887	3.32
Overseas operations and subsidiaries	208,413	1,291	1.25	145,517	1,098	1.52
Total deposits from customers	11,537,567	109,018	1.91	10,239,371	103,580	2.03

Interest expense on deposits from customers rose to RMB109,018 million, representing an increase of RMB5,438 million, or 5.25%, over the same period of 2012, mainly because the average balance rose by RMB1,298,196 million, or a year-on-year increase of 12.68%. The average cost of deposits decreased by 12 basis points to 1.91% compared to the same period in 2012, mainly because of the benchmark deposit and lending interest rates cuts by the PBOC in 2012.

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

Interest expense on deposits and placements from banks and non-bank financial institutions reached RMB10,632 million, a decrease of RMB7,187 million, or 40.33%, over the same period of 2012, largely because both the average balance and average cost of deposits and placements from banks and non-bank financial institutions decreased year-on-year due to the tighter control over the price of such deposits. Specifically, the average balance and average cost of deposits and placements from banks and non-bank financial institutions decreased by 20.25% and 80 basis points respectively over the same period last year.

Interest expense on financial assets sold under repurchase agreements

Interest expense on financial assets sold under repurchase agreements decreased by RMB350 million or 37.84% year-on-year to RMB575 million. This was primarily because the average balance and average cost of financial assets sold under repurchase agreements decreased by 24.34% and 81 basis points year-on-year respectively.

Net non-interest income

The following table shows the Group's composition of the net non-interest income and the changes during the respective periods.

(In millions of RMB, except percentages)	**Six months ended 30 June 2013**	**Six months ended 30 June 2012**	**Change (%)**
Fee and commission income	56,995	50,525	12.81
Minus: fee and commission expense	(1,471)	(1,282)	14.74
Net fee and commission income	55,524	49,243	12.76
Other net non-interest income	9,123	8,877	2.77
Total	64,647	58,120	11.23

In the first half of 2013, the Group's net non-interest income reached RMB64,647 million, an increase of RMB6,527 million, or 11.23% over the same period in 2012.

Net fee and commission income

The following table shows the Group's composition of the net fee and commission income and the changes during the respective periods.

(In millions of RMB, except percentages)	Six months ended 30 June 2013	Six months ended 30 June 2012	Change (%)
Fee and commission income	56,995	50,525	12.81
Consultancy and advisory fees	13,035	10,475	24.44
Bank card fees	11,947	9,132	30.83
Settlement and clearing fees	6,514	6,175	5.49
Agency service fees	6,509	7,282	(10.62)
Commission on trust and fiduciary activities	5,300	4,562	16.18
Wealth management service fees	5,189	5,618	(7.64)
Electronic banking service fees	2,807	2,251	24.70
Credit commitment fees	1,518	1,467	3.48
Guarantee fees	1,009	1,095	(7.85)
Others	3,167	2,468	28.32
Fee and commission expense	(1,471)	(1,282)	14.74
Net fee and commission income	55,524	49,243	12.76

In the first half of 2013, the Group's net fee and commission income increased by RMB6,281 million, or 12.76%, over the same period of 2012 to RMB55,524 million. The ratio of net fee and commission income to operating income increased by 0.39 percentage points to 22.01%.

Consultancy and advisory fees increased by 24.44% to RMB13,035 million. It was mainly due to the steady growth of cost advisory service as a traditionally advanced business. Income from new financial advisory services such as mergers and acquisitions (M&A), restructuring and project financing grew fast.

Bank card fees grew by 30.83% to RMB11,947 million. In this amount, income from credit cards increased by over 50%, mainly because income from instalment transactions grew fast. Fees collected from bank cards operating on ATM maintained a double-digit increase.

Settlement and clearing fees increased by 5.49% to RMB6,514 million. In this amount, the conventional settlement service developed steadily. Income from new settlement products such as corporate letter of credit and corporate settlement card, which were strongly promoted, grew well.

Agency service fees decreased by 10.62% to RMB6,509 million. This was mainly because the income from trust agency service dropped. Meanwhile, income from financial services for housing reform recorded a good growth.

Commission on trust and fiduciary activities was RMB5,300 million, up 16.18%. In this amount, income from custodial services for securities investment funds, enterprise annuities and equity investment funds grew steadily.

Wealth management service fees dropped by 7.64% to RMB5,189 million. It was mainly because the newly allocated underlying assets had smaller risk exposures and shorter durations, as required by the cautious and prudent operation strategy and promotion of compliance operation. This resulted in lower asset prices compared with those of the same period last year. In addition, a relatively higher yield of investment in wealth management products was provided to maintain the market advantage and fulfil investors' demands.

Electronic banking service fees grew by 24.70% to RMB2,807 million. This was mainly due to the rapid growth of customer base and steady expansion of trading volume of electronic banking channels including online banking, mobile phone banking and SMS financial service.

Going forward, the Group will continue to make greater efforts in product innovation and service upgrade, and strive for improvement of customer experience and expansion of customer and channel bases, to promote the healthy and sustainable growth of fee and commission income.

Other net non-interest income

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

(In millions of RMB, except percentages)	**Six months ended 30 June 2013**	**Six months ended 30 June 2012**	**Change (%)**
Net trading gain	1,270	350	262.86
Dividend income	193	89	116.85
Net gain arising from investment securities	302	1,814	(83.35)
Other net operating income	7,358	6,624	11.08
Total	9,123	8,877	2.77

Other net non-interest income of the Group was RMB9,123 million, an increase of RMB246 million, or 2.77%, compared to the same period last year. In this amount, net trading gain was RMB1,270 million, with a significant increase of 262.86%, or a year-on-year growth of RMB920 million. It was mainly because of the largely increased gains from the trading of precious metals. Net gain arising from investment securities was RMB302 million, a decrease of RMB1,512 million, or 83.35% year-on-year. This was mainly because the realised investment gains from available-for-sale equity instruments for the same period last year were higher.

Operating expenses

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

(In millions of RMB, except percentages)	Six months ended 30 June 2013	Six months ended 30 June 2012
Staff costs	35,985	33,982
Premises and equipment expenses	12,082	10,657
Business taxes and surcharges	15,780	14,975
Other business costs	4,165	2,681
Others	13,055	12,275
Total operating expenses	81,067	74,570
Cost-to-income ratio	24.63%	25.28%

In the first half of 2013, facing the complex situation and serious challenges, the Group succeeded in strictly controlling general expenses by formulating rules and regulations to strengthen its cost management. The Group's total operating expenses were RMB81,067 million, a year-on-year increase of RMB6,497 million, or 8.71%, 10.49 percentage points lower than the growth rate of the same period last year. Other business costs were RMB4,165 million, an increase of RMB1,484 million, or 55.35% year-on-year. This was mainly because the insurance business of CCB Life grew rapidly and its costs and expenses correspondingly grew significantly. Cost-to-income ratio fell by 0.65 percentage points to 24.63% year-on-year, as cost efficiency further improved.

Impairment losses

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

(In millions of RMB)	Six months ended 30 June 2013	Six months ended 30 June 2012
Loans and advances to customers	16,067	14,726
Investments	(652)	172
Available-for-sale financial assets	(1,120)	(253)
Held-to-maturity investments	598	55
Debt securities classified as receivables	(130)	370
Others	639	(160)
Total impairment losses	16,054	14,738

In the first half of 2013, the Group's impairment losses were RMB16,054 million, an increase of RMB1,316 million year-on-year. In this amount, impairment losses on loans and advances to customers were RMB16,067 million, an increase of RMB1,341 million year-on-year. Reversal of impairment losses on investments were RMB652 million, which was mainly because part of the allowances for impairment losses on foreign currency bonds were reserved due to the improved issuers' fundamentals and the market rally.

Income tax expense

In the first half of 2013, the Group's income tax expense reached RMB35,225 million, an increase of RMB3,207 million year-on-year. The Group's effective income tax rate was 22.70%, lower than the 25% statutory rate, largely because the interest income from the PRC government bonds held by the Group was non-taxable in accordance with tax regulations.

Statement of Financial Position Analysis

Assets

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

(In millions of RMB, except percentages)	As at 30 June 2013		As at 31 December 2012	
	Amount	**% of total**	**Amount**	**% of total**
Gross loans and advances to customers	8,095,052		7,512,312	
Allowances for impairment losses on loans	(212,981)		(202,433)	
Net loans and advances to customers	7,882,071	53.05	7,309,879	52.31
Investments [1]	2,909,560	19.58	2,866,648	20.52
Cash and deposits with central banks	2,536,161	17.07	2,458,069	17.59
Deposits and placements with banks and non-bank financial institutions	865,399	5.82	715,551	5.12
Financial assets held under resale agreements	335,442	2.26	316,685	2.27
Interest receivable	78,835	0.53	68,264	0.49
Other assets [2]	251,746	1.69	237,732	1.70
Total assets	14,859,214	100.00	13,972,828	100.00

1. These comprise financial assets at fair value through profit or loss, available-for-sale financial assets, held-to-maturity investments, and debt securities classified as receivables.
2. These comprise precious metals, positive fair value of derivatives, interests in associates and jointly controlled entities, fixed assets, intangible assets, goodwill, deferred tax assets and other assets.

As at 30 June 2013, the Group's total assets stood at RMB14,859,214 million, an increase of RMB886,386 million, or 6.34%, over the end of last year. This was mainly due to increases in loans and advances to customers, deposits and placements with banks and non-bank financial institutions. In this amount, with the Group's active support for the development in real economy and people's livelihood sectors, net loans and advances to customers accounted for 53.05% of total assets, an increase of 0.74 percentage points over the end of 2012. Deposits and placements with banks and non-bank financial institutions accounted for 5.82% of total assets, an increase of 0.70 percentage points, due to increases in principal-guaranteed wealth management products and corresponding fund use. The Group adjusted the amounts of investments in debt securities in accordance with the liquidity situation in the market, and investments decreased by 0.94 percentage points, accounting for 19.58% of total assets. Cash and deposits with central banks decreased by 0.52 percentage points, accounting for 17.07% of total assets.

Loans and advances to customers

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

(In millions of RMB, except percentages)	As at 30 June 2013		As at 31 December 2012	
	Amount	**% of total**	**Amount**	**% of total**
Corporate loans and advances	5,129,986	63.37	4,963,050	66.07
Short-term loans	1,758,655	21.72	1,725,607	22.97
Medium to long-term loans	3,371,331	41.65	3,237,443	43.10
Personal loans and advances	2,234,622	27.61	2,017,826	26.86
Residential mortgages	1,699,928	21.00	1,528,757	20.35
Credit card loans	218,431	2.70	177,936	2.37
Personal consumer loans	77,580	0.96	80,556	1.07
Personal business loans	95,489	1.18	101,776	1.36
Other loans [1]	143,194	1.77	128,801	1.71
Discounted bills	154,575	1.91	137,558	1.83
Overseas operations and subsidiaries	575,869	7.11	393,878	5.24
Gross loans and advances to customers	8,095,052	100.00	7,512,312	100.00

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

As at 30 June 2013, the Group's gross loans and advances to customers rose by RMB582,740 million, or 7.76%, over the end of 2012, to RMB8,095,052 million.

Domestic corporate loans and advances of the Bank reached RMB5,129,986 million, an increase of RMB166,936 million, or 3.36%, over the end of 2012, mainly invested in infrastructure sectors, small and micro businesses and agriculture-related loans. In this amount, short-term loans increased by RMB33,048 million, or 1.92%, and medium to long-term loans increased by RMB133,888 million, or 4.14%.

Domestic personal loans and advances of the Bank increased by RMB216,796 million, or 10.74%, over the end of 2012, to RMB2,234,622 million. In this amount, residential mortgages rose by RMB171,171 million, or 11.20%, mainly to support the financing needs for residential purpose. Credit card loans maintained a rapid growth, increasing by RMB40,495 million, or 22.76% over the end of last year. Personal consumer loans and personal business loans decreased as a result of the enhancement of the loan use management and risk control.

Discounted bills increased by RMB17,017 million, or 12.37%, to RMB154,575 million over the end of 2012, chiefly used to meet the short-term financing needs of targeted prime customers.

Loans and advances to customers of overseas entities and subsidiaries rose by RMB181,991 million, or 46.20%, over the end of 2012, to RMB575,869 million, largely attributable to the rapid loan growth in Hong Kong and other regions.

Distribution of loans by type of collateral

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

(In millions of RMB, except percentages)	As at 30 June 2013		As at 31 December 2012	
	Amount	**% of total**	**Amount**	**% of total**
Unsecured loans	2,217,693	27.40	2,084,988	27.76
Guaranteed loans	1,579,601	19.51	1,441,826	19.19
Loans secured by tangible assets other than monetary assets	3,489,172	43.10	3,176,420	42.28
Loans secured by monetary assets	808,586	9.99	809,078	10.77
Gross loans and advances to customers	8,095,052	100.00	7,512,312	100.00

Allowances for impairment losses on loans and advances to customers

(In millions of RMB)	Six months ended 30 June 2013			
	Allowances for loans and advances which are collectively assessed	**Allowances for impaired loans and advances**		**Total**
		which are collectively assessed	**which are individually assessed**	
As at 1 January	152,710	3,909	45,814	202,433
Charge for the period	5,070	1,410	15,232	21,712
Release during the period	-	-	(5,645)	(5,645)
Unwinding of discount	-	-	(721)	(721)
Transfers out	-	(1)	(450)	(451)
Write-offs	-	(386)	(4,994)	(5,380)
Recoveries	-	52	981	1,033
As at 30 June	157,780	4,984	50,217	212,981

In the first half of 2013, the Group adhered to the prudent principle by fully considering the impact of changes in external environment including macro economy and government control policies on credit asset quality, and made full provisions for impairment losses on loans and advances to customers. As at 30 June 2013, the allowances for impairment losses on loans and advances to customers were RMB212,981 million, an increase of RMB10,548 million over the end of 2012. The ratio of allowances to non-performing loans was 265.20%, down 6.09 percentage points over the end of 2012. The ratio of allowances to total loans stood at 2.63%, down 0.06 percentage points over the end of 2012.

Investments

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

(In millions of RMB, except percentages)	As at 30 June 2013		As at 31 December 2012	
	Amount	**% of total**	**Amount**	**% of total**
Debt securities investments	2,890,223	99.34	2,847,441	99.33
Equity instruments	18,612	0.64	17,967	0.63
Funds	725	0.02	1,240	0.04
Total investments	2,909,560	100.00	2,866,648	100.00

In the first half of 2013, in accordance with its annual investment and trading strategy and risk policy requirements, the Group proactively dealt with regulatory and market changes to achieve the balance between risks and returns, and continuously improved the yield of investment portfolio. As at 30 June 2013, the Group's investments totalled RMB2,909,560 million, an increase of RMB42,912 million, or 1.50% over the end of 2012. In this amount, debt securities investments accounted for 99.34% of total investments, an increase of 0.01 percentage points over the end of 2012.

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

(In millions of RMB, except percentages)	As at 30 June 2013		As at 31 December 2012	
	Amount	**% of total**	**Amount**	**% of total**
Financial assets at fair value through profit or loss	44,244	1.52	27,572	0.96
Available-for-sale financial assets	756,318	26.00	701,041	24.46
Held-to-maturity investments	1,891,545	65.01	1,918,322	66.92
Debt securities classified as receivables	217,453	7.47	219,713	7.66
Total investments	2,909,560	100.00	2,866,648	100.00

Debt securities investments

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

(In millions of RMB, except percentages)	As at 30 June 2013		As at 31 December 2012	
	Amount	**% of total**	**Amount**	**% of total**
RMB	2,830,525	97.93	2,775,236	97.46
USD	25,170	0.87	25,515	0.90
HKD	25,878	0.90	37,592	1.32
Other foreign currencies	8,650	0.30	9,098	0.32
Total investments in debt securities	2,890,223	100.00	2,847,441	100.00

As at 30 June 2013, total investments in debt securities increased by RMB42,782 million, or 1.50%, over the end of 2012 to RMB2,890,223 million. In this amount, RMB debt securities increased by RMB55,289 million, or 1.99%, while the foreign currency debt securities decreased by RMB12,507 million, or 17.32% over the end of 2012.

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

(In millions of RMB, except percentages)	As at 30 June 2013		As at 31 December 2012	
	Amount	**% of total**	**Amount**	**% of total**
Government	967,027	33.45	939,182	32.98
Central banks	216,972	7.51	335,309	11.78
Policy banks	393,422	13.61	351,086	12.33
Banks and non-bank financial institutions	849,699	29.40	798,952	28.06
Public sector entities	303	0.01	341	0.01
Cinda	52,794	1.83	57,622	2.02
Other enterprises	410,006	14.19	364,949	12.82
Total investments in debt securities	2,890,223	100.00	2,847,441	100.00

Interest receivable

As at 30 June 2013, the Group's interest receivable was RMB78,835 million, an increase of RMB10,571 million, or 15.49%, over the end of 2012. This was mainly due to the growth in loans and debt securities investments.

Liabilities

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

(In millions of RMB, except percentages)	As at 30 June 2013		As at 31 December 2012	
	Amount	**% of total**	**Amount**	**% of total**
Deposits from customers	12,149,438	87.67	11,343,079	87.10
Deposits and placements from banks and non-bank financial institutions	888,140	6.41	1,097,743	8.43
Financial assets sold under repurchase agreements	1,177	0.01	2,360	0.02
Debt securities issued	315,950	2.28	262,991	2.02
Other liabilities[1]	503,998	3.63	317,110	2.43
Total liabilities	13,858,703	100.00	13,023,283	100.00

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

As at 30 June 2013, the Group's total liabilities were RMB13,858,703 million, an increase of RMB835,420 million, or 6.41%, over the end of 2012. In this amount, deposits from customers, which provided the Group with stable funding source, increased by 0.57 percentage points over the end of 2012, and accounted for 87.67% of total liabilities. The Group imposed reasonable controls on the growth of deposits from other banks, while deposits and placements from banks and non-bank financial institutions accounted for 6.41% of total liabilities, a decrease of 2.02 percentage points. Debt securities issued increased by 0.26 percentage points, and accounted for 2.28% of total liabilities, mainly because the overseas branches and CCB Asia issued more certificates of deposit.

Deposits from customers

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

(In millions of RMB, except percentages)	As at 30 June 2013		As at 31 December 2012	
	Amount	**% of total**	**Amount**	**% of total**
Corporate deposits	6,348,152	52.25	6,073,726	53.55
Demand deposits	3,786,413	31.16	3,714,628	32.75
Time deposits	2,561,739	21.09	2,359,098	20.80
Personal deposits	5,593,048	46.04	5,077,930	44.77
Demand deposits	2,306,903	18.99	2,092,791	18.45
Time deposits	3,286,145	27.05	2,985,139	26.32
Overseas operations and subsidiaries	208,238	1.71	191,423	1.68
Total deposits from customers	12,149,438	100.00	11,343,079	100.00

As at 30 June 2013, the Group's total deposits from customers reached RMB12,149,438 million, an increase of RMB806,359 million, or 7.11% over the end of 2012. In this amount, domestic time deposits of the Bank increased by RMB503,647 million, or 9.42%, higher than the 4.92% growth of demand deposits, and accounted for 48.14% of total deposits from customers, an increase of 1.02 percentage points over the end of 2012.

Shareholders' equity

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

(In millions of RMB)	As at 30 June 2013	As at 31 December 2012
Share capital	250,011	250,011
Capital reserve	135,353	135,217
Investment revaluation reserve	1,722	3,023
Surplus reserve	86,718	86,718
General reserve	152,338	80,483
Retained earnings	371,887	391,034
Exchange reserve	(5,655)	(4,818)
Total equity attributable to equity shareholders of the Bank	992,374	941,668
Non-controlling interests	8,137	7,877
Total equity	1,000,511	949,545

As at 30 June 2013, the Group's total equity reached RMB1,000,511 million, an increase of RMB50,966 million over the end of 2012. The ratio of total equity to total assets for the Group was 6.73%. The daily average loan-to-deposit ratio for the first half of 2013 was 67.97%, up 1.66 percentage points year-on-year.

Loan Quality Analysis

Distribution of loans by the five-category classification

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

(In millions of RMB, except percentages)	As at 30 June 2013		As at 31 December 2012	
	Amount	% of total	Amount	% of total
Normal	7,811,176	96.50	7,233,287	96.29
Special mention	203,566	2.51	204,407	2.72
Substandard	31,169	0.38	32,745	0.43
Doubtful	40,927	0.51	33,713	0.45
Loss	8,214	0.10	8,160	0.11
Gross loans and advances to customers	8,095,052	100.00	7,512,312	100.00
Non-performing loans	80,310		74,618	
Non-performing loan ratio		0.99		0.99

In the first half of 2013, the Group stepped up credit structure adjustments, strengthened comprehensive post-lending management and risk prevention and mitigation, and expedited NPL disposal. As a result, credit asset quality continued to be stable. As at 30

June 2013, the Group's NPLs were RMB80,310 million, an increase of RMB5,692 million from the end of 2012, while the NPL ratio remained the same as that of the end of 2012, at 0.99%. The proportion of special mention loans slid to 2.51%, 0.21 percentage points lower from the end of 2012.

Distribution of loans and NPLs by product type

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

(In millions of RMB, except percentages)	As at 30 June 2013			As at 31 December 2012		
	Loans	**NPLs**	**NPL ratio (%)**	**Loans**	**NPLs**	**NPL ratio (%)**
Corporate loans and advances	5,129,986	72,099	1.41	4,963,050	67,575	1.36
Short-term loans	1,758,655	47,356	2.69	1,725,607	40,298	2.34
Medium to long-term loans	3,371,331	24,743	0.73	3,237,443	27,277	0.84
Personal loans and advances	2,234,622	7,451	0.33	2,017,826	5,895	0.29
Residential mortgages	1,699,928	3,111	0.18	1,528,757	2,809	0.18
Credit card loans	218,431	1,273	0.58	177,936	1,090	0.61
Personal consumer loans	77,580	784	1.01	80,556	740	0.92
Personal business loans	95,489	1,546	1.62	101,776	580	0.57
Other loans [1]	143,194	737	0.51	128,801	676	0.52
Discounted bills	154,575	-	-	137,558	-	-
Overseas operations and subsidiaries	575,869	760	0.13	393,878	1,148	0.29
Total	8,095,052	80,310	0.99	7,512,312	74,618	0.99

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

As at 30 June 2013, affected by the macro-economic fluctuations, the NPL ratio for corporate loans and advances was 1.41%, an increase of 0.05 percentage points over the end of 2012, and that for personal loans and advances was 0.33%, an increase of 0.04 percentage points over the end of 2012. The Group strengthened overseas risk management and consolidated management at the Group level, and the asset quality of overseas entities and subsidiaries improved steadily.

Distribution of loans and NPLs by industry

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

	As at 30 June 2013				As at 31 December 2012			
(In millions of RMB, except percentages)	Loans	% of total	NPLs	NPL ratio (%)	Loans	% of total	NPLs	NPL ratio (%)
Corporate loans and advances	5,129,986	63.37	72,099	1.41	4,963,050	66.07	67,575	1.36
Manufacturing	1,273,402	15.73	33,317	2.62	1,275,213	16.97	30,690	2.41
Transportation, storage and postal services	908,495	11.22	3,943	0.43	856,728	11.40	3,208	0.37
Production and supply of electric power, heat, gas and water	568,436	7.02	2,252	0.40	593,497	7.90	3,157	0.53
Real estate	486,507	6.01	3,609	0.74	456,811	6.08	4,462	0.98
Leasing and commercial services	426,956	5.27	1,316	0.31	390,186	5.19	1,606	0.41
- Commercial services	416,197	5.14	1,310	0.31	377,550	5.03	1,590	0.42
Wholesale and retail trade	360,305	4.45	20,994	5.83	356,434	4.74	17,656	4.95
Water, environment and public utility management	259,727	3.21	202	0.08	235,694	3.14	223	0.10
Construction	227,720	2.81	2,066	0.91	218,808	2.91	1,654	0.76
Mining	199,262	2.46	376	0.19	196,666	2.62	458	0.23
- Exploitation of petroleum and natural gas	3,981	0.05	8	0.20	13,501	0.18	12	0.09
Education	70,958	0.88	318	0.45	66,183	0.88	362	0.55
Information transmission, software and information technology services	23,863	0.29	988	4.14	24,639	0.33	984	3.99
- Telecommunications, broadcast and television, and satellite transmission services	17,583	0.22	489	2.78	19,159	0.26	495	2.58
Others	324,355	4.02	2,718	0.84	292,191	3.91	3,115	1.07
Personal loans and advances	2,234,622	27.61	7,451	0.33	2,017,826	26.86	5,895	0.29
Discounted bills	154,575	1.91	-	-	137,558	1.83	-	-
Overseas operations and subsidiaries	575,869	7.11	760	0.13	393,878	5.24	1,148	0.29
Total	8,095,052	100.00	80,310	0.99	7,512,312	100.00	74,618	0.99

In the first half of 2013, in line with the 12th Five-Year Plan and changes in other external policies, the Group timely optimised its credit policies and structural adjustment plan, and refined its criteria in customer selection. It adhered to the limit management for various industries, and steadily promoted credit structural adjustments. As affected by fluctuations in macro-economy and certain regional environment, the NPL ratios for manufacturing, wholesale and retail trade, and other industries rose.

Capital Adequacy Ratio Analysis

From the first quarter of 2013, the Group commenced to calculate capital adequacy ratios, in accordance with the *Measures for Capital Management of Commercial Banks (Trial),* promulgated by the CBRC in June 2012. The scope for calculating capital adequacy ratios includes both the Bank's domestic and overseas branches and sub-branches, and subsidiaries with financial institutional functions (insurance companies excluded).

Capital adequacy ratio

According to the regulatory requirements, commercial banks have to simultaneously calculate and disclose capital adequacy ratios in accordance with the *Measures for Capital Management of Commercial Banks (Trial)* and the *Measures for the Management of Capital Adequacy Ratios of Commercial Banks.*

The following table shows the information related to the capital adequacy ratios of the Group and the Bank.

	As at 30 June 2013	
	The Group	**The Bank**
Capital adequacy ratios in accordance with the *Measures for Capital Management of Commercial Banks (Trial)*		
Common Equity Tier 1 ratio	10.66%	10.46%
Tier 1 ratio	10.66%	10.46%
Total capital ratio	13.34%	13.18%
Capital adequacy ratios in accordance with the *Measures for the Management of Capital Adequacy Ratios of Commercial Banks*		
Core capital adequacy ratio	11.37%	11.27%
Capital adequacy ratio	14.18%	13.94%

Capital adequacy ratios, which are calculated in accordance with the *Measures for Capital Management of Commercial Banks (Trial),* include operational risk into the measurement scope, with modifications of rules on capital definition, risk weights for on and off-balance sheet assets, and credit conversion factors for off-balance sheet assets. Changes of rules have an impact on the Group's capital adequacy ratios.

As at 30 June 2013, the Group's total capital ratio, which was calculated in accordance with the *Measures for Capital Management of Commercial Banks (Trial),* was 13.34%, down 0.29 percentage points over the end of the first quarter of 2013. This was mainly due to the implementation of the 2012 cash dividend plan in the second quarter of 2013.

Composition of capital

The following table shows the information related to the composition of capital of the Group in accordance with the *Measures for Capital Management of Commercial Banks (Trial).*

(In millions of RMB)	**As at 30 June 2013**
Common Equity Tier 1 capital	
Qualifying common share capital	250,011
Capital reserve[1]	137,077
Surplus reserve	86,718
General reserve	152,333
Retained earnings	371,657
Minority interest given recognition in Common Equity Tier 1 capital	3,491
Others[2]	(5,222)
Deductions for Common Equity Tier 1 capital	
Goodwill[3]	1,434
Other intangible assets (excluding land use right)[3]	1,480
Cash-flow hedge reserve	193
Investments in common equity of financial institutions being controlled but outside the scope of regulatory consolidation	3,902
Additional Tier 1 capital	
Minority interest given recognition in Additional Tier 1 capital	14
Tier 2 capital	
Directly issued qualifying Tier 2 instruments including related stock surplus	144,000
Provisions in Tier 2	105,242
Minority interest given recognition in Tier 2 capital	93
Common Equity Tier 1 capital after deductions[4]	989,056
Tier 1 capital after deductions[4]	989,070
Total capital after deductions[4]	1,238,405

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

Risk-weighted assets

The following table shows the information related to the risk-weighted assets of the Group in accordance with the *Measures for Capital Management of Commercial Banks (Trial)*. The credit risk-weighted assets are calculated with the regulatory weight approach, the market risk-weighted assets are calculated with the standardised approach, and the operational risk-weighted assets are calculated with the basic indicator approach.

(In millions of RMB)	**As at 30 June 2013**
Credit risk-weighted assets	8,524,651
Market risk-weighted assets	22,740
Operational risk-weighted assets	734,629
Total risk-weighted assets	9,282,020

Credit risk exposure

The following table shows the information related to the credit risk exposure of assets portfolios of the Group before and after mitigation in accordance with *the Measures for Capital Management of Commercial Banks (Trial).*

(In millions of RMB)	**As at 30 June 2013**	
	Risk exposure	**Risk exposure after mitigation**
On-balance sheet credit risks items	14,793,372	14,156,778
Cash and cash equivalents	2,512,490	2,512,490
Claims on central governments and central banks	1,165,451	1,165,451
Claims on public sector entities	203,349	112,705
Claims on domestic financial institutions	2,656,137	2,438,572
Claims on financial institutions registered in other countries/areas	37,956	37,506
Claims on general enterprises and public institutions	5,642,443	5,319,337
Claims on qualifying micro and small enterprises	77,797	74,874
Claims on individual customers	2,244,093	2,242,187
Equity investments	19,959	19,959
Securitisation	2,707	2,707
Other on-balance sheet items	230,990	230,990
Off-balance sheet credit risk items	1,125,778	888,893
Counterparty credit risk	29,958	29,958
Total	15,949,108	15,075,629

Equity risk exposure of banking book

The following table shows the information related to the equity risk exposure of banking book and the unrealised potential risk gains or losses of the Group.

(In millions of RMB)			As at 30 June 2013
Invested institution categories	**Publicly traded equity risk exposures**[1]	**Non-publicly traded equity risk exposures**[1]	**Unrealised potential risk gains or losses**[2]
Financial institutions	1,435	1,066	351
Non-financial institutions	6,450	11,008	2,768
Total	7,885	12,074	3,119

1. Publicly traded equity risk exposures are the equity risk exposures of invested institutions that are listed companies. Non-publicly traded equity risk exposures are the equity risk exposures of invested institutions that are unlisted companies.
2. Unrealised potential risk gains or losses are the portion of gains or losses that have been recognised in the statement of financial position but not in the statement of comprehensive income.

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

There is no difference in the net profit for the six months ended 30 June 2013 or total equity as at 30 June 2013 between the Group's consolidated financial statements prepared under PRC GAAP and those prepared under IFRS.

Business Review

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

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

(In millions of RMB, except percentages)	Six months ended 30 June 2013		Six months ended 30 June 2012	
	Amount	**% of total**	**Amount**	**% of total**
Corporate banking	74,798	48.20	70,610	50.98
Personal banking	39,617	25.53	26,022	18.79
Treasury business	38,621	24.88	39,044	28.19
Others	2,153	1.39	2,836	2.04
Profit before tax	155,189	100.00	138,512	100.00

Corporate Banking

Profit before tax from corporate banking segment, the Group's main profit contributor, increased by 5.93% over the same period last year to RMB74,798 million, and accounted for 48.20% of the Group's profit before tax. Operating income increased by 6.80% over the same period last year. In this amount, net interest income from corporate banking increased by 6.08% over the same period last year, driven by the development of corporate deposit and loan businesses; net fee and commission income increased by 9.75% over the same period last year, boosted by some key products such as cost advisory service and corporate settlement. The increase in non-performing corporate loans was more than that over the same period last year because of macro-economic fluctuations, and more provisions for impairment losses on non-performing corporate loans were made. As a result, impairment losses increased by 15.27% over the same period last year.

Corporate deposits

While strengthening the retention of existing customers, the Bank also focused on portfolio application and innovation of deposit products to promote the steady growth of corporate deposits. At the end of June, domestic corporate deposits of the Bank amounted to RMB6,348,152 million, an increase of RMB274,426 million, or 4.52% over the end of last year. In this amount, demand deposits increased by 1.93%, and time deposits increased by 8.59%.

Corporate loans

The Bank's corporate loans were granted at a stable and balanced pace to mainly support the development of real economy. At the end of June, domestic corporate loans and advances of the Bank amounted to RMB5,129,986 million, an increase of RMB166,936 million, or 3.36%. Loans to infrastructure sectors totalled RMB2,174,419 million, an increase of 3.73%. Agriculture-related loans amounted to RMB1,374,153 million, up 7.79%. In this amount, loans to new countryside construction increased by 45.48% to RMB107,966 million, with the number of pilot branches up to 26. Development loans for indemnificatory housing projects increased by 30.91% to RMB77,344 million under the principle of commercial sustainability. As a market leader in internet merchant business, the accumulated amount of loans in this field since 2008 exceeded RMB100 billion.

Loans to the "6+1" industries with excess capacity, including iron and steel, cement, coal chemical, plate glass, wind power equipment, polycrystalline silicon as well as the shipbuilding sector, decreased by RMB7,552 million over the end of 2012. Loans to government financing vehicles were effectively controlled and cleaned up. Those classified under the regulatory category amounted to RMB377,361 million, a decrease of RMB34,108 million, and the loans fully covered by cash flows accounted for 95.10%. Property development loans were mainly in support of the real estate customers and the general residential projects with high credit rating, good business performance and proper closed management of project funds. The outstanding balance of property development loans was RMB431,927 million, an increase of RMB16,157 million over the end of 2012.

Small enterprise business

The Bank regards small enterprise business as its strategic business. In the first half of 2013, the Bank continued to promote small business transformation with regard to "microfinance" and "standardisation", and conducted marketing in batches for small business through industrial chains, business communities and government, associations and other cooperation platforms. The Bank realised sales of petty loans at the outlets and 7*24 online handling throughout the whole process by fully taking advantage of outlets and network channels. The Bank continuously extended its product range, and developed four major product categories, including "Growing Path", "Easy Loan", "Petty Loan", and "Credit Loan". At the end of June, according to the SME standards jointly issued by four ministries and commissions including the Ministry of Industry and Information Technology in 2011, loans to small and micro businesses were RMB750,258 million, and the number of small and micro business customers reached 77,074.

Cost advisory service

Cost advisory service is the Bank's unique fee-based business product with a strong brand. It has had a history of nearly 60 years since it emerged and developed along with the Bank's long-term practices of investment in fixed assets and being the agency of the state financial functions. The Bank's 37 tier-one branches had the grade-A qualification for engineering cost advisory service issued by the Ministry of Housing and Urban-Rural Development, and 156 tier-two branches set up specialised units for cost advisory service. The Bank had sound rules and regulations and a product service system, and stable professional teams with rich practical experience and solid technical strength. By providing customers with high quality and effective services and preventing related business risks, the Bank proactively innovated products and endeavoured to explore the market by integrating the traditional cost advisory service with financial services. All these led to the improvement of its industry position and brand image. In the first half of 2013, income from cost advisory service amounted to RMB5,600 million, a year-on-year increase of 23.04%.

Institutional business

The Bank expanded on its "Minben Tongda" brand, and continuously promoted the sub-brand on comprehensive financial services for cultural sectors. The Bank entered into a strategic cooperation agreement with Xinhuanet. Both sides agreed to carry out in-depth cooperation in financial news information services, brand promotion, domestic and international markets exploration, social welfare promotion and other aspects. The Bank ranked first in terms of number of customers of the central finance authorised payment and non-tax revenue collection agency service. Through researches on channels and flows of the allocation of fiscal funds, the Bank spared no efforts to work on downstream receipt rate of the central finance authorised payment funds, with receipt rate increasing by 4.79 percentage points over last year. The total number of “Xincunguan” customers amounted to 22.37 million, ranking first in the market. The Bank continued to be the market leader in the number of accounts of through-train banking services for futures.

International business

In the first half of 2013, international settlement volume reached US$547 billion, a year-on-year increase of 14.21%; cross-border RMB settlement volume totalled RMB395,122 million, a year-on-year increase of 42.91%. Overseas letter of guarantee, as a matured cross-border financial service product, strongly supported Chinese enterprises’ overseas financing, cross-border mergers and acquisitions, overseas project contracting, etc. The Bank started pilot work for fund collection of multinational corporations’ headquarters and actively explored global cash management service to assist enterprises achieving overseas fund collection. The Bank continued to promote the building of cross-border RMB clearing network. At the end of June, the Bank opened 142 RMB nostro and vostro accounts for cross-border trading which covered 33 countries and regions.

Asset custodial business

Asset custodial business adopted a customer strategy of “a close eye on the market and differentiated marketing”, and active marketing efforts were made for targeted prime customers for asset custodial business, achieving a rising market position. At the end of June, the Bank’s assets under custody amounted to RMB2.77 trillion. The increases of the number and units of securities investments funds under custody ranked first in the market. The Bank had five new Qualified Foreign Institutional Investor (QFII) customers under custody, and the first RQFII custody service was officially put into operation. Insurance assets under custody amounted to RMB470,773 million, an increase of 12.23% over the end of last year. The Bank successfully obtained custody qualification of China’s first bond index Exchange-Traded Funds (ETF) and cross-border ETF for U.S. stocks. The Bank was also the first batch of banks that were allowed to run custody services for pension product of enterprise annuity that was issued by fund manager of enterprise annuity and confirmed by regulatory authorities. Moreover, the first custody service of special asset management plan for the security company was officially put into operation.

Pension business

Pension business developed well with positive progress in product innovation. At the end of June, the number of contracted pension customers amounted to 15,995, an increase of 15.25%; pension assets under trusteeship amounted to RMB32,087 million, up 30.69%; pension assets under custody in operation amounted to RMB72,997 million, up 13.81%; the number of personal pension accounts in operation amounted to 2.88 million, an increase of 12.46%. The Bank and China Silver Industry Association jointly launched CCB pension card, being the first bank card product in pension business. The outstanding performance of the Bank’s pension business gained market recognition, and was awarded the first “Chinese People’s Livelihood, the Leading Brand of China’s Pension Financial Services”.

Treasury management and settlement business

Treasury management and settlement business developed rapidly, with significant growth in the number of both accounts and customers. At the end of June, the Bank had 3.62 million corporate RMB settlement accounts, an increase of 220,000 over the end of last year; it had 920,000 cash management customers, an increase of 160,000. Advantage products such as multiple-mode cash pool, corporate settlement card and all-in-one corporate accounts grew rapidly. The Bank optimised product functions such as real time cash pool, periodic payment limits and electronic commercial bill of corporate online banking. The market influence of the Bank’s cash management service branded as “Yudao” steadily expanded.

Personal Banking

Personal banking segment achieved profit before tax of RMB39,617 million with a significant year-on-year increase of 52.24%, and accounted for 25.53% of the Group’s profit before tax, up 6.74 percentage points. Operating income increased largely by 24.42% over the same period last year. In this amount, net interest income increased by 25.49% over the same period last year as a result of the rapid growth of personal deposit and loan businesses; net fee and commission income increased by 17.67%, benefiting from the growth of income from fee-based businesses including credit card and personal settlement. As the increase of personal overdue loans was less than that in the same period last year, the impairment losses decreased by RMB539 million over the same period last year.

Personal deposits

The Bank attracted funds and customers at source by actively carrying out peak season marketing and special marketing activities, and personal deposits grew rapidly. At the end of June, domestic personal deposits of the Bank rose by RMB515,118 million, or 10.14%, to RMB5,593,048 million. In this amount, demand deposits picked up by 10.23% and time deposits increased by 10.08%.

Personal loans

Personal loans of the Bank grew steadily, and asset quality remained at a sound level. At the end of June, domestic personal loans of the Bank totalled RMB2,234,622 million, an increase of RMB216,796 million, or 10.74%, over the end of last year.

The Bank persisted in supporting residential housing, and endeavoured to provide customers with more innovative products and better professional services. The Bank continued to optimise the “Safe House Trading” housing fund custody service, to safeguard housing transaction funds. It granted indemnificatory housing loans to low and middle-income groups. At the end of June, residential mortgages of the Bank increased by 11.20% to RMB1,699,928 million, ranking first in the market in terms of loan balance.

The Bank persisted in its standard of quality customers plus effective collateral for personal consumer and operation loans to mainly provide services to the livelihood sectors, with enhanced fundamental management and optimised operation model. In this amount, personal business loans reached RMB95,489 million, and personal agriculture-related loans increased by 18.05% to RMB7,941 million.

Private banking business

According to the operating principle of "high net worth clients, high standard service", the Bank formed a full-function open architecture and comprehensive service platform by integrating marketing, service and trading, to satisfy the full-range and whole-life-cycle demands of customers and their families and enterprises. At the end of June, the number of private banking customers increased by 16.87%, and their financial assets with the Bank increased by 22.83%. The Bank actively promoted comprehensive solutions and innovated cash management businesses for personal customers including fund collection, fund transfer, profit generated by cash, daily butler service, etc. It accelerated the issuance of exclusive wealth management products for private banking customers and established a mechanism of periodical issuance of customised wealth management products. The Bank enhanced the credit service capability for private banking customers, and strengthened the capacity of innovating investment and loan solutions for private banking customers to meet their diversified financing needs. It improved the electronic service channels such as online banking service exclusively for private banking customers and promoted the application of electronic channels for contracted private banking customers.

Bank cards business

Credit card business

Credit card business maintained sustainable, healthy and rapid development with leading core business indicators among peers. Its core competitiveness, risk control ability and value creation capability were further enhanced. At the end of June, the Bank recorded 47.44 million credit cards with an increase of 7.12 million. The spending amount through credit cards reached RMB567,203 million, and the loan balance was RMB218,431 million. Leveraging on the marketing strength of outlets as the main channel, the Bank provided customers with diversified card application services by successively launching internet, mobile phone, SMS, QR code and other electronic channels. It actively carried out industry application project of financial IC credit card with IC card issued in the first half of the year exceeding five million. It vigorously developed circular consumption credit business with low risk and high return such as instalment plan, and further explored online processing of car-purchasing instalment and self-service channel of instalment plan. The Bank continuously enhanced the building of card-using environment and improved customer experience, especially enhanced innovation in online financial services. All these led to the improvement of the online one-stop integrated financial service capabilities including online payment, online card application, cash instalment, car-purchasing instalment, airline ticket and business travel, point redemption, etc.

Debit card business

The Bank vigorously carried out innovation for mobile payment products and expanded the product functions of bank cards. It strengthened the market expansion in key social utilities including social securities, medical care, campus, ETC, and urban transport, and explored the long-term card-issuing mode regarding the cooperation between the Bank and enterprises. It vigorously promoted debit cards spending to enhance the proportion of income from debit cards spending in bank cards income. At the end of June, the number of debit cards issued increased by 43.05 million to 483 million. The spending amount through debit cards reached RMB1,581,093 million. A total of 9.45 million wealth management cards were issued. The Bank issued 54.58 million financial IC debit cards, an increase of 30.82 million, forming an initial card issuance scale. The Bank issued 5.85 million express settlement cards, an increase of 750,000 cards, targeted at individual business proprietors for their payment and settlement demands.

Entrusted housing finance business

Adhering to the philosophy of "supporting housing reform and serving common people", the Bank aims at providing high quality comprehensive financial services for housing reform. At present, the Bank cooperates with nearly 3,000 housing fund management departments, and provides financial services to more than one million participating entities and over 47 million participants. At the end of June, housing fund deposits were RMB567,234 million, while personal provident housing loans were RMB901,292 million, an increase of 15.36%. The Bank also intensified support for the indemnificatory housing projects and the purchase of owner-occupied housing by low and middle-income residents, and granted provident fund loans of RMB24,551 million for indemnificatory housing projects, and personal indemnificatory housing combined loans of RMB4,598 million to 26,000 low and middle-income residents.

Treasury Business

The profit before tax from treasury business decreased by 1.08% over the same period last year, and accounted for 24.88% of the Group's profit before tax, a decrease of 3.31 percentage points over the same period last year. Operating income decreased by 2.27% over the same period last year. Net interest income decreased by 4.45% over the same period last year, due to the increase of internal treasury fund transfer expenses. As a result of fast development of products including financial advisory service, trading of precious metals, and underwriting of debt securities, net fee and commission income grew by 11.17%. An increase of RMB107 million of impairment losses was reversed compared with the same period last year, mainly because part of the allowances for impairment losses on foreign currency bonds were reserved due to the improved issuers' fundamentals and the market rally.

Financial markets business

The Bank adhered to its annual investment and trading strategy and risk policies in its financial market business. It sought a balance between risks and returns while proactively responded to the changes of regulations and market environment, with greatly improved market position.

With regard to the use of RMB fund, the Bank strengthened analysis and forecasts of liquidity of the market and within itself, and actively responded to liquidity changes, reasonably arranged the timing and scale of financing, and broadened the financing channels, to provide strong support for the Bank's liquidity safety under tight liquidity situation in the market. By accurately tracking the interest rate movements and reasonably arranging debt securities variety and term structure, the yield of RMB-denominated non-reorganisation debt securities portfolio rose substantially and the yield of trading accounts was significantly ahead of inter-bank bond index. The Bank ranked second in the over-the-counter trading volume of book-entry treasury bonds, further enhancing its influence in the market.

With regard to the use of foreign currency funds, the Bank prudently conducted inter-bank lending and stayed alert to counterparty credit risks. It followed the credit changes of issuers of foreign currency debt securities, and reduced its holdings as appropriate.

Precious metal business developed fast, with a widened customer base and a significantly improved competitiveness. In the first half of 2013, the total trading volume of precious metals reached 17,420.97 tonnes, an increase of 28.91% over the same period last year. The number of customers with the Account Precious Metals exceeded ten million, up 42.75% over the end of last year. The Bank successfully launched agency service for personal trading business in Shanghai Gold Exchange, OTC customer-driven copper hedging under the category of commodity financing.

The Bank proactively responded to market competition and regulatory changes, and enhanced market-making capability in foreign exchange trading business. In the first half of 2013, the transaction volume of customer-driven foreign exchange trading business reached US$202,541 million, and the Bank ranked first in China interbank foreign exchange market including spot, forward, swap and option .

Investment banking

Financial advisory services maintained a good development momentum. In the first half of 2013, the income from financial advisory services was RMB6,327 million. In this amount, income from new financial advisory services of “Rongzhi” amounted to RMB4,642 million, up 30.61% over the same period last year.

The Bank proactively carried out the collaborative marketing for the underwriting of debt securities. In the first half of 2013, the Bank carried out collaborative peak season marketing activities for debt financing business, and underwrote various debt securities of RMB167,300 million, up 20.61% over the same period last year, ranking first among peers.

The Bank achieved sound growth in wealth management business. In the first half of 2013, the Bank independently issued 3,953 batches of wealth management products with an amount of RMB3,199,200 million. The balance of wealth management products was RMB1,016,100 million. In this amount, the balance of principal-guaranteed wealth management products was RMB489,900 million. The income from wealth management business was RMB4,870 million. The funds raised from wealth management products were mainly granted to industries including manufacturing, transportation, storage and postal services, production and supply of electric power, heat, gas and water, instead of those policy-restrained industries such as commercial real estate and “high-pollution, high-energy-consumption industries and industries with excess capacity”. The Bank took the lead in providing underwriting service for asset-backed notes. Application materials have been officially submitted to regulatory authorities for “Jianyuan”, the first securitisation project of corporate loans in 2013.

Overseas Business and Domestic Subsidiaries

Overseas business

Leveraging on the development opportunity of the internationalisation of RMB and the national "Going-Global" strategy, the Bank accelerated the establishment of global integrated service network, with the further improved profitability and capability of sustainable development of overseas entities. In the first half of 2013, subsidiary banks were established in Russia and Dubai, and Taipei Branch opened successfully. The integration of entities in Hong Kong went on smoothly. At the end of June 2013, the Group had ten tier-one overseas branches in Hong Kong, Singapore, Frankfurt, Johannesburg, Tokyo, Seoul, New York, Ho Chi Minh City, Sydney and Taipei, and five wholly-owned subsidiaries including CCB Asia, CCB London, CCB Russia, CCB Dubai and CCB International. Its overseas entities covered 14 countries and regions. The total assets of overseas business were RMB636,310 million, up 22.70% over the end of last year, and the net profit was RMB1,004 million, up 49.45% over the same period last year.

Domestic subsidiaries

The Group's integrated operation strategy is to accelerate the development of the insurance, trust, investment banking, mutual funds, leasing, securities and other non-banking businesses, while developing banking as its core business. The Group endeavours to build an operating framework that covers interconnected markets and complementary businesses, with diversified income and decentralised and controllable risk, and realise customer-oriented functions selection, to provide customers with integrated and diversified financial services. At the end of June 2013, the Group had several domestic subsidiaries in non-banking financial sector, including CCB Principal Asset Management, CCB Financial Leasing, CCB Trust, and CCB Life. The Group set up banking institutions in specific sectors and regions, to provide professional and differentiated services, such as Sino-German Bausparkasse and 27 rural banks.

At the end of June, the total assets of domestic subsidiaries were RMB101,139 million, up 9.15% over the end of last year, and the net profit reached RMB1,021 million, a year-on year increase of 47.64%. In this amount, CCB Life maintained a fast business growth and gained premium income of RMB4,078 million. CCB Trust established active management trusts of RMB21,382 million, an increase of RMB9,668 million over the same period last year. The Group enhanced cross-selling and business collaboration between parent company and subsidiaries, and promoted synergistic collaboration in channels, customers and products, with further optimised business synergy mechanism between parent company and subsidiaries.

Analysed by Geographical Segment

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

(In millions of RMB, except percentages)	Six months ended 30 June 2013		Six months ended 30 June 2012	
	Amount	**% of total**	**Amount**	**% of total**
Yangtze River Delta	19,392	12.50	20,793	15.01
Pearl River Delta	22,214	14.31	18,387	13.28
Bohai Rim	24,629	15.87	20,324	14.67
Central	23,699	15.27	18,426	13.30
Western	25,489	16.42	20,977	15.15
Northeastern	8,077	5.21	7,329	5.29
Head office	30,383	19.58	31,437	22.70
Overseas	1,306	0.84	839	0.60
Profit before tax	155,189	100.00	138,512	100.00

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

(In millions of RMB, except percentages)	As at 30 June 2013		As at 31 December 2012	
	Amount	**% of total**	**Amount**	**% of total**
Yangtze River Delta	2,621,903	17.65	2,453,994	17.57
Pearl River Delta	2,096,048	14.11	2,006,787	14.36
Bohai Rim	2,658,515	17.89	2,590,592	18.54
Central	2,349,305	15.81	2,171,327	15.54
Western	2,433,540	16.38	2,269,546	16.24
Northeastern	903,683	6.08	863,899	6.18
Head office	5,715,220	38.46	5,431,210	38.87
Overseas	636,310	4.28	518,579	3.71
Deferred tax assets	28,257	0.19	27,051	0.19
Elimination	(4,583,567)	(30.85)	(4,360,157)	(31.20)
Total assets	14,859,214	100.00	13,972,828	100.00

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

(In millions of RMB, except percentages)	As at 30 June 2013				As at 31 December 2012			
	Loans and advances	**% of total**	**NPLs**	**NPL ratio (%)**	**Loans and advances**	**% of total**	**NPLs**	**NPL ratio (%)**
Yangtze River Delta	1,722,646	21.28	40,128	2.33	1,670,643	22.24	32,941	1.97
Pearl River Delta	1,140,457	14.09	10,510	0.92	1,091,848	14.53	9,096	0.83
Bohai Rim	1,364,794	16.86	6,250	0.46	1,301,564	17.33	6,848	0.53
Central	1,276,106	15.76	9,950	0.78	1,195,748	15.92	9,635	0.81
Western	1,367,164	16.89	6,335	0.46	1,270,163	16.91	8,187	0.64
Northeastern	482,175	5.96	4,400	0.91	461,574	6.14	4,920	1.07
Head office	229,481	2.83	2,148	0.94	188,074	2.50	1,966	1.05
Overseas	512,229	6.33	589	0.11	332,698	4.43	1,025	0.31
Gross loans and advances to customers	8,095,052	100.00	80,310	0.99	7,512,312	100.00	74,618	0.99

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

(In millions of RMB, except percentages)	As at 30 June 2013		As at 31 December 2012	
	Amount	**% of total**	**Amount**	**% of total**
Yangtze River Delta	2,409,440	19.83	2,215,637	19.53
Pearl River Delta	1,870,724	15.40	1,743,868	15.38
Bohai Rim	2,237,688	18.42	2,161,208	19.05
Central	2,243,829	18.47	2,054,347	18.11
Western	2,324,867	19.13	2,156,594	19.01
Northeastern	851,613	7.01	814,177	7.18
Head office	16,089	0.13	17,396	0.15
Overseas	195,188	1.61	179,852	1.59
Deposits from customers	12,149,438	100.00	11,343,079	100.00

Distribution Channels

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

The Bank had a total of 14,295 operating outlets nationwide, including the head office, 38 tier-one branches, 316 tier-two branches, 10,226 sub-branches, 3,714 entities under the sub-branches and a specialised credit card centre at the head office. The Bank pushed forward the building of operating outlets, and accumulatively started renovation of 1,040 operating outlets in the first half of 2013, with continuously improved overall image of outlets; 196 new outlets opened, with further optimised outlet layout.

In the first half of 2013, the Bank established 11 private banking centres and wealth management centres, pushing the total number of such centres in operation to 322. At the end of June, there were 286 small business operating centres in the form of "Credit Factory", an increase of 42 centres, covering 236 cities at prefecture level. A total of nearly 1,300 personal loan centres were built, covering all cities at prefecture level and above as well as the top hundred counties (cities), and became the major channel for the Bank to provide its personal loan products and service.

Electronic banking

The Bank strived to develop the strength of electronic banking by capitalising on one core application of "E.ccb.com" plus two classic cases of "Joy Life" and "Student Benefit". The Bank proactively promoted the development of electronic banking channels, which was tightly connected to the usage of mobile phone, personal computer and tablet computer, explored the integration of website and online banking as well as intelligent development mode, and constantly enriched and optimised products and services. In the first half of 2013, the volume of accounting transactions through electronic banking accounted for 44.07% of that through various channels, up 3.65 percentage points over the end of last year.

Online banking

The Bank's personal online banking released functions such as cross-bank fund collection and two-way trading of Account Precious Metals. The number of personal online banking customers increased by 13.08% to 134.86 million over the end of last year; the number of transactions was 2,558 million, an increase of 25.82% over the same period last year. The Bank kept pushing the corporate channel integration for corporate online banking, and enhanced optimisation of the second phase of overseas corporate online banking and its application and promotion in New York Branch. The number of corporate online banking customers reached 2.53 million, an increase of 18.78% over the end of last year; the number of transactions was 927 million, an increase of 68.85% over the same period last year.

E.ccb.com e-commerce platform

The Bank adhered to the development strategy of "business companion plus financial innovation" for e.ccb.com, provided corporate customers with financing products such as factoring, order financing, guaranteed joint loans and collateralised loans, and provided personal customers with financial services including petty loans, collateralised loans and credit card instalment. The Bank continued to improve its financing service platform- "ehome.ccb.com", for independent property trading, and further optimised collaborative mechanism with physical channels such as personal loan centres, with improved customer experience. By further enhancing the merchant management and the promotion of classic cases, the Bank constantly launched various marketing activities such as flash sale, low-ball bid and seckill, to significantly increase the number of active merchants, transactions and financing volume. At the end of June 2013, e.ccb.com had more than 1.5 million members, the transaction volume reached nearly RMB10 billion, and the financing volume to merchants reached several billion RMB.

Telephone banking

The number of telephone banking customers was 137.55 million, an increase of 10.63% over the end of last year. In the first half of 2013, the total number of received calls to 95533 reached 204.27 million.

Mobile phone banking

The number of mobile phone banking customers reached 100.75 million, an increase of 20.08% over the end of last year; the number of transactions was 456 million, an increase of 235.29% over the same period last year. The number of SMS finance customers amounted to 180.63 million, an increase of 14.03% over the end of last year.

Self-service banks

The Bank continuously accelerated the launch of self-service equipment. At the end of June 2013, there were 62,391 ATMs with cash service in operation, an increase of 5,423. There were 15,304 self-service banks in operation, an increase of 1,490.

Staff Information

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

	As at 30 June 2013		As at 31 December 2012	
	Number of staff	**% of total**	**Number of staff**	**% of total**
Yangtze River Delta	54,067	15.38	54,676	15.39
Pearl River Delta	42,099	11.97	42,587	11.99
Bohai Rim	59,300	16.87	59,218	16.67
Central	77,257	21.97	78,602	22.12
Western	67,037	19.07	68,195	19.20
Northeastern	36,551	10.40	37,029	10.42
Head office	12,286	3.49	12,129	3.41
Overseas	2,990	0.85	2,854	0.80
Total	351,587	100.00	355,290	100.00

At the end June 2013, the Bank had 344,913 staff members (besides, the Bank had 19,386 workers dispatched by labour leasing companies). The staff members with academic qualifications of bachelor's degrees or above were 186,236, or 54.00%, and the number of local employees in overseas entities was 498. In addition, the Bank had to assume the expenses of 45,695 retired employees. The subsidiaries had 6,674 employees.

Prospects

In the second half of 2013, the global economy is expected to maintain a slow recovery. The US economy experiences an enhanced recovery and recession in Europe slows down, while emerging economies face weakened growth momentum. China's economy enters into a critical stage of structural adjustments, and "making progress while ensuring stability" will be the main tone of government's economic work in the second half of the year. China will continue to adopt proactive fiscal policy and prudent monetary policy, and money and credit supply as well as aggregate financing of the economy are expected to grow steadily and moderately. Meanwhile, diversified and multi-level financial services system advances rapidly; the PBOC has extensively removed control over the lending rate of financial institutions with the accelerated reform process of interest rate liberalisation.

Under such circumstances, the Group will continue to deepen structural adjustments and business transformation while focusing on revitalising the stock of credit resources, fully support the development of real economy, and stringently control all kinds of risks to ensure sound business development. Efforts will be made in the following areas. First, the Group will take advantage of the advantageous settlement products to consolidate customer funds, enhance deposit stability, and reasonably control the growth of the high-cost deposits. Second, the Group will intensify the guidance of structural adjustments, and grant more loans to residential mortgages, small and micro businesses and agriculture-related area. Third, the Group will actively promote fee-based business in compliance with laws and regulations, and cultivate growth potentials by capitalising on key products. Fourth, the Group will comprehensively consider a variety of cost factors including fund cost, operation cost, risk cost and capital cost, and promote differentiated and refined pricing policies. Fifth, the Group will accelerate the development of strategic businesses such as electronic banking, financial social security card, cash management and pension business. Sixth, the Group will reinforce credit risk control, expedite the disposal and mitigation of large exposures and cluster risks, and closely prevent liquidity risk, market risk, operational risk, reputation risk and other risks.

Other Information

Corporate Governance

The Bank continued to improve its corporate governance structure in strict compliance with the *Company Law*, the *Law of the People's Republic of China on Commercial Banks* and other laws and regulations, as well as the listing rules of the relevant stock exchanges, and with reference to its practical conditions, in order to further upgrade its corporate governance standard. During the reporting period, the general meeting of the Bank reviewed and approved the resolutions of electing new directors and supervisors, and amended the Articles of Association.

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

Purchase, Sale and Redemption of Shares

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

Directors and Supervisors' Securities Transactions

The Bank has adopted the *Model Code for Securities Transactions by Directors of Listed Issuers* set out in Appendix 10 of the Listing Rules of Hong Kong Stock Exchange regarding securities transactions by its directors and supervisors. All directors and supervisors had complied with the provisions of this code during the six months ended 30 June 2013.

Review of Half-Year Report

The Group's 2013 half-year financial statements prepared under the PRC GAAP has been reviewed by PricewaterhouseCoopers Zhong Tian LLP and the Group's 2013 half-year financial statements prepared under the IFRS has been reviewed by PricewaterhouseCoopers.

The Audit Committee of the Bank has reviewed the half-year report of the Group.

By order of the board of directors

CHINA CONSTRUCTION BANK CORPORATION

Zhang Jianguo

Vice chairman, executive director and president

23 August 2013

As of the date of this announcement, the Bank's executive directors are Mr. Wang Hongzhang, Mr. Zhang Jianguo, Mr. Zhu Hongbo and Mr. Hu Zheyi; non-executive directors are Mr. Zhu Zhenmin, Mr. Qi Shouyin, Ms. Chen Yuanling and Mr. Dong Shi; and independent non-executive directors are Mr. Yam Chi Kwong, Joseph, Dame Jenny Shipley, Ms. Elaine La Roche, Mr. Zhao Xijun and Mr. Wong Kai-Man.