BASE PROSPECTUS

INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED, ACTING THROUGH INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED, DUBAI (DIFC) BRANCH

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

US$4,000,000,000

Euro Medium Term Note Programme

Under this US$4,000,000,000 Euro Medium Term Note Programme (the **Programme**), Industrial and Commercial Bank of China Limited, acting through Industrial and Commercial Bank of China Limited, Dubai (DIFC) Branch (the **Issuer**), subject to compliance with all relevant laws, regulations and directives, may from time to time issue notes (the **Notes**) denominated in any currency agreed between it and the relevant Dealer (as defined below).

Notes may be issued in bearer or registered form (respectively **Bearer Notes** and **Registered Notes**). The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed US$4,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement described herein), subject to increase as described herein.

The Notes may be issued on a continuing basis to one or more of the Dealers specified under "*Overview of the Programme*" and any additional Dealer appointed by the Issuer under the Programme from time to time (each a **Dealer** and together the **Dealers**), which appointment may be for a specific issue or on an ongoing basis. References in this Base Prospectus to the **relevant Dealer** shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Notes.

An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks see "*Risk Factors*".

This Base Prospectus has been approved by the Central Bank of Ireland (the **Central Bank**) as competent authority under Directive 2003/71/EC, as amended (which includes the amendments made by Directive 2010/73/EU to the extent that such amendments have been implemented in a relevant Member State of the European Economic Area) (the **Prospectus Directive**). The Central Bank only approves this Base Prospectus as meeting the requirements imposed under Irish and European Union (**EU**) law pursuant to the Prospectus Directive. Application has been made to the Irish Stock Exchange for Notes issued under this Programme during the period of 12 months from the date of this Base Prospectus to be admitted to listing on the official list (the **Irish Official List**) and trading on its regulated market (the **Main Securities Market**). The Main Securities Market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC) (**MiFID**).

This Base Prospectus has been approved by the Dubai Financial Services Authority (the **DFSA**) under the DFSA's Markets Rule 2.6 and is therefore an Approved Prospectus for the purposes of Article 14 of the DFSA's Markets Law 2012. Application has also been made to the DFSA for Notes issued under the Programme during the period of 12 months from the date of this Base Prospectus to be admitted to the official list of securities (the **DFSA Official List**) maintained by the DFSA and to NASDAQ Dubai for such Notes to be admitted to trading on NASDAQ Dubai.

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information which is applicable to each Tranche (as defined under "*Terms and Conditions of the Notes*") of Notes will be set out in a final terms document (the **Final Terms**) which, with respect to Notes to be listed on the Irish Stock Exchange, will be delivered to the Central Bank and the Irish Stock Exchange and, with respect to Notes to be listed on NASDAQ Dubai, will be delivered to the DFSA and NASDAQ Dubai before the listing of Notes of such Tranche.

References in this Base Prospectus to Notes being **listed** (and all related references) shall mean that (a) such Notes have been admitted to trading on the Main Securities Market and have been admitted to listing on the Irish Official List and/or (b) such Notes have been admitted to trading on NASDAQ Dubai and have been admitted to the DFSA Official List.

The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Issuer and the relevant Dealer. The relevant Final Terms in respect of any Series (as defined in "*Terms and Conditions of the Notes*") will specify whether or not such Notes will be listed and, if so, on which exchange(s) the Notes are to be listed. The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market.

The DFSA does not accept any responsibility for the content of the information included in this Base Prospectus, including the accuracy or completeness of such information. The liability for the content of this Base Prospectus lies with the Issuer. The DFSA has also not assessed the suitability of any Notes issued under this Programme to any particular investor or type of investor. If you do not understand the contents of this Base Prospectus or are unsure whether any Notes issued under this Base Prospectus are suitable for your individual investment objectives and circumstances, you should consult an authorised financial adviser.

The Issuer has been rated A1 by Moody's Investors Service Hong Kong Limited (**Moody's**) and A by Standard & Poor's Hong Kong Limited (**Standard & Poor's**). The Programme has been rated "(P) A1 long-term" and "(P) P-1 short-term" by Moody's. Neither Moody's nor Standard & Poor's is established in the European Union and neither of them has applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). The Issuer's ratings have been endorsed by Moody's Investors Service Ltd. and Standard & Poor's Credit Market Services Europe Ltd., respectively, in accordance with the CRA Regulation. Each of Moody's Investors Service Ltd. and Standard & Poor's Credit Market Services Europe Ltd. is established in the European Union and registered under the CRA Regulation. As such, each of Moody's Investors Service Ltd. and Standard & Poor's Credit Market Services Europe Ltd. is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation. The European Securities and Markets Authority has indicated that ratings issued in Hong Kong which have been endorsed by Moody's Investors Service Ltd. or Standard &

Poor's Credit Market Services Europe Ltd. may be used in the EU by the relevant market participants. Where a Tranche of Notes is rated, such rating will be disclosed in the Final Terms and will not necessarily be the same as the rating assigned to the Programme by Moody's. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the **Securities Act**) or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. See "*Form of the Notes*" for a description of the manner in which Notes will be issued. Registered Notes are subject to certain restrictions on transfer, see "*Subscription and Sale*".

The Issuer may agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which event a supplemental Base Prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

The language of the Base Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

Arrangers and Dealers

CITIGROUP | **EMIRATES NBD CAPITAL**

ICBC INTERNATIONAL | **NATIONAL BANK OF ABU DHABI P.J.S.C.**

Dealers

CRÉDIT AGRICOLE CIB | **HSBC**

INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED, ACTING THROUGH INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED, DUBAI (DIFC) BRANCH | **J.P. MORGAN**

The date of this Base Prospectus is 13 May 2015.

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This Base Prospectus complies with the requirements in Part 2 of the Markets Law (DIFC Law No. 1 of 2012) and Chapter 2 of the Markets Rules and comprises a base prospectus in respect of all Notes (other than Notes for which no prospectus is required to be published under the Prospectus Directive, such Notes being referred to in this Base Prospectus as **Exempt Notes**) issued under the Programme for the purposes of Article 5.4 of the Prospectus Directive.

The Issuer and the Bank accept responsibility for the information contained in this Base Prospectus and the Final Terms for each Tranche of Notes issued under the Programme. The Issuer, having made all reasonable enquiries confirms that to the best of its knowledge and belief (i) this Base Prospectus contains all information with respect to the Issuer, Industrial and Commercial Bank of China Limited (the **Bank**) and its subsidiaries (the **Group**, **we** or **us**) and the Notes which is material in the context of the issue and offering of the Notes; (ii) the statements contained herein relating to the Issuer, the Group and the Notes are in every material respect true and accurate and not misleading and there are no other facts in relation to the Issuer, the Group or the Notes the omission of which would, in the context of the issue and offering of the Notes, make any statement in this Base Prospectus misleading or affect its import; (iii) the statements of intention, opinion and belief or expectation contained in this Base Prospectus with regard to the Issuer and the Group are honestly and reasonably made or held, have been reached after considering all relevant circumstances; and (iv) all reasonable enquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all such information and statements.

The Issuer confirms that having taken all reasonable care to ensure that such is the case, the information contained in this Base Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

This Base Prospectus has been prepared by the Issuer for use in connection with the offer and sale of the Notes outside the United States. The Issuer and the Dealers reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Base Prospectus does not constitute an offer to any person in the United States. Distribution of this Base Prospectus by any non-U.S. person outside the United States, in respect of any offering of Notes under Category 2 of Regulation S of the Securities Act, to any U.S. person, or to any other person within the United States, is unauthorised and any disclosure without the prior written consent of the Issuer of any of its contents to, in respect of any offering of Notes under Category 2 of Regulation S of the Securities Act, any such U.S. person or other person within the United States, is prohibited.

Subject as provided in the applicable Final Terms, the only persons authorised to use this Base Prospectus in connection with an offer of Notes are the persons named in the applicable Final Terms as the relevant Dealer or the Managers, as the case may be.

This Base Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "*Information Incorporated by Reference*"). This Base Prospectus shall be read and construed on the basis that such documents are incorporated and form part of this Base Prospectus.

To the fullest extent permitted by law, none of (i) Citigroup Global Markets Limited, (ii) Crédit Agricole Corporate and Investment Bank, (iii) Emirates NBD Capital Limited (iv) HSBC Bank plc, (v) ICBC International Securities Limited, (vi) Industrial and Commercial Bank of China Limited, acting through Industrial and Commercial Bank of China Limited, Dubai (DIFC) Branch (other than in its capacity as Issuer), (vii) J.P. Morgan Securities plc and (viii) National Bank of Abu Dhabi P.J.S.C., the Dealers or the Agents (as defined in the Agency Agreement) accepts any responsibility or liability for the contents of this Base Prospectus, for the information incorporated by reference into this Base Prospectus, or for any other statement, made or purported to be made by the Arrangers, the Dealers or the Agents or on any of their behalf in connection with the Issuer or the issue and offering of the Notes. To the fullest extent permitted by law, each Arranger, each Dealer and each Agent accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Base Prospectus or any such statement.

No person is or has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Base Prospectus in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Arrangers or the Agents or any of the Dealers.

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Issuer, the Bank, the Arrangers, the Agents or any of the Dealers that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should determine for itself the relevance of the information contained in this Base Prospectus and should make its own independent investigation of the Bank's financial condition and affairs, and its own appraisal of its creditworthiness. Neither this Base Prospectus nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer, the Bank or any of, the Arrangers the Agents or the Dealers to any person to subscribe for or to purchase any Notes. None of the Dealers, the Arrangers and the Agents undertake to review the financial condition or affairs of the Bank during the life of the arrangements contemplated by this Base Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers, the Arrangers or the Agents.

Neither the delivery of this Base Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply: (i) that there has been no change in the affairs of the Bank, its subsidiaries and/or associated companies since the date hereof (or the date on which this Base Prospectus has been most recently amended or supplemented); (ii) that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or financial or trading position of the Bank or the Group since the date hereof (or the date on which this Base Prospectus has been most recently amended or supplemented); (iii) that the information contained herein is correct at any time subsequent to the date hereof (or the date on which this Base Prospectus has been most recently amended or supplemented); or (iv) that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same. The Arrangers, the Agents and the Dealers expressly do not undertake to review the financial condition or affairs of the Bank during the life of the Programme or to advise any investor in the Notes of any information coming to their attention.

The Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and include Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions from the Securities Act and applicable securities laws, Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons. For a description of certain restrictions on offers and sales of Notes and on distribution of this Base Prospectus, see "*Subscription and Sale*".

In the case of any Notes which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which would have required the publication of a prospectus under the Prospectus Directive (2003/71/EC), the minimum specified denomination shall be €100,000 (or its equivalent in any other currency as at the Issue Date of the Notes).

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. None of the Issuer, the Bank, the Arrangers, the Agents or the Dealers represent that this Base Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Bank, the Arrangers, the Agents or the Dealers which is intended to permit a public offering of any Notes or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no

Notes may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Notes in the United States, the European Economic Area (including the United Kingdom), Japan, Hong Kong, Singapore, Thailand, the People's Republic of China (the **PRC**), the United Arab Emirates (excluding the Dubai International Financial Centre), the Dubai International Financial Centre, the Kingdom of Saudi Arabia, the Kingdom of Bahrain and the State of Qatar, see "*Subscription and Sale*".

In making an investment decision, investors must rely on their own examination of the Bank and the terms of the Notes being offered, including the merits and risks involved. The Notes have not been approved or disapproved by the United States Securities and Exchange Commission or any other securities commission or other regulatory authority in the United States, nor have the foregoing authorities approved this Base Prospectus or confirmed the accuracy or determined the adequacy of the information contained in this Base Prospectus. Any representation to the contrary is unlawful.

None of the Issuer, the Bank, the Arrangers, the Agents or the Dealers make any representation to any investor in the Notes regarding the legality of its investment under any applicable laws. Any investor in the Notes should be able to bear the economic risk of an investment in the Notes for an indefinite period of time.

This Base Prospectus has been prepared on a basis that would permit an offer of Notes with a denomination of less than €100,000 (or its equivalent in any other currency) only in circumstances where there is an exemption from the obligation under the Prospectus Directive to publish a prospectus. As a result, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**) must be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer of Notes in that Relevant Member State may only do so in circumstances in which no obligation arises for the Issuer, the Bank or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer, the Bank nor any Dealer have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer, the Bank or any Dealer to publish or supplement a prospectus for such offer.

SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

The Bank is a company incorporated under the laws of the PRC and a substantial majority of its businesses, assets and operations are located in the PRC. In addition, a substantial majority of the Bank's Directors, supervisors and executive officers reside in the PRC and substantially all of their assets are located in the PRC. As a result, it may not be possible to serve legal written process outside the PRC upon the Bank or such Directors, supervisors or executive officers, including with respect to matters arising under securities laws of jurisdictions outside the PRC. Moreover, the PRC does not have treaties providing for the reciprocal recognition and enforcement of judgements of courts with the United States, the United Kingdom, Japan and many other countries. As a result, recognition and enforcement in the PRC of judgements of a court in any jurisdiction outside the PRC in relation to any matter may be difficult or impossible.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Certain monetary amounts set out in this Base Prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in tables may not be the arithmetic sums of the figures that precede them. In this Base Prospectus, references to "U.S. dollars", "U.S.$", "US Dollar", "US$" or "USD" are to United States dollars, the lawful currency of the United States, references to "Sterling" and "£" are to the lawful currency of the United Kingdom, references to "EUR", "euro" or "€" are to Euros, the lawful currency of the Eurozone, references to

"RMB" or "Renminbi" are to the lawful currency of the PRC, references to "Hong Kong dollars", "Hong Kong dollar" or "HK$" are to Hong Kong dollars, the lawful currency of Hong Kong, references to "NTD" are to New Taiwan dollars, the lawful currency of Taiwan, references to "TRY" are to Turkish lira, the lawful currency of Turkey, references to "MOP" are to Macau pataca, the lawful currency of Macau, references to "MYR" are to Malaysian ringgit, the lawful currency of Malaysia, references to "IDR" are to Indonesian rupiah, the lawful currency of Indonesia, references to "THB" are to Thai baht, the lawful currency of Thailand, references to "KZT" are to Kazakhstani tenge, the lawful currency of Kazakhstan, references to "NZD" are to New Zealand dollars, the lawful currency of New Zealand, references to "RUB" are to Russian rubles, the lawful currency of Russia, references to "CAD" are to Canadian dollars, the lawful currency of Canada, references to "ARS" are to Argentine pesos, the lawful currency of Argentina, references to "BRL" are to Brazilian real, the lawful currency of Brazil and references to "ZAR" are to South African rand, the lawful currency of South Africa and references to "yen" are to Japanese yen, the lawful currency of Japan.

Solely for your convenience, this Base Prospectus contains translations of certain amounts denominated in Renminbi, U.S. dollars and Euro. Unless indicated otherwise, (i) the translations between Renminbi and U.S. dollars were made at the rate of RMB6.1429 to U.S.$1.00, being the noon buying rate in The City of New York for cable transfers of Renminbi as certified for customs purposes by the Federal Reserve Bank of New York on 28 November 2014, and (ii) the translations between Renminbi and Euro were made at the rate of RMB7.6184 to EUR1.00, being the Bloomberg Composite Rate on 3 December 2014. No representation is made that the amounts denominated in one currency could actually be converted into the amounts denominated in another currency at the rates indicated or at all. Further information on exchange rates are set forth in the section headed "*Exchange Rate Information*" in this Base Prospectus.

Unless otherwise indicated, the financial information included in this Base Prospectus is extracted or derived from the audited consolidated financial statements as at and for the years ended 31 December 2013 and 2014 and the unaudited consolidated financial results as at and for the three months ended 31 March 2015, prepared and presented in accordance with the International Financial Reporting Standards (**IFRS**). Significant differences exist between IFRS and generally accepted accounting principles in the United States (**U.S. GAAP**) that might be material to the financial information herein. The Bank has made no attempt to quantify the impact of those differences. In making an investment decision, prospective investors must rely upon their own examination of the Bank, the terms of the offering and the financial information. Prospective investors should consult their own professional advisers for an understanding of the differences between IFRS and U.S. GAAP and how those differences might affect the financial information herein.

Certain statistical data and other information appearing in this Base Prospectus, including under the headings "*Risk Factors*" and "*Description of the Bank*", have been extracted from public sources identified in this Base Prospectus such as the People's Bank of China (the **PBOC**). None of the Arrangers, the Dealers nor the Issuer accepts responsibility for the factual correctness of any such statistics or information but the Issuer accepts responsibility for accurately extracting and transcribing such statistics and information and believes, after due inquiry, that such statistics and information represent the most current publicly available statistics and information from such sources at the dates and for the periods with respect to which they have been presented. The Issuer confirms that all such third party information has been accurately reproduced and, so far as it is aware and has been able to ascertain from that published information, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Capitalised terms which are used but not defined in any particular section of this Base Prospectus will have the meaning attributed thereto in "*Terms and Conditions of the Notes*" or any other section of this Base Prospectus. In addition in this Base Prospectus, references to "China", "Mainland China" and the "PRC" in this Base Prospectus mean the People's Republic of China and for geographical reference only (unless otherwise stated) exclude Taiwan, Macau and Hong Kong; references to "PRC Government" mean the government of the PRC; references to "Hong Kong" are to the Hong Kong Special Administrative Region of the People's Republic of China; references to "Macau" are to the Macau Special Administrative Region of the People's Republic of China; references to "United

States" or "U.S." are to the United States of America, and all references to "United Kingdom" are to the United Kingdom of Great Britain and Northern Ireland.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

The Issuer has included statements in this Base Prospectus which contain words or phrases such as will, would, aim, aimed, is likely, are likely, believe, expect, expected to, will continue, anticipated, schedule, estimate, estimating, intend, plan, seeking to, future, objective, should, can, could, may, and similar expressions or variations of such expressions, that are "forward-looking statements". However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding the expected financial position, business strategy, plans and prospects of the Bank (including the financial forecasts, profit projections, statements as to the expansion plans of the Bank, expected growth in the Bank and other related matters), if any, are forward-looking statements and accordingly, are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Bank to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These factors are discussed in greater detail under the section "*Risk Factors — Risks relating to this Base Prospectus — Risks relating to forward-looking statements*".

Given the risks and uncertainties that may cause the actual future results, performance or achievements of the Bank to be materially different from the results, performance or achievements expected, expressed or implied by the forward-looking statements in this Base Prospectus, undue reliance must not be placed on such forward-looking statements. None of the Issuer, the Bank, the Arrangers or any of the Dealers or any of the Agents represents or warrants that the actual future results, performance or achievements of the Bank will be as discussed in those statements.

Further, the Issuer disclaims any responsibility, and undertakes no obligation, to update or revise any forward-looking statement contained herein to reflect any changes in the expectations with respect thereto after the date of this Base Prospectus or to reflect any changes in events, conditions or circumstances on which such statements are based.

NOTICE TO THE RESIDENTS OF BAHRAIN

In relation to investors in the Kingdom of Bahrain, securities issued in connection with this Base Prospectus and related offering documents may only be offered in registered form to existing accountholders and accredited investors as defined by the Central Bank of Bahrain (the **CBB**) in the Kingdom of Bahrain where such investors make a minimum investment of at least U.S.$100,000 or any equivalent amount in other currency or such other amount as the CBB may determine.

This Base Prospectus does not constitute an offer of securities in the Kingdom of Bahrain in terms of Article (81) of the Central Bank and Financial Institutions Law 2006 (decree Law No. 64 of 2006). This Base Prospectus and related offering documents have not been and will not be registered as a prospectus with the CBB. Accordingly, no securities may be offered, sold or made the subject of an invitation for subscription or purchase nor will this Base Prospectus or any other related document or material be used in connection with any offer, sale or invitation to subscribe or purchase securities, whether directly or indirectly, to persons in the Kingdom of Bahrain, other than to accredited investors for an offer outside the Kingdom of Bahrain.

The CBB has not reviewed, approved or registered this Base Prospectus or related offering documents and it has not in any way considered the merits of the securities to be offered for investment, whether in or outside the Kingdom of Bahrain. Therefore, the CBB assumes no responsibility for the accuracy and completeness of the statements and information contained in this Base Prospectus and expressly disclaims any liability whatsoever for any loss howsoever arising from reliance upon the whole or any part of the content of this Base Prospectus. No offer of securities will be made to the public in the Kingdom of Bahrain and this Base Prospectus must be read by the addressee only and must not be issued, passed to, or made available to the public generally.

NOTICE TO THE RESIDENTS OF THE KINGDOM OF SAUDI ARABIA

This Base Prospectus may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Offers of Securities Regulations issued by the Capital Market Authority of the Kingdom of Saudi Arabia (the **Capital Market Authority**).

The Capital Market Authority does not make any representations as to the accuracy or completeness of this Base Prospectus, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Base Prospectus. Prospective purchasers of Notes issued under the Programme should conduct their own due diligence on the accuracy of the information relating to the Notes. If a prospective purchaser does not understand the contents of this Base Prospectus he or she should consult an authorised financial adviser.

NOTICE TO THE RESIDENTS OF THE STATE OF QATAR

This Base Prospectus does not and is not intended to constitute an offer, sale or delivery of bonds or other debt financing instruments under the laws of the State of Qatar and has not been and will not be reviewed or approved by or registered with the Qatar Financial Markets Authority, the Qatar Financial Centre Regulatory Authority or the Qatar Central Bank. The Notes are not and will not be traded on the Qatar Exchange.

STABILISATION

IN CONNECTION WITH THE ISSUE OF ANY TRANCHE OF NOTES, THE DEALER OR DEALERS (IF ANY) NAMED AS THE STABILISATION MANAGER(S) IN THE APPLICABLE FINAL TERMS (OR PERSONS ACTING ON BEHALF OF ANY STABILISATION MANAGER(S)) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISATION MANAGER(S) (OR PERSONS ACTING ON BEHALF OF A STABILISATION MANAGER) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE RELEVANT TRANCHE OF NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE RELEVANT TRANCHE OF NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE RELEVANT TRANCHE OF NOTES. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE RELEVANT STABILISATION MANAGER(S) (OR PERSONS ACTING ON BEHALF OF ANY STABILISATION MANAGER(S)) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

OVERVIEW OF THE PROGRAMME

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms. The Issuer and any relevant Dealer may agree that Notes shall be issued in a form other than that contemplated in the Terms and Conditions, in which event a new Base Prospectus or a supplement to the Base Prospectus, if appropriate, will be published.

This Overview constitutes a general description of the Programme for the purposes of Article 22.5(3) of Commission Regulation (EC) No 809/2004 implementing the Prospectus Directive (the **Prospectus Regulation**).

Words and expressions defined in "*Form of the Notes*" and "*Terms and Conditions of the Notes*" shall have the same meanings in this overview.

Issuer..	Industrial and Commercial Bank of China Limited, acting through Industrial and Commercial Bank of China Limited, Dubai (DIFC) Branch.
Risk Factors	There are certain factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme. These are set out under "Risk Factors". In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme. These are set out under "*Risk Factors — Risks relating to the Notes*" and include the fact that the Notes may not be a suitable investment for all investors, certain risks relating to the structure of particular Series of Notes and certain market risks.
Description...	Euro Medium Term Note Programme.
Arrangers	Citigroup Global Markets Limited, Emirates NBD Capital Limited, ICBC International Securities Limited and National Bank of Abu Dhabi P.J.S.C.
Dealers	Citigroup Global Markets Limited, Crédit Agricole Corporate and Investment Bank, Emirates NBD Capital Limited, HSBC Bank plc, ICBC International Securities Limited, Industrial and Commercial Bank of China Limited, acting through Industrial and Commercial Bank of China Limited, Dubai (DIFC) Branch, J.P. Morgan Securities plc, National Bank of Abu Dhabi P.J.S.C. and any other Dealers appointed from time to time by the Issuer either generally in respect of the Programme or in relation to a particular Tranche of Notes.
Certain Restrictions	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see "*Subscription and Sale*") including the following restrictions applicable at the date of this Base Prospectus.

	Notes having a maturity of less than one year
	Notes having a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent, see "*Subscription and Sale*".
Fiscal Agent	Citibank, N.A., London Branch.
Registrar	Citigroup Global Markets Deutschland AG.
Transfer Agent	Citibank, N.A., London Branch.
CMU Lodging and Paying Agent	Citicorp International Limited
Programme Size	Up to US$4,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement) outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
Distribution	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Currencies	Notes may be denominated in, subject to any applicable legal or regulatory restrictions, any currency agreed between the Issuer and the relevant Dealer.
Maturities	The Notes will have such maturities as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency (as set out in the applicable Final Terms).
Issue Price	Notes may be issued on a fully-paid basis and at an issue price which may be at par or at a discount to, or premium over, par.
Form of Notes	The Notes will be issued in bearer or registered form as described in "*Form of the Notes*". Registered Notes will not be exchangeable for Bearer Notes and vice versa.
Clearing Systems	The Central Moneymarkets Unit Service (the **CMU Service**), Clearstream Banking, *société anonyme* (**Clearstream, Luxembourg**), Euroclear Bank S.A./N.V. (**Euroclear**) and, in relation to any Tranche of Notes, such other clearing system as may be agreed between the Issuer, the relevant Paying Agent and the relevant Dealer.

Fixed Rate Notes....................................	Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer.
Floating Rate Notes	Floating Rate Notes will bear interest at a rate determined: (a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc. (**ISDA**), and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or (b) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or (c) on such other basis as may be agreed between the Issuer and the relevant Dealer. The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes.
Other provisions in relation to Floating Rate Notes..	Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both. Interest on Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer.
Zero Coupon Notes................................	Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.
Redemption..	The applicable Final Terms will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer. Notes having a maturity of less than one year may be subject to restrictions on their denomination and distribution, see "*Certain Restrictions — Notes having a maturity of less than one year*" above.

Denomination of Notes..........................	The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, see "*Certain Restrictions — Notes having a maturity of less than one year*" above, and save that the minimum denomination of each Note (other than an Exempt Note) will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency).
Taxation	All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by any Tax Jurisdiction as provided in Condition 7. In the event that any such deduction is made, the Issuer will, save in certain limited circumstances provided in Condition 7, be required to pay additional amounts to cover the amounts so deducted.
Negative Pledge	The terms of the Notes will not contain a negative pledge provision.
Cross–Default	The terms of the Notes will contain a cross–default provision as further described in Condition 9(c).
Status of the Notes	The Notes will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and will rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured and unsubordinated obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding, as set out in Condition 3.
Rating...	The Programme has been rated "(P) A1 long-term" and (P) P-1 short-term" by Moody's. Series of Notes issued under the Programme may be rated or unrated. Where a Series of Notes is rated, such rating will be disclosed in the applicable Final Terms and will not necessarily be the same as the rating assigned to the Programme. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.
Listing and Admission to Trading	This Base Prospectus, as approved and published by the Central Bank, in accordance with the requirements of the Prospectus Directive, comprises a Base Prospectus for the purposes of the Prospectus Directive and the Prospectus (Directive 2003/71/EC) Regulations 2005, and for the purpose of giving information with regard to the issue of Notes issued under this Programme, during the period of 12 months after the date hereof. Application has been made to the Irish Stock Exchange for such Notes to be admitted to listing on the Irish Official List and to trading on the Main Securities Market. Application has also been made to the DFSA for Notes issued under the Programme during the period of 12 months from the date hereof

to be admitted to the DFSA Official List and to NASDAQ Dubai for such Notes to be admitted to trading on NASDAQ Dubai.

Notes may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Issuer and the relevant Dealer in relation to the Series. Notes which are neither listed nor admitted to trading on any market may also be issued.

The applicable Final Terms will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.

Governing Law	The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and construed in accordance with, English law.
Selling Restrictions	There are restrictions on the offer, sale and transfer of the Notes in the United States, the European Economic Area (including the United Kingdom), Japan, Hong Kong, Singapore, Thailand, the PRC, the United Arab Emirates (excluding the Dubai International Financial Centre), the Dubai International Financial Centre, the Kingdom of Saudi Arabia, the Kingdom of Bahrain and the State of Qatar and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes, see "*Subscription and Sale*".

RISK FACTORS

Prior to making any investment decision, prospective investors should consider carefully all of the information in this Base Prospectus, including but not limited to the risks and uncertainties described below. We believe that the factors described below represent the principal risks inherent in investing in the Notes, but our inability to repay principal, pay interest or other amounts or fulfil other obligations on or in connection with the Notes may occur for other reasons and we do not represent that the statements below regarding the risks of holding the Notes are exhaustive. The following factors are contingencies which may or may not occur and we are not in a position to express a view on the likelihood of any such contingency occurring. Any of the risks or uncertainties described below, as well as additional risks or uncertainties, including those which are not currently known to us or which we currently deem to be immaterial, may affect the Group's business, financial condition or results of operations or our ability to fulfil our obligations under the Notes.

RISKS RELATING TO OUR BUSINESS

Risks Relating to Our Loan Portfolio

We may not be able to maintain effectively the quality of our loan portfolio.

During the three years ended 31 December 2014, we experienced continued growth in our loan balances. Our gross loans to customers increased from RMB8,803.7 billion as at 31 December 2012 to RMB9,922.4 billion as at 31 December 2013 and RMB11,026.3 billion as at 31 December 2014. As at 31 December 2012, 2013 and 2014, our non-performing loans (**NPLs**) amounted to RMB74.6 billion, RMB93.7 billion and RMB124.5 billion, respectively, representing NPL ratios of 0.85%, 0.94%, and 1.13%, respectively.

We cannot assure you that the quality of our existing or future loans to customers will not deteriorate. Deterioration in the overall quality of our loan portfolio or other assets may occur due to a variety of reasons, including factors beyond our control such as a slowdown in the growth of the PRC or global economies due to the recent financial crisis, a relapse of the global credit crisis, other adverse macroeconomic trends in the PRC and other parts of the world and the occurrence of natural disasters, which may adversely affect the businesses, operations or liquidity of our borrowers or their ability to repay their debt. Any significant deterioration in our asset quality may lead to increases in our NPLs and allowances made for NPLs, which may have a material adverse effect on our business, financial condition and results of operations.

We may suffer actual losses on our loan portfolio that exceed our allowances for impairment losses.

As at 31 December 2013 and 2014, the coverage ratio of our provisions for NPLs to total NPLs was 257.19% and 206.90%, respectively. The amount of our allowances for impairment losses on loans is determined based on our assessment of factors that may affect the quality of our loans. These factors include, among others, our borrowers' financial conditions, their repayment ability and repayment intention, the current realisable value of any collateral, the ability of the guarantors of our borrowers to fulfil their obligations, the performance of the PRC's economy, the government's macroeconomic policies, interest rates, exchange rates and the legal and regulatory environment. Most of these factors are beyond our control. The adequacy of our allowances for impairment losses depends on the reliability of, and our skills in applying, our assessment system to estimate these losses, as well as our ability to accurately collect, process and analyse relevant statistical data.

If our assessment of or expectations concerning the impact of these factors on the quality of our loans is different from actual developments or our loan quality deteriorates more than expected, then the allowances for impairment losses on loans provided by us may not be sufficient to cover actual losses. Consequently, we may need to make additional provisions for impairment losses in the future, which could lead to a decrease in our profit and materially and adversely affect our business, financial condition and results of operations.

We have a concentration of loans to certain industries and customers, including loans to SMEs.

As at 31 December 2013 and 2014, our corporate loans represented 71.0% and 69.0% of our total loans, respectively. As at 31 December 2014, our domestic corporate loans to the (i) manufacturing, (ii) transportation, storage and postal, (iii) wholesale and retail, (iv) production and supply of electricity, heat, gas and water and (v) real estate industries represented approximately 22.7%, 19.8%, 11.5%, 10.4% and 6.6% respectively, of our total domestic corporate loans. As at 31 December 2014, approximately 40.2%, 4.8%, 40.2%, 1.5% and 4.2%, respectively, of our impaired domestic corporate loans were concentrated in these sectors.

We are also exposed to the real estate sector through our residential mortgage loans and corporate loans in the real estate sector. As at 31 December 2014, our residential mortgage loans represented 67.6% of our total personal loans, and our domestic branches' corporate loans in the real estate sector represented 6.6% of our total domestic branch corporate loans. The PRC government has in recent years imposed macroeconomic control measures that are aimed at preventing the real estate market from over-heating, such as setting minimum down payment requirements and minimum mortgage rates on residential housing purchases, imposing business taxes on the transfer of certain residential properties and levying mandatory personal income tax for second home sales. Such measures may adversely affect the growth of our loans related to real estate. Recently, the PRC government has loosened lending policies regarding the real estate market, although such policies are subject to change. In addition, a downturn in the PRC's real estate market may materially and adversely affect the quality of our existing loans and our ability to generate new loans, which in turn could have a material adverse effect on our business, financial condition and results of operations.

Moreover, our loans to small (micro) and medium-sized enterprises (**SMEs**) amounted to RMB4,525,444 million and accounted for 44.8% of our domestic branch loans as at 31 December 2014. The business operations of SMEs may be less stable than large enterprises and more vulnerable to adverse changes in the economic environment. SMEs may also be more likely to suffer from inadequate or ineffective internal control or risk management systems. These factors may increase the credit risk of SME loans.

As at 31 December 2013 and 2014, the total amount of loans granted to our single largest customer accounted for 4.2% and 4.8%, respectively, of our net capital, while the total amount of loans granted to our top ten largest customers accounted for 16.2% and 14.9%, respectively, of our net capital.

Any deterioration in any of the industries in which our loans are concentrated due to an adverse macroeconomic environment, government policies, overcapacity of such industries or otherwise, or any deterioration in the financial condition or results of operations of our major borrowers could materially and adversely affect the quality of our existing loans and our ability to generate new loans, which in turn could have a material adverse effect on our business, financial condition and results of operations.

We are subject to risks caused by any deterioration in the debt repayment abilities of local government financing vehicles to which we extend loans or any change in national policy relating to local government financing vehicles.

Loans extended to government financing vehicles in the PRC constitute part of our loan portfolio. According to the China Banking Regulatory Commission (the **CBRC**), local government financing vehicles (**LGFVs**) consist primarily of entities funded via government budget or injection of land, capital and other assets by municipal governments or their departments and institutions. These entities have independent legal person status and primarily engage in financing or investing activities in connection with public projects. These vehicles primarily engage in financing activities wholly or partially supported by the direct or indirect repayment commitments or direct or indirect guarantees of local governments and provide support to various infrastructure development and quasi-public interest government investment projects.

Our loans to LGFVs are mainly made to the investment and financing vehicles of various development zones, state-owned asset management companies, land reserve companies and urban construction investment companies. Most of these loans were made to financing vehicles at a provincial and municipal level. In recent years, with the aim of reinforcing the risk management of loans to LGFVs, the PRC State Council (the "State Council"), the CBRC and the PBOC, along with several other PRC regulatory authorities, have promulgated a series of notices, guidelines and other regulatory documents to direct PRC banks and other financial institutions to optimise and strengthen their risk management measures regarding their loans to LGFVs.

Certain factors, such as unfavourable developments in macroeconomic conditions, changes to state policies, deterioration of the financial condition of particular local governments or other factors, may adversely affect the debt repayments of these financing vehicles, which may in turn materially and adversely affect our asset quality, financial condition and results of operations.

We may not be able to maintain the growth of our loan portfolio.

Our loans to customers have grown significantly in the past few years, increasing from RMB8,803.7 billion as at 31 December 2012 to RMB9,922.4 billion as at 31 December 2013, and to RMB11,026.3 billion as at 31 December 2014. The growth of our loan portfolio may be affected by various factors, such as the PRC's macroeconomic policies and capital constraints. In the future, the growth rate of our loan portfolio may slow, or the balance of our loan portfolio may even decline. In addition, in response to constraints on our regulatory capital, we may adopt strategies to reduce our reliance on our loan portfolio and expand our activities in other businesses that require relatively lower capital. Any of the foregoing factors could impact the growth of our loan portfolio and thereby materially and adversely affect our business, financial condition and results of operations.

We may not be able to maintain the growth rate of our retail banking business.

As a leading commercial bank in the PRC, we may not be able to maintain our competitive position or sustain our growth rate due to increasing market saturation and competition, changes in government regulations in the banking industry in the PRC and other factors, any of which may adversely affect our business, financial condition and results of operations.

For example, on 26 February 2013, the State Council promulgated the Notice of the General Office of the State Council on Continuing Regulation and Control of Real Estate Market (國務院辦公廳關於繼續做好房地產市場調控工作的通知), which requires banking institutions to implement differentiated housing credit policies, further implement the policy of down payment ratio and mortgage rate for first-time house buyers and tighten the credit policies for buyers of second or additional homes, and imposes a personal income tax on the profit generated from sale of residential property. Such measures may slow the development of the residential real estate market in the PRC, hinder an increase in residential mortgages and reduce the average amount of residential mortgages, and thus have a material adverse impact on our retail banking business. On 29 September 2014, the PBOC and the CBRC jointly promulgated the Notice on Further Improving Financial Services for Housing (關於進一步做好住房金融服務工作的通知), which allows households owning only one residential property and having paid all mortgages on such property to enjoy the benefit of first time home buyers under certain circumstances. However, such policies are subject to further change and implementation by banks in the PRC.

The rapid expansion of our retail banking business also increases our exposure to changes in economic conditions affecting Chinese consumers. For example, a slowdown in the PRC's economic development could adversely affect the ability of retail borrowers and credit card holders to make payments, thereby increasing the probability of defaults and reducing the demand for retail loans and credit cards. Such a slowdown may also reduce the demand for our non-interest-based products and services, which could result in a reduction in, among others, our credit card transaction volumes and sales of investment products. Accordingly, economic difficulties in the PRC that have a material adverse effect on PRC consumers could materially and adversely affect our business, financial condition and results of operations.

Our loan classification and provisioning policies may be different in certain respects from those applicable to banks in certain other countries or regions.

We classify our loans using a five-tier classification system in accordance with the guidelines set forth by the PRC regulators. The five tiers are "pass", "special mention", "substandard", "doubtful" and "loss". We assess our impairment losses on loans and determine a level of allowances for impairment losses using the five-tier classification system. We perform such assessment, determination and recognition using the concept of impairment under International Accounting Standards (**IAS**) 39. Our loan classification and provisioning policies may be different in certain respects from those of banks incorporated in certain other countries or regions. As a result, our loan classifications as well as our allowances for impairment losses, as determined under our loan classification and provisioning policies, may differ from those that would be reported by banks incorporated in other countries or regions.

The replacement of IAS 39 with IFRS 9 may require us to change our provisioning practice.

We currently assess our loans and investment assets for impairment under IAS 39. On 24 July 2014, the International Accounting Standards Board issued the final version of IFRS 9, which shall replace IAS 39 in its entirety. IFRS 9 replaces the "incurred loss" model under IAS 39 with an "expected loss" model. The new standard has a mandatory effective date of 1 January 2018 but may be adopted earlier. We have started the process of evaluating the potential effect of IFRS 9 on our financial reporting, but this evaluation is still in progress and not yet completed. Given the nature of our operations, IFRS 9 is expected to have a significant impact on our financial statements and as a result may materially and adversely affect our financial condition and results of operations.

The collateral or guarantees securing our loans may not be sufficient, or we may be unable to realise the full value of the collateral or guarantees in a timely manner or at all.

A significant portion of our loans is secured by collateral or guarantees. As at 31 December 2014, 45.0% and 12.5% of our total loans were secured by mortgages and pledges, respectively, and 13.9% of our total loans were secured by guarantees.

The pledged collateral securing our loans includes, among others, bond and equity securities. The mortgages securing our loans primarily comprise real properties and other assets. The value of the collateral securing our loans may significantly fluctuate or decline due to factors beyond our control, including macroeconomic factors affecting the economy of the PRC. For example, a downturn in the PRC's real estate market may result in a decline in the value of the real properties securing our loans to levels significantly below the outstanding principal and interest balances of such loans. Any decline in the value of such collateral may reduce the amounts we can recover from such collateral and increase our impairment losses. We may not have updated valuations of such collateral, which may adversely affect the accuracy of our assessment of our loans secured by such collateral.

Some of the guarantees securing our loans are provided by the borrowers' affiliates or third parties. Some of such loans and advances are not backed by collateral other than guarantees. A significant deterioration in the financial condition of a guarantor could significantly decrease the amounts we may recover under such guarantees. Moreover, we are subject to the risk that a court or other judicial or government authority may declare a guarantee to be invalid or otherwise decline or fail to enforce such guarantees. We are therefore exposed to the risk that we may not be able to recover all or any part of the amounts guaranteed in respect of our loans.

In the PRC, the procedures for liquidating or otherwise realising the value of non-cash collateral may be protracted, and it may be difficult to enforce claims in respect of such collateral. As a result, it may be difficult and time-consuming for us to take control of or liquidate the collateral securing NPLs. If the value of our collateral decreases to a level that is insufficient to cover the outstanding amounts of loans, or if we are unable to realise the full value of the collateral and guarantees securing our loans on a timely basis, it may materially and adversely affect our asset quality, financial condition and results of operations.

Other Risks Relating to Our Business

We are subject to interest rate risk.

Our net interest income is affected by changes in interest rates. Our net interest income represented 76.6% and 77.7% of our operating income for the years ended 31 December 2013 and 2014, respectively. Increasing competition in the banking industry and further liberalisation of the PRC interest rate regime may affect the volatility of interest rates. Changes in the PBOC benchmark interest rates or volatility in market interest rates may adversely affect our net interest income, which may adversely affect our business, financial condition and results of operations.

The PBOC increased the benchmark interest rates on Renminbi loans and deposits for financial institutions in 2010 and 2011, and lowered such rates on 8 June 2012 and 6 July 2012. As an example, the one-year benchmark deposit rate increased from 2.75% before 9 February 2011 to 3.50% after 7 July 2011 and then decreased to 3.00% after 6 July 2012, and the one-year benchmark lending rate increased from 5.81% before 9 February 2011 to 6.56% after 7 July 2011 and then decreased to 6.00% after 6 July 2012. The benchmark interest rates on loans and deposits with other terms of maturity were also adjusted accordingly. Effective on 8 June 2012, the PBOC allowed financial institutions to set deposit interest rates at up to 110% of the PBOC benchmark deposit interest rates. On 20 July 2013, the PBOC lifted restrictions on interest rates that financial institutions can charge on RMB-denominated loans (excluding residential mortgage loans), and abolished the minimum rates for RMB-denominated loans and restrictions on interest rates of discounted bills. According to rules recently published by the PBOC, financial institutions can charge interest rates based on commercial terms (excluding interest rates for residential mortgage loans). In addition, the PRC government has established the goals of gradually promoting market-oriented interest rate reform and strengthening the creation of a market-based interest rate system in its "Twelfth Five-Year Plan".

The yield arising from our investment in debt securities is affected by changes in interest rates. As at 31 December 2014, our investment amount in bonds not related to restructuring was RMB154.1 billion. Changes in market interest rates may affect the yield from our investments in debt securities and thus may adversely affect our business, financial condition and results of operations.

Changes in interest rates, changes in the relationship between short-term and long-term interest rates or changes in the relationship between different types of interest rates can affect the interest rate charged on interest-earning assets to different degrees from the interest rate paid on interest-bearing liabilities. This impact may be increased if we are unable to adjust to rate changes with respect to the fixed rate portions of our loan portfolio.

In an increasing interest rate environment, our ability to earn higher returns on our fixed rate interest-earning assets is limited by the maturity periods of such assets. We may also experience decreases in interest income from interest-earning assets in a declining interest rate environment, as our customers may repay existing loans with us prior to their maturity through other refinancing that may bear lower rates of interest. How we manage interest rate volatility will determine, to a certain extent, the impact of such volatility on our net interest and dividend income, and we cannot assure you that we will be able to manage such volatility in a manner that does not materially and adversely affect our business, financial condition and results of operations.

We are subject to currency risk.

We are subject to currency risk arising from losses incurred due to unfavourable exchange rate fluctuations on our foreign exchange exposures resulting from the unmatched currency structure between foreign currency-denominated assets and foreign currency-denominated liabilities. The value of the Renminbi against the U.S. dollar and other currencies fluctuates and is affected by, among other factors, changes in the PRC's and international political and economic conditions.

Since 1994, the conversion of Renminbi into foreign currencies, including Hong Kong and U.S. dollars, has been based on rates set by the PBOC. On 21 July 2005, the PRC government adopted a more flexible managed floating exchange rate system to allow the value of the Renminbi to fluctuate within a regulated band that is based on market supply and demand and reference to a basket of currencies. On the same day, the value of the Renminbi appreciated by approximately 2% against the U.S. dollar. In August 2008, the PRC announced a further change in its exchange regime to a managed floating exchange rate regime based on market supply and demand. Since the Renminbi foreign exchange rate reform beginning on 21 July 2005, the PBOC has adjusted the daily floating band of the Renminbi trading prices against the U.S. dollar in the inter-bank spot foreign exchange market three times: effective from 21 July 2007, the daily floating band of the Renminbi trading prices against the U.S. dollar was expanded from 0.3% to 0.5%; effective from 16 April 2012, such floating band was further expanded to 1%; and effective from 17 March 2014, such floating band was further expanded to 2%. Any appreciation of the Renminbi against the U.S. dollar or any other foreign currencies may result in a decrease in the value of our foreign currency-denominated assets.

We are subject to liquidity risk.

Customer deposits have historically been our main source of funding. As at 31 December 2014, 46.9% of our total customer deposits were demand deposits. If a substantial portion of our depositors withdraw their demand deposits or do not roll over their time deposits upon maturity, we may need to pay higher costs to obtain alternative sources of funding to meet our funding requirements.

Our ability to obtain additional sources of funding may be affected by factors such as deterioration of market conditions and disruptions to financial markets. We may not be able to secure required funding on commercially acceptable terms on a timely basis or at all, which could result in liquidity risk and materially and adversely affect our business, financial condition and results of operations.

In addition, we rely on the inter-bank money market to obtain a portion of our funding, including the portion of funds that are used to manage our liquidity. Any fluctuation in liquidity or funding costs on the inter-bank money market, including as a result of a financial or other crisis or changes in the PBOC's policies or practices affecting the liquidity of other banking institutions, may materially and adversely affect our ability to fund our business and manage our liquidity through the inter-bank money market.

We are subject to risks related to the expansion of our products, services and business scope.

In recent years, we have actively developed a number of new products and expanded the scope of our services, including, among others, investment banking, asset management, insurance and financial leasing. We are exposed to a number of risks in connection with our expansion. For example, we may not be able to develop successfully our new businesses due to our limited experience in a particular product or service; the anticipated market demand for our new products or services may not materialise; we may not successfully hire or retain personnel who have the relevant skills and experience; and regulators may revoke or withhold their approval for any products and services that we have offered or plan to offer. As a result, the return on our new products, services or businesses may be less, or realised later, than expected, which may materially and adversely affect our business, financial condition and results of operations.

We have expanded our business into jurisdictions other than the PRC, which has increased the complexity of the risks that we face.

In recent years, we have taken actions to expand our international operations. As at 31 December 2014, we had 338 overseas institutions in 41 countries and regions and had established correspondent relationships with 2,007 overseas banks in 147 countries and regions, with a service network covering Asia, Africa, Latin America, Europe, North America and Australia as well as major international financial centres. Our expansion into jurisdictions outside of the PRC subjects us to new regulatory and operational challenges and risks and has also increased the complexity of our risks in a number of areas, including currency risk, interest rate risk, regulatory and compliance risk, reputational risk and operational risk. The loan portfolio of our international branches includes foreign currency-denominated loans to Chinese companies engaged in international trade. This exposes us to additional risks including default risk resulting from a failure in the performance of the import or export agreements by any party, trade protectionist measures or other factors, and our inexperience in various aspects of the economic and legal framework in overseas markets. Adverse market conditions in these international jurisdictions may result in mark-to-market and realised losses on the investment assets held by our overseas branches and increase their cost of funding.

Furthermore, despite our best efforts to comply with all applicable regulations in the jurisdictions in which we operate, there may be incidences of our failure to comply with the regulations in certain jurisdictions. Regulators in these jurisdictions may have the power to bring administrative or judicial proceedings against us or our employees, representatives, agents and third-party service providers, which could result in, among others, suspension or revocation of one or more of our licenses, cease and desist orders, fines, civil penalties, criminal penalties or other disciplinary actions.

In addition, the volatility in the global economic and financial systems in recent years has led and may in the future lead to significant regulatory changes in various jurisdictions, including those in which we have operations. These changes may include those with respect to capital and liquidity ratios, cross-border capital flows and consumer protection. The extent and impact of such changes is difficult to anticipate and estimate, and such changes could have an adverse impact on our growth, capital adequacy and profitability. If we are unable to manage the risks resulting from our international expansion, our business, financial condition and results of operations may be materially and adversely affected.

We have been increasingly focused on the development of wealth management products in recent years, and we are subject to risks relating to adverse developments or changes in regulatory policies relating to these products.

In recent years, growth of deposits in the PRC banking industry has begun to slow as progress has been made in terms of interest rate liberalisation, financial disintermediation and financing channel expansion. In response to such developments, PRC commercial banks, including the Group, provide wealth management and other financial services through their wealth management businesses. As at 31 December 2014, the balance of wealth management products surpassed RMB1.9 trillion, and the outstanding balance of our non-principal protected wealth management products amounted to RMB1,454,836 million, representing 9.2% and 7.0%, respectively, of our total assets.

Our wealth management products primarily represent investments in, among others, bonds, deposits and highly liquid money market investment instruments, other debt instruments, equity instruments and other types of assets that are compliant with regulatory requirements. As most of the wealth management products issued by us are non-principal protected products, we are not liable for any loss suffered by investors in these products. However, to the extent investors suffer losses on these wealth management products, our reputation may be severely damaged, and we may also suffer a loss of business, customer deposits and net income. Furthermore, we may eventually bear losses for non-principal protected products if the investors bring lawsuits against us and the court decides that we are liable for mis-selling such products or otherwise.

In addition, the tenors of wealth management products issued by us are often shorter than those of the underlying assets. This mismatch subjects us to liquidity risk and requires us to issue new wealth management products, sell the underlying assets or otherwise address the funding gap when existing wealth management products mature. PRC regulatory authorities have introduced regulatory policies to restrict the scale of PRC commercial banks' investments in non-standard debt-based assets with funds raised from wealth management products. If PRC regulatory authorities further restrict the wealth management business of PRC commercial banks, it could materially and adversely affect our business, financial condition and results of operations.

We are subject to risks associated with off-balance sheet credit commitments and guarantees.

Our off-balance sheet credit commitments and financial guarantees primarily consist of, *inter alia*, bank acceptances, loan commitments, guarantees and letters of credit. As at 31 December 2014, our credit risk-weighted amount of credit commitments was RMB1,014,045 million, and our credit commitments amounted to

RMB2,342,123 million. We are exposed to credit risk related to such credit commitments and guarantees. If our customers cannot perform their obligations, we will need to fulfil the related commitments and guarantees. In addition, if we cannot obtain compensation from relevant customers, our business, financial condition and results of operations may be materially and adversely affected.

We are subject to risks associated with our risk management and internal control policies and procedures.

We have been proactively implementing our risk management system and improving our risk management and internal control capabilities. Nonetheless, our risk management and internal control capabilities are limited by the information and risk management tools or technologies available to us. Our ability to implement and maintain strict internal control may be affected by our expansion in business scale and business scope. We cannot assure you that all of our employees will always comply with our internal control policies and procedures. If there are any deficiencies in our risk management and internal control policies and procedures, we may be subject to credit risk, liquidity risk, market risk, operational risk or reputational risk, which may materially and adversely affect our business, financial condition and results of operations.

We are subject to operational risks and risks relating to our information technology systems.

We are subject to operational risks such as internal and external fraud, risks related to customers, products and business activities, execution risks, closing and process management risks, employment system and workplace safety, damage to physical assets and risks related to information technology systems.

We have established a series of policies and procedures to identify, assess, monitor, manage and report operational risks according to the "Guidance to the Operational Risk Management of Commercial Banks" (商業銀行操作風險管理指引) issued by the CBRC. Operational risks may cause losses to us if these measures are not put in place effectively or do not adequately cover all aspects of our operations.

We depend on our information technology systems to process accurately a large number of transactions on a timely basis and to store and process most of our data regarding our business and operations. We have adopted a number of technical measures and management initiatives to ensure the secure and reliable operation of our information systems. We have also proactively developed information security protection initiatives. If a portion or all of our information technology systems malfunction due to any defect in software or hardware or any deficiency in our information security protection, or we fail to effectively improve or upgrade our information technology systems on a timely basis, our business, financial condition and results of operations could be materially and adversely affected.

We may not be able to prevent fully or to detect timely any money laundering and other illegal or improper activities.

We are required to comply with applicable laws and regulations relating to anti-money laundering and anti-terrorism in the PRC and other jurisdictions where we operate. We are not currently aware of any money laundering or other major illegal or improper activities engaged in by or involving any employee of our domestic or overseas branches. However, we cannot assure you such activities will not take place in the future or that we can completely eradicate money laundering activities, activities carried out by terrorists and terrorist-related organisations or other improper activities carried out by organisations or individuals through the Group. If we fail to timely detect and prevent money laundering activities or other illegal or improper activities, relevant regulatory agencies will have the power and authority to impose sanctions on us, which may materially and adversely affect our business, financial condition and results of operations.

We may not be able to detect and prevent all fraud or other misconduct committed by our employees or third parties.

We have continued to strengthen the detection and prevention of fraud or other misconduct committed by our employees or third parties. However, we cannot assure you that our internal control policies and procedures will completely and effectively prevent all fraud or other misconduct committed by our employees or third parties. Any fraud or misconduct involving us or our employees may adversely affect our business, financial condition and results of operations.

We are subject to risks related to property title certificates or other licenses and certificates.

We own and lease properties in the PRC. For some of the properties we own, we have not obtained building ownership certificates, state-owned land use right certificates or both. For some of the properties we lease, the lessors have not provided us with the relevant title certificates of the property and/or consent letters from the relevant property owners to sublease. Even though we have been provided with written undertakings for some leased properties indicating that the lessors will compensate our potential loss due to defects in relevant property title certificates or the relevant lease agreements contain such undertakings, if we have to relocate our branches or sub-branches due to title defects with regard to properties owned or leased by us, we will incur additional costs relating to such relocation.

In addition, a small number of our branches are currently in the process of applying for new financial licenses, business licenses and/or other licenses due to license renewal requirements, upgrades of branch offices, changes of name, relocation or changes of business nature. Any failures to receive such licences or delays may have an adverse effect on our business and operations.

We or our customers may be subject to OFAC or other penalties if we are determined to have violated any OFAC regulations or similar sanctions.

The United States imposes a range of economic sanctions against certain foreign countries, terrorists, international narcotics traffickers and those engaged in activities related to the proliferation of weapons of mass destruction. The U.S. sanctions are intended to advance certain U.S. foreign policy and national interests, such as discouraging certain countries from acquiring weapons of mass destruction or engaging in human rights abuses. The U.S. Department of the Treasury's Office of Foreign Assets Control (**OFAC**) is the principal government agency charged with administering and enforcing U.S. economic sanctions programmes. These economic sanctions, as administered by OFAC, generally apply to U.S. entities and, in certain cases, to foreign affiliates of U.S. entities, or to transactions that involve, in some manner, U.S. products or otherwise come within the jurisdiction of the United States. Other governments and international or regional organisations also administer similar economic sanctions. If our New York branch or any of our overseas branches engages in any prohibited transactions by any means, or if it is otherwise determined that any of our transactions violated OFAC-administered or other sanctions regulations, we could be subject to penalties, and our reputation and ability to conduct future business in the United States or with U.S. entities, or in other affected jurisdictions, could be affected, which may materially and adversely affect our business, financial condition and results of operations.

We are exposed to risks in relation to the bonds issued by Huarong in connection with an extraordinary disposal of certain NPLs.

During the period from 1999 to 2001, we disposed of non-performing assets with a book value of RMB407.7 billion to China Huarong Asset Management Corporation (**Huarong**) and received 10-year non-transferrable bonds issued by Huarong with a nominal value of RMB313.0 billion (the **Huarong Bonds**) as well as RMB94.7 billion in cash as consideration. Huarong is a wholly state-owned non-bank financial institution that has been approved by the State Council and was established in October 1999 primarily to acquire and manage non-performing assets from our Bank. The Huarong Bonds have a fixed interest rate of 2.25% per annum. Huarong has paid interest on the bonds to us in a timely manner in the past pursuant to the terms of the bonds. In addition, the Ministry of Finance (the **MOF**) issued a notice on 14 June 2005 to the effect that: (1) with effect from 1 July 2005, in the event of any failure of Huarong to pay for the interest on the bonds in full to us, the MOF will provide financial support; and (2) if necessary, the MOF will provide support for the payment of the principal of the bonds issued by Huarong.

During the period from 2010 to 2011, the Huarong Bonds held by us matured. In accordance with the "Letter from MOF in Respect of the Bonds Issued by Huarong held by Industrial and Commercial Bank of China" (Cai Jin Han [2010] No. 105), the MOF agreed that the term of the Huarong Bonds held by us would be extended for 10 years after their expiration, the terms of the bonds such as the interest rate would remain unchanged and the MOF would continue its support for the principal and interest payments in relation to the Huarong Bonds held by us. Given the MOF's sovereign credit rating, we believe the recoverability of the bonds issued by Huarong can be reasonably guaranteed. In 2012 and 2013, we received early repayment of RMB137.9 billion and RMB29.1 billion, respectively, under the Huarong Bonds. As at 31 December 2014, we held a series of long term bonds issued by Huarong with an aggregate amount of RMB112,128 million.

In consideration of the various investment channels and market returns currently available in the market, there is a certain level of opportunity cost borne by our holding the Huarong Bonds. However, given the large investment size and long investment term of the bonds, if the principal of the Huarong Bonds were to be reallocated, it would be difficult to allocate all the capital to long-term loans. We would only be able to allocate to non-credit assets, with the investment returns limited by the size of the Renminbi bond market. Therefore, we believe the opportunity cost of holding the Huarong Bonds has a relatively small impact on our operations.

The Huarong Bonds are financial bonds placed to us with the approval of the PBOC and were specifically issued for Huarong's acquisition of certain of our non-performing assets. There are no similar bonds in the open bond market, and there is no active market for such bonds. In accordance with the accounting standards applicable to us, due to the lack of available valuation information and an active market and the fixed repayment amounts, we classify the Huarong Bonds as receivables relating to bonds investment and measure them at amortised cost using the effective interest method. Given that the interest on each payment term of the Huarong Bonds has been paid in full and in a timely manner, and that the MOF has provided its support for the principal and interest payment in relation to the Huarong Bonds, there is no event of impairment of financial assets under the applicable accounting standards. As such, we are of the view that the determination of the fair value of the renewed Huarong Bonds at initial recognition met the relevant requirements under the applicable accounting standards. The replacement of the original Huarong Bonds by the renewed Huarong Bonds did not result in a loss on derecognition or an impairment in our financial statements.

We expect that the MOF will perform its obligations as set out in the notices when necessary. However, due to the absence of any precedent for requesting the fulfilment of, or otherwise resorting to other legal procedures to seek the enforcement of, similar undertakings by the MOF or other PRC government authorities, we cannot guarantee any enforcement of such notices by operation of law. In the event of any failure of Huarong to discharge any of its payment obligations relating to such bonds or of the obligations of the MOF in such notices to be enforced by operation of law, our business, financial condition and results of operations may be materially and adversely affected.

We are exposed to risks relating to bonds issued by Huijin.

As at 31 December 2014, Central Huijin Investment Ltd. (**Huijin**) held approximately 35.12% of the issued share capital of the Bank, which comprise shares listed on The Stock Exchange of Hong Kong Limited under the stock code 1398 and traded in Hong Kong dollars (the **H Shares**) and domestic-listed shares (the **A Shares**, and together with the H Shares, the **Ordinary Shares**). In August and September 2010, Huijin issued the Central Huijin Investment Ltd. bonds (the **Huijin Bonds**) in the national inter-bank bond market.

The MOF has issued the "Letter on the Issues of the Issuance of Renminbi Bonds in an Amount of RMB187.5 billion by Central Huijin Investment Ltd." (Cai Ban Jin [2010] No. 60) to Huijin, pursuant to which the MOF confirmed that the issuance of the RMB187.5 billion Renminbi bonds by Huijin was made based on the decision of the State Council for the purpose of making a capital contribution to The Export-Import Bank of China and China Export & Credit Insurance Corporation and participating in the fund raising activities of our Bank, Bank of China Limited and China Construction Bank Corporation on behalf of the State.

The CBRC has issued the "Letter of Approval from the CBRC on Matters in respect of the Issuance of Renminbi Bonds by Central Huijin Investment Ltd." (Yin Jian Han [2010] No. 285), pursuant to which the CBRC confirmed its treatment of the Huijin Bonds as policy financial bonds, and the risk weight associated with the investment in such bonds by commercial banks is zero. Huijin, on behalf of the State, will use the proceeds raised from such issuance for the purpose of making capital contributions to The Export-Import Bank of China and China Export & Credit Insurance Corporation and supplementing the capital of our Bank, Bank of China Limited and China Construction Bank Corporation.

We subscribed for the Huijin Bonds by way of tender in the open market. As at 31 December 2014, the Bank held an amount of RMB21.63 billion face value of Huijin Bonds, for a term from five years to 30 years with an interest rate between 3.14% and 4.20% per annum. In the event of any failure of Huijin to discharge any of its payment obligations relating to such bonds or of the obligations in such notices to be enforced by operation of law, our business, financial condition and results of operations may be materially and adversely affected.

We are subject to reputational risks related to our business operations.

With the rapid development of the financial industry and changes in media communication, the public is paying increasing attention to the banking industry, resulting in easier and more frequent access to rumours related to banks' services quality, their operations and management and compliance issues. Such coverage may lead to negative feedback from depositors, investors and other Shareholders, which may adversely affect our normal operations and management, and could adversely affect our liquidity if such negative coverage leads to depositors and other banks withdrawing their funds or refusing to lend to us. Within the banking industry, the banks have close interbank relationships with one another, and interbank deposits and lending are relatively common. If a bank does not operate properly or becomes insolvent, a chain reaction may occur, which may trigger a confidence crisis towards the whole banking industry, and materially and adversely affect our financial condition and results of operations.

We are subject to counterparty risks in our derivative transactions.

We act primarily as an intermediary in domestic and international foreign exchange and derivative markets, and we currently have exchange rate contracts, interest rate contracts and commodity derivatives contracts with a number of domestic and international banks, financial institutions and other entities. As a result, we are subject to credit risk from our various counterparties. As at 31 December 2014, the notional amount of our outstanding derivative financial instruments amounted to RMB2,529.6 billion, and the fair value of our outstanding derivative assets and liabilities amounted to RMB24.1 billion and RMB24.2 billion, respectively. Although we cautiously evaluate the credit risks from our counterparties in our derivative transactions and believe that the overall credit quality of our counterparties is adequate, there can be no assurance that parties with significant risk exposure will not have difficulty in fulfilling derivative contracts that may cause losses for us.

Due to restrictions in certain PRC regulations, our investments are concentrated in certain types of investment products. We may experience significant decreases in the value of a particular type of investment.

As a result of current PRC regulatory restrictions, substantially all of our RMB-denominated investment assets are concentrated in a limited number of investments permitted for PRC commercial banks, such as PRC government bonds, bills and open market instruments issued by the PBOC, bonds issued by PRC policy banks and credit products issued by PRC financial and non-financial institutions (including bonds and subordinated notes issued by PRC commercial banks and insurance companies). These restrictions limit our ability to diversify our investment portfolio and seek higher returns by making investments comparable with those of banks in other countries as well as our ability to manage our liquidity in the same manner as banks in other countries. In addition, we are exposed to a certain level of risk as a result of the concentration of our RMB-denominated fixed income securities investments. For example, fluctuation in interest rates or deterioration of the financial condition of the issuers of such fixed income securities may cause their value to decrease. A decrease in the value of any of these types of investments could have a material adverse effect on our business, financial condition and results of operations.

RISKS RELATING TO THE PRC BANKING INDUSTRY

Our business is inherently subject to market fluctuations and general economic conditions, particularly in the PRC.

Our business is inherently subject to global capital market fluctuations and general economic conditions. Global market factors, including economic growth rates, inflation, deflation, interest rates, credit spreads, equity prices, real estate markets, energy prices, foreign currency exchange rates, consumer spending, business investment, government spending and the volatility and strength of the capital markets all affect the business and economic environment and, ultimately, the amount and profitability of our business. In particular, uncertain economic conditions, volatility and disruptions in global capital markets, such as those that occurred in late 2008 and 2009 during the global financial crisis, can have a material adverse effect on the Group.

The economic recovery since the global financial crisis has been slow, with economic growth rates in major economies such as Europe, the United States, Japan and the PRC generally remaining persistently lower than pre-crisis levels. Moreover, there are on-going concerns about European sovereign debt levels and the consequences for economic growth and investor confidence in the Eurozone, political gridlock in the United States over government spending and debt levels and the consequences for economic growth and investor confidence in the United States, and the possible "tapering" of the U.S. Federal Reserve's quantitative easing programme. Uncertainties in the global and the PRC's economies may adversely affect our business, financial condition and results of operations in many ways, including, among others:

- during a period of economic slowdown, there is a greater likelihood that more of our customers or counterparties could become delinquent in respect of their loan repayments or other obligations to us, which, in turn, could result in a higher level of NPLs, allowances for impairment losses and write-offs;
- the increased regulation and supervision by the financial services industry in response to the financial crisis in certain jurisdictions where we operate may restrict our business flexibility and increase our compliance costs;
- the value of our investments in the equity and debt securities issued by overseas governments and financial institutions may significantly decline;
- our ability to raise additional capital on favourable terms, or at all, could be adversely affected; and
- trade and capital flows may further contract as a result of protectionist measures being introduced in certain markets, which could cause a further slowdown in economies and adversely affect our business prospects.

Any potential market and economic downturns, economic slowdown or geopolitical uncertainties in the PRC, its neighbouring countries or regions or the rest of the world may exacerbate the risks relating to the PRC capital markets. In addition, global economic uncertainty and the slowdown in PRC economic growth have precipitated, and may continue to raise the possibility of, fiscal, monetary, regulatory and other governmental actions. We cannot predict whether or when such actions may occur, nor can we predict what ultimate impact, if any, such actions or any other governmental actions could have on our business, results of operations and financial condition. There can be no assurance that the PRC's economy or the global economy will continue to improve or maintain sustainable growth. If further economic downturn occurs or continues, our business, financial condition and results of operations could be materially and adversely affected.

We face increasingly intense competition in the PRC's banking industry and competition from other investment and financing channels.

The banking industry in the PRC is becoming increasingly competitive. We face competition from commercial banks in all of our principal areas of business where we have operations. On 1 July 2013, the General Office of the State Council of the PRC issued the Guidance Letter regarding Financial Support for Promoting Economic

Restructuring and Transformation (國務院辦公廳關於金融支持經濟結構調整和轉型升級的指導意見) (the **Guidance Letter**). The Guidance Letter, among others, encourages investment by private-sector capital in financial institutions and the establishment of privately owned banks. The Guidance Letter provides a policy direction to the increasing involvement of private-sector capital in the financial industry in the PRC. We may face increasing competition from privately owned banks in the future.

We compete with our competitors for substantially the same loan, deposit and fee and commission-based products and services customers. Such competition may materially and adversely affect our business and future prospects by, for example, reducing our market share in our principal products and services, reducing our fee and commission income, affecting the growth of our loan or deposit portfolios and their related products and services and increasing competition for soliciting senior management talent and qualified professional personnel.

In addition, we may face competition from direct corporate financing, such as the issuance of securities in the domestic and international capital markets. The domestic securities markets have experienced, and are expected to continue to experience, expansion and growth. If a substantial number of our customers choose alternative ways of financing to fund their capital needs, this may adversely affect our interest income, which could in turn materially and adversely affect our business, financial condition and results of operations.

In addition to competition from other banks and financial institutions, we also face competition from other forms of investment alternatives in the PRC. In recent years, financial disintermediation, which involves the movement of funds by investors from intermediary financial institutions such as savings and deposit-taking banks to direct investments, has increased in the PRC. Our deposit customers may elect to convert their funds into stocks, bonds and wealth management products, which may result in a decrease in our customer deposits, therefore further affecting the level of funds available to us for our lending business to generate net interest income. Meanwhile, financial disintermediation may result in a decrease in the enterprise demand for loans, which could materially and adversely affect our business, financial condition and results of operations.

We are subject to risks related to uncertain changes in the regulatory environment of the PRC's banking industry.

Our businesses are directly affected by changes in the PRC's banking regulatory policies, laws and regulations. The regulatory system and the laws and regulations governing the banking sector are subject to future changes, and we cannot assure you that such changes will not materially and adversely affect our business, financial condition and results of operations.

In addition, our overseas branches, subsidiaries and representative offices have to comply with the local laws and regulations of the relevant jurisdiction and are subject to regulation and approval by the local regulatory authorities in the relevant jurisdiction. We cannot assure you that our overseas branches, subsidiaries and representative offices can always satisfy applicable laws and regulatory requirements. If we do not meet such requirements, our business in the relevant jurisdiction may be affected, which may materially and adversely affect our business, financial condition and results of operations.

We are subject to risks related to changes in monetary policy.

PRC monetary policy is set by the PBOC in accordance with the macroeconomic environment. In addition, the PBOC controls monetary supply through open market operations and adjustments to the deposit reserve ratio and rediscount rate in order to achieve targeted control over the economy. As commercial banks are a major means to implement monetary policy, changes in monetary policy will affect their operations and profitability. If we cannot timely adjust our operating strategy in response to the changes in monetary policy, our business, financial condition and results of operations may be materially and adversely affected.

The formal implementation of the deposit insurance scheme may adversely affect the Bank's deposit-taking business and financial position.

The Deposit Insurance Regulations (存款保险条例) formulated by the State Council came into effect from 1 May 2015 and resulted in the formal establishment of a deposit insurance scheme in the PRC. The Deposit Insurance Regulations require that the commercial banks and other deposit-taking banking financial institutions established in the PRC shall take out deposit insurance and pay deposit insurance premiums to relevant deposit insurance fund management institutions, with such premiums to be used as deposit insurance funds to compensate depositors in the event of the liquidation or similar event of any PRC bank. Under the deposit insurance scheme, upon the liquidation or similar event of any PRC bank, the maximum compensation that a depositor may receive on the total principal and accrued interest deposited with such PRC bank will be capped at RMB500,000.

The deposit insurance premiums to be paid by the Bank in accordance with the Deposit Insurance Regulations and other relevant laws and regulations will increase the Bank's operating costs and capital requirements. Furthermore, the deposit insurance scheme may increase competition among PRC banks for deposits as some depositors may consider spreading out their deposits with different PRC banks. This may result in deposits currently held with the Bank being transferred by depositors to other PRC banks as well as the Bank having to offer higher interest rates to retain existing, and attract new, depositors, which may have an adverse effect on the Bank's business, financial position and operating results.

We cannot provide assurance that we will be able to satisfy the capital adequacy requirements of the CBRC or as a G-SIB pursuant to Basel III, and we are subject to risks related to potential Capital Adequacy Ratio fluctuations.

On 16 December 2010 and on 13 January 2011, the Basel Committee on Banking Supervision issued the final text and guidance on a number of fundamental reforms to the regulatory capital framework (such reforms being commonly referred to as **Basel III**). Following the issuance of Basel III, on 27 April 2011, the CBRC issued new guidelines setting more stringent capital adequacy, leverage, liquidity and loan loss provisioning requirements for PRC banks in accordance with the reform of the PRC's banking industry and the related regulatory framework. On 7 June 2012, the CBRC further issued the Capital Management Rules, which established a unified and comprehensive regulatory system for capital adequacy, re-defined the term "capital", expanded the scope of capital risk coverage and set forth different regulatory requirements for commercial banks with different capital adequacy levels, including the categorisation of regulatory requirements on capital into four levels. The first level requirements are the lowest, under which the requirements for Core Tier 1 Capital Adequacy Ratio, Tier 1 Capital Adequacy Ratio and Capital Adequacy Ratio (each as defined in the Capital Management Rules) are set at 5%, 6% and 8%, respectively; the second level requirements set the requirements for reserve capital and counter-cyclical capital at 2.5% and 0%–2.5%, respectively; the third level sets the requirement for systemically important institutions at 1%; and the fourth level requirement is in relation to the criteria for the second pillar capital. In addition, the Capital Management Rules set forth a new method for calculating the Capital Adequacy Ratio and provided a transition period for PRC commercial banks to meet their capital adequacy requirements. The Capital Management Rules became effective on 1 January 2013. Pursuant to the Notice of Interim Arrangement for Implementation of the Administrative Measures for the Capital of Commercial Banks of the PRC (Provisional) (中國銀監會關於實施《商業銀行資 本管理辦法(試行)》過渡期安排相關事項的通知), the CBRC encouraged commercial banks that had satisfied the capital adequacy requirements in the Capital Management Rules before the end of 2012 to continue to meet such requirements during the transition period, and the commercial banks that had failed to meet such requirements by the end of 2012 to improve gradually their capital adequacy during the transition period by satisfying the year-by-year capital adequacy requirements. Furthermore, the Financial Stability Board identified us as a globally systemically important bank (**G-SIB**) on 11 November 2013. As a G-SIB, we are required to satisfy heightened capital adequacy ratios pursuant to Basel III.

As at 31 December 2014, our Core Tier 1 Capital Adequacy Ratio, Tier 1 Capital Adequacy Ratio and Capital Adequacy Ratio, as calculated in accordance with the Capital Management Rules, were 11.92%, 12.19% and 14.53%, respectively, and satisfied applicable regulatory requirements.

We aim to maintain a stable and reasonable capital adequacy level in order to support the implementation of our business development and strategic planning. However, certain adverse changes may lead to fluctuations in our Capital Adequacy Ratio. Such adverse changes include, but are not limited to, an increase of risk weighted assets due to rapid business expansion, an increase of capital-deducting equity acquisitions and investments, potential deterioration in our asset quality, a decline in the value of our investments and an increase in the minimum Capital Adequacy Ratio requirement by the CBRC, as well as changes in the computational method for Capital Adequacy Ratio applied by the CBRC. We may be required to raise additional core or supplementary capital in the future in order to meet the minimum CBRC capital adequacy requirements. To raise additional capital in order to meet the minimum CBRC capital adequacy requirements, we may need to issue additional equity securities that qualify as core capital or other qualifying instruments. However, our ability to obtain additional capital may be restricted by a number of factors, including our future business, financial condition, results of operations and cash flows; necessary government regulatory approvals; our credit rating; general market conditions for capital-raising activities by commercial banks and other financial institutions; and economic, political and other conditions both within and outside the PRC. We cannot assure you that we will be able to obtain additional capital on commercially acceptable terms in a timely manner or at all. As such, there can be no assurance that we will continue to be able to comply with our capital adequacy requirements.

Furthermore, the CBRC may increase the minimum capital adequacy requirements or change the methodology for calculating regulatory capital or Capital Adequacy Ratio, or we may otherwise be subject to new capital adequacy requirements. If our Capital Adequacy Ratio does not meet the regulatory requirements, the regulatory authorities may adopt certain corrective measures including, but not limited to, restricting the growth of our risk-bearing assets, suspending all of our operation activities other than low-risk business, as well as restricting our dividend payment, which may materially and adversely affect our business, financial condition and results of operations.

The growth rate of the banking industry in the PRC may not be sustainable.

We expect the banking industry in the PRC to expand as a result of anticipated growth in the PRC's economy, increases in household income, further social welfare reforms, demographic changes and the opening of the PRC's banking industry to foreign participants. However, it is not clear how certain trends and events, such as the pace of the PRC's economic growth, the PRC's implementation of its commitments to World Trade Organisation accession, the development of the domestic capital and insurance markets and the ongoing reform of the social welfare system, will affect the PRC's banking industry. In addition, the banking industry in the PRC may be affected by systemic risks. Consequently, there can be no assurance that the growth and development of the PRC's banking industry will be sustainable.

The effectiveness of our credit risk management is affected by the quality and scope of information available in the PRC.

National credit information databases developed by the PBOC have been operational only since 2006. Due to the short operational history, such databases are not able to provide complete credit information on many of our credit applicants. Therefore, our assessment of the credit risk associated with a particular customer may not be based on complete, accurate or reliable information. As a result, our ability to manage effectively our credit risk may be adversely affected, which may materially and adversely affect our business, financial condition and results of operations.

Certain facts and statistics and information relating to us are derived from publications not independently verified by the Bank, the Arrangers or the Dealers or any of their respective directors, employees, representatives, affiliates or advisers.

Certain facts and statistics in this Base Prospectus relating to the PRC, its economy and its banking industry are derived from various official and publicly available sources generally believed to be reliable. While reasonable care has been taken to ensure that the facts and statistics or information relating to us presented in this Base Prospectus have been accurately extracted from such sources, such facts, statistics and information have not been independently verified by the Bank, the Arrangers or the Dealers or any of their respective directors, employees, representatives, affiliates or advisers; therefore, none of them makes any representation as to the accuracy of such facts and statistics or information, which may not be consistent with other information compiled within or outside the PRC and may not be complete or up-to-date.

Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice or other reasons, the statistics herein may be inaccurate or may not be comparable from period to period or to statistics produced for other economies and should not be unduly relied upon.

RISKS RELATING TO THE PRC

The PRC's economic, political and social conditions, as well as government policies, could affect our businesses.

A substantial majority of our businesses, assets and operations is located in the PRC. Accordingly, our business prospects, financial condition and results of operations are, to a significant degree, subject to the economic, political and legal developments in the PRC. The PRC economy differs from the economies of most developed countries in many respects, including, among others, government involvement, level of development, growth rate, control of foreign exchange and allocation of resources.

The PRC economy has been undergoing a transition from a planned economy to a market-oriented economy. A substantial portion of productive assets in the PRC is still owned by the PRC government. The government also exercises significant control over the PRC's economic growth by allocating resources, setting monetary policy and providing preferential treatment to particular industries or companies. In recent years, the PRC government has pushed forward a large number of economic reform measures to introduce market forces and promote the establishment of sound corporate governance structures. Such economic reform measures may be adjusted, modified or applied differently depending on the industries and regions of the country. As a result, we may not benefit from certain of such measures.

The PRC government has the power to implement macroeconomic controls affecting the PRC's economy. The government has implemented various measures in an effort to control the growth rate of certain industries and restrain inflation. As measured by gross domestic product (**GDP**), the PRC has been one of the world's fastest growing economies in recent years. The PRC's real GDP growth was 7.8%, 7.7% and 7.4% in 2012, 2013 and 2014, respectively. However, the PRC may not be able to sustain such a growth rate. During the recent global financial crisis and economic slowdown, the growth of the PRC's GDP slowed. If the PRC's economy experiences a decrease in growth rate or a significant downturn, the unfavourable business environment and economic condition for our customers could negatively impact their ability or willingness to repay our loans and reduce their demand for our banking services. Our business, financial condition and results of operations may be materially and adversely affected.

The PRC legal system could limit the legal protections available to you.

We are organised under the laws of the PRC. The PRC legal system is based on written statutes. The PRC government has promulgated laws and regulations dealing with such economic matters as the issuance and trading of securities, shareholder rights, foreign investment, corporate organisation and governance, commerce, taxation and trade. However, many of these laws and regulations continue to evolve, may be subject to different interpretations and may be inconsistently enforced. In addition, there is only a limited volume of published court decisions that may be cited for reference, and such cases have limited precedent value, as they are not binding on subsequent cases. These uncertainties relating to the interpretation of PRC laws and regulations can affect the legal remedies and protections that are available to you and can adversely affect the value of your investment.

You may experience difficulties in effecting service of legal process and enforcing judgments against us and our management.

The Bank is a company incorporated under the laws of the PRC, and a substantial majority of the Group's businesses, assets and operations are located in the PRC. In addition, a substantial majority of the Bank's directors, supervisors and executive officers reside in the PRC, and substantially all of their assets are located in the PRC. As a result, it may not be possible to serve legal written process within the United States or elsewhere outside the PRC upon the Bank or such directors, supervisors or executive officers, including with respect to matters arising under U.S. federal securities laws or applicable State securities laws.

Moreover, the PRC does not have treaties providing for the reciprocal recognition and enforcement of judgements of courts with the United States, the United Kingdom, Japan and many other countries. According to the Civil Procedure Law of the PRC (as amended in 2012), the PRC courts can recognise and enforce foreign judgments in accordance with the principal of reciprocity in the absence of international treaties. In addition, pursuant to the Arrangement of the Supreme People's Court between the Mainland and the HKSAR on Reciprocal Recognition and Enforcement of the Decisions of Civil and Commercial Cases under Consensual Jurisdiction (**關於**內地與香港特別行政區法院相互認可和執行當事人協議管轄的 **民商事案件判決的安排**), if the parties have expressly agreed in writing that the Hong Kong Court has sole jurisdiction over civil and commercial cases, the Chinese courts can recognise and enforce final judgments made by specific courts in Hong Kong (including the Court of Final Appeal, Court of Appeal, Court of First Instance and District Court) in relation to payments. Other than that, judgments made by courts in the United States and other courts in Hong Kong may not be recognised or enforced in the PRC.

As a result, recognition and enforcement in the PRC or Hong Kong of judgments of a court in the United States and any of the other jurisdictions mentioned above in relation to any matter may be difficult or impossible.

Any future occurrence of natural disasters or outbreaks of contagious diseases in the PRC may have a material adverse effect on our business, financial condition and results of operations.

Any future occurrence of natural disasters or outbreaks of health epidemics and contagious diseases, including avian influenza, Ebola Virus, Severe Acute Respiratory Syndrome (**SARS**), H5N1 influenza, H1N1 influenza or H7N9 influenza, may adversely affect our business, financial condition and results of operations. An outbreak of a health epidemic or contagious disease could result in a widespread health crisis and restrict the level of business activity in affected areas, which may in turn adversely affect our business, financial condition and results of operations. Moreover, the PRC has experienced natural disasters such as earthquakes, floods and drought in the past few years. Any future occurrence of severe natural disasters in the PRC may adversely affect its economy and in turn our business, financial condition and results of operations. There is no guarantee that any future occurrence of natural disasters or outbreak of avian influenza, Ebola Virus, SARS, H5N1 influenza, H1N1 influenza, H7N9 influenza or other epidemics, or the measures taken by the PRC government or other countries in response to a future outbreak of these epidemics, will not seriously interrupt our operations or those of our customers, which may have a material adverse effect on our business, financial condition and results of operations.

RISKS RELATING TO THE NOTES

Difficulties may be experienced in effecting service of legal process and enforcing judgments against the Bank and its management.

The Bank is a company incorporated under the laws of the PRC, and substantially all of the Bank's business, assets and operations are located in China. In addition, a majority of the Bank's directors, supervisors and executive officers reside in China, and substantially all of the assets of such directors, supervisors and executive officers are located in China. Therefore, it may not be possible for investors to effect service of process upon the Bank or those persons inside China. China has not entered into treaties or arrangements providing for the reciprocal recognition and enforcement of judgements of courts with the United States, the United Kingdom, Japan and many other countries. Hence, the recognition and enforcement in China of judgments of a court in a foreign jurisdiction in relation to any matter not subject to a binding arbitration provision may be difficult or even impossible.

The Notes may not be a suitable investment for all investors.

Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Base Prospectus, any applicable supplement to this Base Prospectus or any Final Terms;

- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;

- have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;

- understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; and

- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes may be complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to the purchaser's overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Investors shall pay attention to any modification, waivers and substitution.

The Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

Risks related to the structure of a particular issue of Notes.

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features:

Notes subject to optional redemption

An optional redemption feature of Notes is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Inverse Floating Rate Notes

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as the London Interbank Offered Rate. The market values of such Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

Fixed/Floating Rate Notes

Fixed/Floating Rate Notes may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than the then prevailing rates on its Notes.

Notes issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than prices for conventional interest-bearing securities do. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Risks related to the Notes generally

Set out below is a brief description of certain risks relating to the Notes generally:

Withholding under the EU Savings Directive

Under Council Directive 2003/48/EC on the taxation of savings income (the **Savings Directive**), Member States are required to provide to the tax authorities of other Member States details of certain payments of interest or similar income paid or secured by a person established in a Member State to or for the benefit of an individual resident in another Member State or certain limited types of entities established in another Member State.

For a transitional period, Austria is required (unless during that period it elects otherwise) to operate a withholding system in relation to such payments. The end of the transitional period is dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).On 24 March 2014, the Council of the European Union adopted a Council Directive (the **Amending Directive**) amending and broadening the scope of the requirements described above. The Amending Directive requires Member States to apply these new requirements from 1 January 2017, and if they were to take effect the changes would expand the range of payments covered by the Savings Directive, in particular to include additional types of income payable on securities. They would also expand the circumstances in which payments that indirectly benefit an individual resident in a Member State must be reported or subject to withholding. This approach would apply to payments made to, or secured for, persons, entities or legal arrangements (including trusts) where certain conditions are satisfied, and may in some cases apply where the person, entity or arrangement is established or effectively managed outside of the European Union.

However, the European Commission has proposed the repeal of the Savings Directive from 1 January 2017 in the case of Austria and from 1 January 2016 in the case of all other Member States (subject to on-going requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates). This is to prevent overlap between the Savings Directive and a new automatic exchange of information regime to be implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU). The proposal also provides that, if it proceeds, Member States will not be required to apply the new requirements of the Amending Directive.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent (as defined in "*Terms and Conditions of the Notes"*) nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive which may mitigate an element of this risk if the Noteholder is able to arrange for payment through such a Paying Agent. However, investors should be aware that any custodians or intermediaries through which they hold their interest in the Notes may nonetheless be obliged to withhold or deduct tax pursuant to such laws unless the investor meets certain conditions, including providing any information that may be necessary to enable such persons to make payments free from withholding and in compliance with the EU Savings Directive, as amended.

Investors who are in any doubt as to their position should consult their professional advisers.

U.S. Foreign Account Tax Compliance Act Withholding

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (**FATCA**) impose a new reporting regime and, potentially, a 30 per cent. withholding tax with respect to (i) certain payments from sources within the United States, (ii) "foreign passthru payments" made to certain non-U.S. financial institutions that do not comply with this new reporting regime, and (iii) payments to certain investors that do not provide identification information with respect to interests issued by a participating non-U.S. financial institution.

Whilst the Notes are in global form and held within Euroclear or Clearstream, Luxembourg (together, the **ICSDs**), in all but the most remote circumstances, it is not expected that FATCA will affect the amount of any payment received by the ICSDs (see "*Taxation – Foreign Account Tax Compliance Ac*t"). However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose their custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer's obligations under the Notes are discharged once it has paid the common depositary for the ICSDs (as bearer or registered holder of the Notes) and the Issuer has therefore no responsibility for any amount thereafter transmitted through the ICSDs and custodians or intermediaries. Further, foreign financial institutions in a jurisdiction which has entered into an intergovernmental agreement with the United States (an **IGA**) are generally not expected to be required to withhold under FATCA or an IGA (or any law implementing an IGA) from payments they make.

Change of law

The Conditions of the Notes are based on English law in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Base Prospectus.

Notes where denominations involve integral multiples: definitive Notes

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination. Further, a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in bearer form in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination in order to receive a definitive Note in respect thereof.

If such definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Reliance on the procedures of the relevant ICSD

Notes issued under the Programme will be represented on issue by one or more Global Notes that may be deposited with a common depositary for Euroclear and Clearstream, Luxembourg (each as defined under "*Form of the Notes*"). Except in the circumstances described in each Global Note, investors will not be entitled to receive Notes in definitive form. The relevant ICSD and their respective direct and indirect participants will maintain records of the beneficial interests in each Global Note held through it. While the Notes are represented by a Global Note, investors will be able to trade their beneficial interests only through the relevant ICSD and their respective participants.

While the Notes are represented by Global Notes, the Issuer will discharge its payment obligation under the Notes by making payments through the relevant ICSD. A holder of a beneficial interest in a Global Note must rely on the procedures of the relevant ICSD and its participants to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in any Global Note.

Holders of beneficial interests in a Global Note will not have a direct right to vote in respect of the Notes so represented. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant ICSD and its participants to appoint appropriate proxies.

Risks related to the market generally

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

The secondary market generally

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severe adverse effect on the market value of Notes.

Exchange rate risks and exchange controls may result in investors receiving less interest or principal than expected

The Issuer will pay principal and interest on the Notes in the currency specified in the relevant Final Terms (the **Specified Currency**). This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Changes in market interest rates may adversely affect the value of Fixed Rate Notes.

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of Fixed Rate Notes.

Ratings of Notes

Credit ratings assigned to the Issuer or any Notes may not reflect all the risks associated with an investment in those Notes.

One or more independent credit rating agencies may assign credit ratings to the Issuer or the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**) from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by the European Securities and Markets Authority (**ESMA**) on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Base Prospectus.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent: (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing, and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

RISKS RELATING TO NOTES DENOMINATED IN RENMINBI

Notes denominated in RMB (**RMB Notes**) may be issued under the Programme. Prospective investors should carefully take into account the following considerations, in addition to the other information contained in this Base Prospectus, before investing in the RMB Notes. RMB Notes contain particular risks for potential investors.

Renminbi is not freely convertible and there are significant restrictions on the remittance of Renminbi into and outside the PRC which may adversely affect the liquidity of RMB Notes

Renminbi is not freely convertible at present. The PRC Government continues to regulate conversion between Renminbi and foreign currencies, including the Hong Kong dollar, despite significant reduction in control by it in recent years over trade transactions involving import and export of goods and services as well as other frequent routine foreign exchange transactions. These transactions are known as current account items. Currently, participating banks in Hong Kong, Macao, Singapore, Taiwan, Seoul, Frankfurt, London, Paris, Luxembourg, Sydney, Doha, Toronto, Kuala Lumpur and Bangkok have been permitted to engage in the settlement of current account trade transactions in Renminbi. However, remittance of Renminbi by foreign investors into the PRC for purposes such as capital contributions, known as capital account items, is generally only permitted upon obtaining specific approvals from the relevant authorities on a case-by-case basis and subject to a strict monitoring system. Regulations in the PRC on the remittance of Renminbi into the PRC for settlement of capital account items are developing gradually.

On 7 April 2011, SAFE promulgated the “Circular on Issues Concerning the Capital Account Items in connection with Cross-Border Renminbi” (the **SAFE Circular**), which became effective on 1 May 2011. According to the SAFE Circular, in the event that foreign investors intend to use Renminbi (including offshore Renminbi and onshore Renminbi held in the capital accounts of non-PRC residents) to make a contribution to an onshore enterprise or make payment for the transfer of an equity interest of an onshore enterprise by a PRC resident, such onshore enterprise shall be required to submit the prior written consent of the relevant Ministry of Commerce (**MOFCOM**) to the relevant local branch of SAFE of such onshore enterprise and register for a foreign invested enterprise status. Further, the SAFE Circular clarifies that foreign debts borrowed, and foreign guarantees provided, by an onshore entity (including a financial institution) in Renminbi shall, in principle, be regulated under the current PRC foreign debt and foreign guarantee regime.

On 13 October 2011, the PBOC promulgated the “Administrative Measures on Renminbi Settlement of Foreign Direct Investment” (外商直接投資人民幣結算業務管理辦法) (the **PBOC FDI Measures**) as part of the implementation of the PBOC’s detailed Renminbi foreign direct investments (**FDI**) accounts administration system. The system covers almost all aspects in relation to FDI, including capital injections, payments for the acquisition of PRC domestic enterprises, repatriation of dividends and other distributions, as well as Renminbi denominated cross-border loans. Under the PBOC FDI Measures, special approval for FDI and shareholder loans from the PBOC, which was previously required, is no longer necessary. In some cases however, post-event filing with the PBOC is still necessary. On 14 June 2012, the PBOC further issued the implementing rules for the PBOC FDI Measures, which provides more detailed rules relating to cross-border Renminbi direct investments and settlement.

On 5 July 2013, the PBOC promulgated the Circular on Policies related to Simplifying and Improving Cross-border Renminbi Business Procedures (關於簡化跨境人民幣業務流程和完善有關政策的通知) (the **2013 PBOC Circular**), which sought to improve the efficiency of the cross-border Renminbi settlement process. For example, where automatic fund remittance occurs, the bank can debit the amount into the relevant account first and subsequently verify the relevant transaction. The PBOC further issued the Circular on the Relevant Issues on Renminbi Settlement of Investment in Onshore Financial Institutions by Foreign

Investors（關於境外投資者投資境內金融機構人民幣結算有關事項的通知）on 23 September 2013, which provides further details for using Renminbi to invest in a financial institution domiciled in the PRC.

On 3 December 2013, MOFCOM promulgated the "Circular on Issues in relation to Cross-border Renminbi Foreign Direct Investment" (商務部關於跨境人民幣直接投資有關問題的公告) (the **MOFCOM Circular**), which became effective on 1 January 2014, to further facilitate FDI by simplifying and streamlining the applicable regulatory framework. Pursuant to the MOFCOM Circular, written approval from the appropriate office of MOFCOM and/or its local counterparts specifying "Renminbi Foreign Direct Investment" and the amount of capital contribution is required for each FDI. In contrast with previous MOFCOM regulations on FDI, the MOFCOM Circular no longer contains the requirements for central-level MOFCOM approvals for investments of CNY300 million or more, or in relation to certain industries such as financial guarantee, financial leasing, micro-credit, auction, foreign invested investment companies, venture capital and equity investment vehicles, cement, iron and steel, electrolyse aluminium, ship building and other industries regulated by the state. Unlike previous MOFCOM regulations on FDI, the MOFCOM Circular has also removed the approval requirement for foreign investors who intend to change the currency of their existing capital contribution from a foreign currency to Renminbi. In addition, the MOFCOM Circular also clearly prohibits the FDI funds from being used for any direct or indirect investment in securities and financial derivatives (except for investments in PRC listed companies by strategic investors) or for entrustment loans in the PRC.

The reforms which are being introduced and will be introduced in the Shanghai Free Trade Zone (the **Shanghai FTZ**) aim to upgrade cross-border trade, liberalise foreign exchange control, improve convenient cross-border use of Renminbi and promote the internationalisation of Renminbi. However, given the infancy stage of the Shanghai FTZ, how the reforms will be implemented and whether (and if so when) the reforms will be rolled out throughout China remain uncertain.

To support the development of the Shanghai FTZ, the Shanghai Head Office of the PBOC issued the Circular on Supporting the Expanded Cross-border Utilisation of Renminbi in the Shanghai FTZ (關於支持中國(上海)自由貿易試驗區擴大人民幣跨境使用的通知) (the **PBOC Shanghai FTZ Circular**) on 20 February 2014, which allows banks in Shanghai to settle FDI based on a foreign investor's instruction. In respect of FDI in industries that are not on the "negative list" of the Shanghai FTZ, the MOFCOM approval previously required is replaced by a filing. However, the application of the PBOC Shanghai FTZ Circular is limited to the Shanghai FTZ.

The above measures and circulars are relatively new and will be subject to interpretation and application by the relevant PRC authorities. The local counterparts of the relevant PRC authorities may adopt different practices in applying these measures and circulars and impose conditions for the settlement of Renminbi current account items.

There is no assurance that the PRC Government will continue to gradually liberalise control over cross-border remittance of Renminbi in the future or that new regulations in the PRC will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or outside the PRC. In the event that funds cannot be repatriated outside the PRC in Renminbi, this may affect the overall availability of Renminbi outside the PRC and the ability of the Issuer to source Renminbi to finance its obligations under Notes denominated in Renminbi.

There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of RMB Notes and the Issuer's ability to source Renminbi outside the PRC to service RMB Notes

As a result of the restrictions by the PRC Government on cross-border Renminbi fund flows, the availability of Renminbi outside the PRC is limited.

Currently, licensed banks in Singapore and Hong Kong may offer limited Renminbi denominated banking services to Singapore residents, Hong Kong residents and specified business customers. While the PBOC has established Renminbi clearing and settlement mechanisms for participating banks in various countries including Hong Kong, Macao, Singapore, Taiwan, Seoul, Frankfurt, London, Paris, Luxembourg, Sydney, Doha, Toronto, Kuala Lumpur and Bangkok through settlement agreements on the clearing of Renminbi business (the **Settlement Agreements**) with Bank of China (Hong Kong) Limited, Bank of China, Macao Branch, Industrial and Commercial Bank of China Limited, Singapore Branch, Bank of China, Taipei Branch, Bank of Communications, Seoul Branch, Bank of China, Frankfurt Branch, China Construction Bank (London) Limited, Bank of China, Paris Branch, Industrial and Commercial Bank of China Limited, Luxembourg Branch, Bank of China (Australia) Limited, Industrial and Commercial Bank of China Limited, Doha Branch, Industrial and Commercial Bank of China (Canada) Limited, Bank of China (Malaysia) Limited and Industrial and Commercial Bank of China (Thailand) Limited (each, an **RMB Clearing Bank**), the current size of Renminbi denominated financial assets outside the PRC is limited.

Renminbi business participating banks do not have direct Renminbi liquidity support from the PBOC. They are only allowed to square their open positions with the relevant RMB Clearing Bank after consolidating the Renminbi trade position of banks outside Hong Kong, Macao, Singapore, Taiwan, Seoul, Frankfurt, London, Paris, Luxembourg, Sydney, Doha, Toronto, Kuala Lumpur and Bangkok that are in the same bank group of the participating banks concerned with their own trade position, and the relevant RMB Clearing Bank only has access to onshore liquidity support from the PBOC for the purpose of squaring open positions of participating banks for limited types of transactions, including open positions resulting from conversion services for corporations relating to cross border trade settlement. The relevant RMB Clearing Bank is not obliged to square for participating banks any open positions as a result of other foreign exchange transactions or conversion services and the participating banks will need to source Renminbi from outside the PRC to square such open positions.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the Settlement Agreements will not be terminated or amended in the future which will have the effect of restricting availability of Renminbi outside the PRC. The limited availability of Renminbi outside the PRC may affect the liquidity of the RMB Notes. To the extent the Issuer is required to source Renminbi outside the PRC to service the RMB Notes, there is no assurance that the Issuer will be able to source such Renminbi on satisfactory terms, if at all.

Investment in RMB Notes is subject to exchange rate risks

The Issuer will make all payments of interest and principal with respect to the RMB Notes in Renminbi unless otherwise specified. The value of Renminbi against other foreign currencies fluctuates from time to time and is affected by changes in the PRC and international political and economic conditions as well as many other factors. As a result, the value of these Renminbi payments may vary with the changes in the prevailing exchange rates in the marketplace. If the value of Renminbi depreciates against another foreign currency, the value of the investment made by a holder of the RMB Notes in that foreign currency will decline.

Investment in RMB Notes is subject to interest rate risks

The PRC Government has gradually liberalised the regulation of interest rates in recent years. Further liberalisation may increase interest rate volatility. The RMB Notes may carry a fixed interest rate. Consequently, the trading price of such RMB Notes will vary with fluctuations in interest rates. If a holder of RMB Notes tries to sell any RMB Notes before their maturity, they may receive an offer that is less than the amount invested.

Payments with respect to the RMB Notes may be made only in the manner designated in the RMB Notes

Investors may be required to provide certification and other information (including Renminbi account information) in order to receive payments in Renminbi in accordance with the Renminbi clearing and settlement system for participating banks in the relevant Offshore Renminbi Centre. All Renminbi payments to investors in respect of the RMB Notes will be made solely (i) when RMB Notes are represented by global certificates deposited with a sub-custodian for CMU, by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing CMU rules and procedures, (ii) for so long as the RMB Notes are represented by global certificates held with the common depositary for Euroclear and Clearstream, Luxembourg or any alternative clearing system, by transfer to a Renminbi bank account maintained in Hong Kong or a financial centre in which an RMB Clearing Bank clears and settles Renminbi, if so specified in the Final Terms, in accordance with prevailing Euroclear and/or Clearstream, Luxembourg rules and procedures, or (iii) for so long as the RMB Notes are in definitive form, by transfer to a Renminbi bank account maintained in Hong Kong or a financial centre in which an RMB Clearing Bank clears and settles Renminbi, if so specified in the Final Terms in accordance with prevailing rules and regulations. Other than described in the Terms and Conditions of the Notes, the Issuer cannot be required to make payment by any other means (including in any other currency or in bank notes, by cheque or draft or by transfer to a bank account in the PRC).

Gains on the transfer of the RMB Notes may become subject to income taxes under PRC tax laws

Under the PRC Enterprise Income Tax Law, 2008 the PRC Individual Income Tax Law, 1980, and the relevant implementing rules, each as amended from time to time (the **EIT Law** and the **IIT Law**, respectively), any gain realised on the transfer of RMB Notes by non-PRC resident enterprise or individual Noteholders may be subject to PRC enterprise income tax (**EIT**) or PRC individual income tax (**IIT**) if such gain is regarded as income derived from sources within the PRC. While the EIT Law levies EIT at the rate of 20 per cent. of the gains derived by such non-PRC resident enterprise Noteholders from the transfer of the Notes, its implementation rules have reduced the EIT rate to 10 per cent. In accordance with the IIT and its implementation rules (as amended from time to time), any gain realised by a non-PRC resident individual Noteholder from the transfer of the Notes may be regarded as being sourced from the PRC and thus be subject to IIT at a rate of 20 per cent. of the gains derived by such non-PRC resident individual Noteholder from the transfer of the Notes.

However, there remains uncertainty as to whether the gains realised from the transfer of the RMB Notes would be treated as income derived from sources within the PRC and be subject to PRC tax. This will depend on how the PRC tax authorities interpret, apply or enforce the EIT Law, the IIT and their respective implementation rules. If such gains are determined as income sourced in the PRC by the relevant PRC tax authorities, (i) the non-PRC resident enterprise Noteholders may be subject to EIT at the rate of 10 per cent. of the gains derived by such non-PRC resident enterprise Noteholders and (ii) the non-PRC resident individual Noteholders may be subject to IIT at the rate of 20 per cent. of the gains derived by such non-PRC resident individual Noteholders. Unless there is an applicable tax treaty between PRC and the jurisdiction in which such non-PRC resident enterprise or individual resident holders of RMB Notes reside that reduces or exempts the relevant EIT or IIT, the value of their investment in RMB Notes may be materially and adversely affected.

RISKS RELATING TO THIS BASE PROSPECTUS

The Issuer cannot assure you of the accuracy or comparability of facts, forecasts and statistics contained in this Base Prospectus with respect to the PRC, its economy or the PRC and global banking industries.

Facts, forecasts and statistics in this Base Prospectus relating to the PRC, the PRC's economy and the PRC and global banking industries, including the Bank's market share information, are derived from various governmental sources which are generally believed to be reliable. However, the Issuer cannot guarantee the quality and reliability of such material. In addition, these facts, forecasts and statistics have not been independently verified by the Issuer and may not be consistent with information available from other sources, and may not be complete or up to date. The Issuer has taken reasonable care in reproducing or extracting the information from such sources. However, because of potentially flawed methodologies, discrepancies in market practice and other problems, these facts, forecasts and other statistics may be inaccurate or may not be comparable from period to period or to facts, forecasts or statistics of other economies.

Risks relating to forward-looking statements.

The Issuer has included certain statements in this Base Prospectus which constitute "*forward-looking statements*" (the meaning of which is discussed above under "*Cautionary statement regarding forward-looking statements*").

Actual results may differ materially from those suggested by the forward-looking statements due to certain risks or uncertainties associated with the Issuer's expectations with respect to, but not limited to, the Bank's ability to successfully implement its strategy, its ability to integrate recent or future mergers or acquisitions into its operations, future levels of non-performing assets and restructured assets, its growth and expansion, the adequacy of its provision for credit and investment losses, technological changes, investment income, its ability to market new products, cash flow projections, the outcome of any legal or regulatory proceedings it is or becomes a party to, the future impact of new accounting standards, its ability to pay dividends, its ability to roll over its short-term funding sources, its exposure to operational, market, credit, interest rate and currency risks and the market acceptance of and demand for Internet banking services. Accordingly, undue reliance must not be placed on such forward-looking statements.

INFORMATION INCORPORATED BY REFERENCE

The following documents which previously have been published and have been filed with the Central Bank and the DFSA shall be incorporated in, and form part of, this Base Prospectus:

(a) unaudited interim condensed consolidated financial statements of the Group as at and for the three months ended 31 March 2015 as set out in the Group's First Quarterly Report of 2015 (available at *http://v.icbc.com.cn/userfiles/Resources/ICBCLTD/download/2015/FirstQuarterlyReportof201520150429.pdf*);

(b) consolidated financial statements of the Group as at and for the year ended 31 December 2014 together with the audit report thereon , as set out on pages 126 to 279 of the Group's 2014 Annual Report (available at *http://v.icbc.com.cn/userfiles/Resources/ICBCLTD/download/2015/22014AnnualReport_20150421.pdf*) ; and

(c) consolidated financial statements of the Group as at and for the year ended 31 December 2013 together with the audit report thereon, as set out on pages 146 to 296 of the Group's 2013 Annual Report (available at *http://www.icbc-ltd.com/SiteCollectionDocuments/ICBC/Resources/ICBCLTD/download/2014/2013ndbg_h_E.pdf*).

Following the publication of this Base Prospectus a supplement may be prepared by the Issuer and approved by the Central Bank in accordance with Article 16 of the Prospectus Directive and the DFSA. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Base Prospectus or in a document which is incorporated by reference in this Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

Copies of documents incorporated by reference in this Base Prospectus can be obtained free of charge from the registered office of the Issuer and from the specified office of the Fiscal Agent for the time being in the Dubai International Financial Centre and London, respectively.

Any documents themselves incorporated by reference in the documents incorporated by reference in this Base Prospectus shall not form part of this Base Prospectus.

Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in this Base Prospectus.

The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Base Prospectus which is capable of affecting the assessment of any Notes, prepare a supplement to this Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent issue of Notes.

SUMMARY CONSOLIDATED FINANCIAL AND OTHER INFORMATION

The summary consolidated income statement data for the years ended 31 December 2012, 2013 and 2014, the summary consolidated statement of financial position data as at 31 December 2012, 2013 and 2014 and the summary of key financial and operating indicators as at and for the years ended 31 December 2013 and 2014 set forth below are extracted or derived from the financial statements incorporated by reference in this Base Prospectus. Prospective investors should read the summary financial information set forth below in conjunction with the financial statements and accompanying notes.

Summary Consolidated Income Statement Data

The following table sets forth, for the periods indicated, selected items from our consolidated income statement.

	For the year ended 31 December		
	2012	2013	2014
		(audited)	
		(in RMB millions)	
Net interest income	417,828	443,335	493,522
Net fee and commission income	106,064	122,326	132,497
Net trading income	510	154	1,745
Net loss on financial assets and liabilities designated at fair value through profit or loss	(5,114)	(2,413)	(10,024)
Net gain on financial investments	608	625	1,803
Other operating income, net	9,824	14,874	15,315
Operating income	529,720	578,901	634,858
Operating expenses	(189,940)	(204,140)	(218,674)
Impairment losses on:			
Loans and advances to customers	(32,572)	(38,098)	(56,267)
Others	(1,173)	(223)	(462)
Operating profit	306,035	336,440	359,455
Share of profits of associates and joint ventures	2,652	2,097	2,157
Profit before taxation	308,687	338,537	361,612
Income tax expense	(69,996)	(75,572)	(85,326)
Profit for the year	238,691	262,965	276,286
Attributable to equity holders of the parent company	238,532	262,649	275,811

Summary Consolidated Statement of Financial Position Data

The following table sets forth, as at the dates indicated, selected items from our consolidated statement of financial position.

	As at 31 December		
	2012	2013	2014
		(audited)	
		(in RMB millions)	
Assets			
Cash and balances with central banks	3,174,943	3,294,007	3,523,622
Due from banks and other financial institutions	636,450	717,984	782,776
Financial assets held for trading	20,463	28,143	34,373
Financial assets designated at fair value through profit or loss	201,208	344,413	312,455
Derivative financial assets	14,756	25,020	24,048
Reverse repurchase agreements	544,579	331,903	468,462

	As at 31 December		
	2012	2013	2014
		(audited)	
Loans and advances to customers	8,583,289	9,681,415	10,768,750
Financial investments	3,862,216	3,949,688	4,086,409
Investments in associates and joint ventures	33,284	28,515	28,919
Property and equipment	135,889	164,347	199,280
Deferred income tax assets	22,789	28,860	24,758
Other assets	312,351	323,457	356,101
Total assets	17,542,217	18,917,752	20,609,953
Liabilities			
Due to central banks	1,133	724	631
Financial liabilities designated at fair value through profit or loss	319,742	553,607	589,385
Derivative financial liabilities	13,261	19,168	24,191
Due to banks and other financial institutions	1,486,805	1,269,255	1,539,239
Repurchase agreements	237,764	299,304	380,957
Certificates of deposit	38,009	130,558	176,248
Due to customers	13,642,910	14,620,825	15,556,601
Income tax payable	56,922	55,674	60,666
Deferred income tax liabilities	552	420	451
Debt securities issued	232,186	253,018	279,590
Other liabilities	384,474	436,736	464,690
Total liabilities	16,413,758	17,639,289	19,072,649
Total equity	1,128,459	1,278,463	1,537,304

Summary of Key Financial and Operating Indicators

The following tables set forth a summary of our key financial and operating indicators for the periods or as at the dates indicated.

	For the year ended 31 December	
	2013	2014
Profitability indicators		
Return on average total assets(1)	1.44%	1.40%
Return on weighted average equity(2)	21.92%	19.96%
Net interest spread(3)	2.40%	2.46%
Net interest margin(4)	2.57%	2.66%
Return on risk-weighted assets(5)	2.45%	2.26%
Ratio of net fee and commission income to operating income	21.13%	20.87%
Cost-to-income ratio(6)	28.80%	27.93%

	As at 31 December	
	2013	2014
Asset quality indicators		
NPL ratio(7)	0.94%	1.13%
Allowance to NPLs(8)	257.19%	206.90%
Allowance to total loans ratio(9)	2.43%	2.34%
Capital adequacy indicators		
Core Tier 1 Capital Adequacy Ratio(10)	10.57%	11.92%

Tier 1 Capital Adequacy Ratio(10)	10.57%	12.19%
Capital Adequacy Ratio(10)	13.12%	14.53%
Total equity to total assets ratio	6.76%	7.46%
Risk-weighted assets to total assets ratio	63.34%	60.53%

Notes:

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

(2) Calculated by dividing net profit attributable to equity holders of the parent company by the weighted average balance of equity attributable to equity holders of the parent company, which is calculated in accordance with the "Rules for the Compilation and Submission of Information Disclosure by Companies that Offer Securities to the Public No. 9 — Computation and Disclosure of Return on Net Assets and Earnings per Share (Revision 2010)" issued by the CSRC.

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

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

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

(6) Calculated by dividing operating expenses (less business tax and surcharges) by operating income.

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

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

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

(10) Calculated in accordance with the Capital Regulation.

EXCHANGE RATE INFORMATION

The PBOC sets and publishes a base exchange rate on a daily basis with reference primarily to the supply and demand of Renminbi against a basket of U.S. dollar currencies in the market during the prior day. The PBOC also takes into account other factors, such as the general conditions existing in the international foreign exchange markets. From 1994 to 20 July 2005, the conversion of Renminbi into foreign currencies, including Hong Kong dollars and U.S. dollars, was based on rates set by the PBOC, which are set daily based on the previous business day's interbank foreign exchange market rates and current exchange rates on the international financial markets. Although PRC governmental policies were introduced in 1996 to reduce restrictions on the convertibility of Renminbi into foreign currency for current account items, conversion of Renminbi into foreign exchange for capital items, such as foreign direct investment, loans or securities investment, requires the approval of the State Administration of Foreign Exchange (**SAFE**) and other relevant authorities.

On 21 July 2005, the PRC government introduced a managed floating exchange rate system to allow the value of the Renminbi to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. On the same day, the value of the Renminbi appreciated by approximately 2 per cent. against the U.S. dollar. The PRC government has since made and in the future may make further adjustments to the exchange rate system. The PBOC authorised the China Foreign Exchange Trading Center, effective since 4 January 2006, to announce the central parity exchange rate of Renminbi against certain foreign currencies at 9:15 a.m. each business day. This rate is set as the central parity exchange rate for the trading in the inter-bank foreign exchange spot market and the trading over the counter for the business day. On 19 June 2010, the PBOC announced that the PRC government would further reform the Renminbi exchange rate regime to increase the flexibility of the exchange rate. On 16 April 2012, the PBOC further enlarged the floating band for the trading prices in the inter-bank spot exchange market of Renminbi against the U.S. dollar to 1 per cent. around the central parity rate. Effective from 17 March 2014, such floating band was further enlarged to 2 per cent.

The following table sets forth information concerning exchange rates between the Renminbi and U.S. dollar for the periods indicated. These rates are provided solely for your convenience and are not necessarily the exchange rates that we used in this Base Prospectus or will use in the preparation of our periodic reports or any other information to be provided to you. Exchange rates of Renminbi into U.S. dollars are based on the noon buying rate in The City of New York for cable transfers of Renminbi as certified for customs purposes by the Federal Reserve Bank of New York.

	Noon Buying Rate			
	Period end	**Average (1)**	**High**	**Low**
		(*RMB per U.S.$1.00*)		
2009	6.8259	6.8295	6.8470	6.8176
2010	6.6000	6.7603	6.8830	6.6000
2011	6.2939	6.4475	6.6364	6.2939
2012	6.2301	6.3093	6.3879	6.2221
2013	6.0537	6.1478	6.2438	6.0537

Note:

(1) Annual averages are calculated by using the average of the exchange rates on the last business day of each month during the relevant year.

USE OF PROCEEDS

The net proceeds from each issue of Notes (after deducting underwriting fees and commissions and other expenses incurred by the Issuer in connection with such issue) will be applied by the Issuer to finance its operations and for its general corporate purposes.

FORM OF THE NOTES

The Notes of each Series will be in either bearer form, with or without interest coupons (and talons for further coupons if appropriate) attached, or registered form, without interest coupons or talons attached, in each case as specified in the applicable Final Terms.

Bearer Notes

The following applies to Notes specified in the applicable Final Terms to be in bearer form.

Each Tranche of Bearer Notes will be initially issued in the form of a temporary global note (a **Temporary Bearer Global Note**) or, if so specified in the applicable Final Terms, a permanent global note (a **Permanent Bearer Global Note** and, together with a Temporary Bearer Global Note, each a **Bearer Global Note**) which, in either case, will be delivered on or prior to the original issue date of the Tranche to either (i) a common depositary (the **Common Depositary**) for Euroclear and Clearstream, Luxembourg or (ii) a sub-custodian for the CMU Service. Notes in bearer form will be delivered and deliverable only outside the United States (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction).

Whilst any Bearer Note is represented by a Temporary Bearer Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made against presentation of the Temporary Bearer Global Note only outside the United States (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction) and only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in the Temporary Bearer Global Note are not U.S. persons or persons who have purchased for resale to any U.S. person or any person within the United States (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction), as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and/or the CMU Lodging and Paying Agent and (in the case of a Temporary Bearer Global Note delivered to a common depositary for Euroclear and Clearstream, Luxembourg) and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Fiscal Agent.

On and after the date (the **Exchange Date**) which is 40 days after a Temporary Bearer Global Note is issued, interests in such Temporary Bearer Global Note will be exchangeable (free of charge) upon a request as described therein either for (i) interests in a Permanent Bearer Global Note of the same Series or (ii) for definitive Bearer Notes of the same Series with, where applicable, receipts, interest coupons and talons attached (as indicated in the applicable Final Terms and subject, in the case of definitive Bearer Notes, to such notice period as is specified in the applicable Final Terms), in each case against certification of beneficial ownership as described above unless such certification has already been given in connection with a payment of principal, interest or any other amount payable in respect of the Bearer Notes. The CMU Service may require that any such exchange for a Permanent Bearer Global Note is made in whole and not in part and in such event, no such exchange will be effected until all relevant account holders (as set out in a CMU Instrument Position Report or any other relevant notification supplied to the CMU Lodging and Paying Agent by the CMU Service) have so certified. The holder of a Temporary Bearer Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Bearer Global Note for an interest in a Permanent Bearer Global Note or for definitive Bearer Notes is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Bearer Global Note will be made through Euroclear and/or Clearstream, Luxembourg against presentation or surrender (as the case may be) of the Permanent Bearer Global Note without any requirement for certification.

In respect of a Bearer Global Note held through the CMU Service, any payments of principal, interest (if any) or any other amounts shall be made to the person(s) for whose account(s) interests in the relevant Bearer Global Note are credited (as set out in a CMU Instrument Position Report or any other relevant notification supplied to the CMU Lodging and Paying Agent by the CMU Service) and, save in the case of final payment, no presentation of the relevant Bearer Global Note shall be required for such purpose.

The applicable Final Terms will specify that a Permanent Bearer Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Bearer Notes with, where applicable, receipts, interest coupons and talons attached upon either (a) not less than 60 days' written notice (i), in the case of Notes held by a common depositary for Euroclear and Clearstream, Luxembourg, given at any time from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) to the Agent as described therein or (ii), in the case of Notes held through a sub-custodian for the CMU Service, from the relevant account holders therein to the CMU Lodging and Paying Agent as described therein or (b) only upon the occurrence of an Exchange Event.

For these purposes, **Exchange Event** means that:

(a) an Event of Default (as defined in Condition 9) has occurred and is continuing;

(b) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have, or in the case of Notes cleared through the CMU Service, the CMU Service has, been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available; or

(c) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Permanent Bearer Global Note in definitive form.

The Issuer will promptly give notice to Noteholders in accordance with Condition 13 if an Exchange Event occurs. If an Exchange Event occurs, (a) in the case of Notes held by a common depositary for Euroclear and/or Clearstream, Luxembourg, Euroclear and/or Clearstream, Luxembourg or the common depositary on behalf of Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) may give notice to the Fiscal Agent requesting exchange or, (b) in the case of Notes held through a sub-custodian for the CMU Service, the relevant account holders therein, may give notice to the Fiscal Agent or, as the case may be, the CMU Lodging and Paying Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (c) above, the Issuer may also give notice to the Fiscal Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Fiscal Agent or, as the case may be, the CMU Lodging and Paying Agent. No definitive Bearer Note delivered in exchange for a Permanent Bearer Global Note will be mailed or otherwise delivered to any location in the United States (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction) in connection with such exchange.

The following legend will appear on all Permanent Bearer Global Notes and definitive Bearer Notes which have an original maturity of more than 365 days and on all receipts and interest coupons relating to such Notes:

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE."

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Bearer Notes, receipts or interest coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of such Notes, receipts or interest coupons or talons.

Notes which are represented by a Bearer Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg or the CMU Service, as the case may be.

Registered Notes

The following applies to Notes specified in the applicable Final Terms to be in registered form.

The Registered Notes of each Tranche will initially be represented by a global note in registered form (a **Registered Global Note** and, together with any Bearer Global Note, each, a **Global Note**).

Registered Global Notes will be deposited with, and registered in the name of a nominee of, a common depositary for Euroclear and Clearstream, Luxembourg and/or a sub-custodian for the CMU Service (if applicable), as specified in the applicable Final Terms. Persons holding beneficial interests in Registered Global Notes will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Notes in fully registered form.

Payments of principal, interest and any other amount in respect of the Registered Global Notes will, in the absence of provision to the contrary, be made to the person shown on the Register (as defined in Condition 5.4) as the registered holder of the Registered Global Notes in the manner set out in Condition 5.4. None of the Issuer, the Fiscal Agent, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Registered Notes in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 5.4) immediately preceding the due date for payment in the manner provided in that Condition.

Interests in a Registered Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Registered Notes without receipts, interest coupons or talons attached only upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that:

(a) an Event of Default has occurred and is continuing;

(b) if (i) the Registered Global Note is registered in the name of a nominee for a common depositary for Euroclear and Clearstream, Luxembourg and the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have, or (ii) in the case of Notes cleared through the CMU Service the Issuer has been notified that the CMU Service has, been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system is available; or

(c) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Registered Global Note in definitive form.

The Issuer will promptly give notice to Noteholders in accordance with Condition 13 if an Exchange Event occurs. If an Exchange Event occurs, (a) in the case of Notes registered in the name of a nominee for a common depositary for Euroclear and Clearstream, Luxembourg, Euroclear and/or Clearstream, Luxembourg or any person acting on their behalf (acting on the instructions of any holder of an interest in such Registered Global Note) and/or, (b) in the case of Notes held through a sub-custodian for the CMU Service, the relevant account holders therein, may give notice to the Registrar or the CMU Lodging and Paying Agent, as applicable, requesting exchange and, in the event of the occurrence of an Exchange Event as described in (c) above, the Issuer may also give notice to the Registrar or the CMU Lodging and Paying Agent, as applicable, requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar.

Transfer of Interests

Interests in a Registered Global Note may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such interest in another Registered Global Note. No beneficial owner of an interest in a

Registered Global Note will be able to transfer such interest, except in accordance with the applicable procedures of Euroclear and Clearstream, Luxembourg and the CMU Service, in each case to the extent applicable.

General

Pursuant to the Agency Agreement (as defined under "*Terms and Conditions of the Notes*"), the Fiscal Agent, or, as the case may be, the CMU Lodging and Paying Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes, the Notes of such further Tranche shall be assigned a common code and ISIN and, where applicable, a CMU instrument number which are different from the common code, CMU instrument number and ISIN assigned to Notes of any other Tranche of the same Series until at least the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act) applicable to the Notes of such Tranche.

Any reference herein to Euroclear and/or Clearstream, Luxembourg and/or the CMU Service shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms or as may otherwise be approved by the Issuer and the Fiscal Agent.

A Note may be accelerated by the holder thereof in certain circumstances described in Condition 9. In such circumstances, where any Note is still represented by a Global Note which is cleared through Euroclear and/or Clearstream, Luxembourg and/or the CMU Service and the Global Note (or any part thereof) has become due and repayable in accordance with the Conditions of such Notes and payment in full of the amount due has not been made in accordance with the provisions of the Global Note then from 8.00 p.m. (London time) on the day immediately following such day holders of interests in such Global Note credited to their accounts with Euroclear and/or Clearstream, Luxembourg and/or the CMU Service, as the case may be, will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear and/or Clearstream, Luxembourg and/or the CMU Service on and subject to the terms of a deed of covenant dated 13 May 2015 (the **Deed of Covenant**) and executed by the Issuer.

The Issuer may agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which event a new Base Prospectus or a supplement to the Base Prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes which will be incorporated by reference into each Global Note (as defined below), each definitive Bearer Note and each definitive Registered Note, but, in the case of definitive Bearer Notes and definitive Registered Notes, only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Bearer Note or definitive Registered Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to "Applicable Final Terms" for a description of the content of Final Terms which will specify which of such terms are to apply in relation to the relevant Notes.

This Note is one of a Series (as defined below) of Notes issued by Industrial and Commercial Bank of China Limited, acting through Industrial and Commercial Bank of China Limited, Dubai (DIFC) Branch (the **Issuer**) pursuant to the Agency Agreement (as defined below).

References herein to the Notes shall be references to the Notes of this Series and shall mean:

(a) in relation to any Notes represented by a global Note (a **Global Note**), units of the lowest Specified Denomination in the Specified Currency;

(b) any Global Note in bearer form (each a **Bearer Global Note**);

(c) any Global Note in registered form (each a **Registered Global Note**);

(d) any definitive Notes in bearer form (**Definitive Bearer Notes** and, together with Bearer Global Notes, the **Bearer Notes**) issued in exchange for a Bearer Global Note; and

(e) any definitive Notes in registered form (**Definitive Registered Notes** and, together with Registered Global Notes, the **Registered Notes**) (whether or not issued in exchange for a Registered Global Note).

The Notes and the Coupons (as defined below) have the benefit of an agency agreement (such agency agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) dated 13 May 2015 and made between the Issuer, Citibank, N.A., London Branch as agent bank (the **Fiscal Agent**, which expression shall include any successor fiscal agent), Citicorp International Limited as CMU lodging and paying agent (the **CMU Lodging and Paying Agent**, which expression shall include any successor CMU lodging and paying agent) and the other paying agents named therein (together with the Registrar (as defined below), the Fiscal Agent, acting in its capacity as paying agent, and the CMU Lodging and Paying Agent, the **Paying Agents**, which expression shall include any additional or successor paying agents), Citigroup Global Markets Deutschland AG as registrar (the **Registrar**, which expression shall include any successor registrar) and a transfer agent and the other transfer agents named therein (together with the Registrar, the **Transfer Agents**, which expression shall include any additional or successor transfer agents). For the purposes of these Terms and Conditions (the **Conditions**), all references (other than in relation to the determination of interest and other amounts payable in respect of the Notes) to the Fiscal Agent shall, with respect to a Series of Notes to be held in the CMU Service (as defined below), be deemed to be a reference to the CMU Lodging and Paying Agent and all such references shall be construed accordingly.

The final terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Note which complete these Conditions. References to the **applicable Final Terms** are, unless otherwise stated, to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note. The expression **Prospectus Directive** means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in a relevant Member State of the European Economic Area.

Interest-bearing Definitive Bearer Notes have interest coupons (**Coupons**) and, in the case of Notes which, when issued in definitive form, have more than 27 interest payments remaining, talons for further Coupons (**Talons**) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Registered Notes and Global Notes do not have Coupons or Talons attached on issue.

Any reference to **Noteholders** or **holders** in relation to any Notes shall mean, in the case of Bearer Notes, the holders of the Notes and, in the case of Registered Notes, the persons in whose name the Notes are registered and shall, in relation to any Notes represented by a Global Note, be construed as provided below. Any reference herein to **Couponholders** shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons.

As used herein, **Tranche** means Notes which are identical in all respects (including as to listing and admission to trading) and **Series** means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (a) expressed to be consolidated and form a single series and (b) have the same terms and conditions or terms and conditions which are the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue.

The Noteholders and the Couponholders are entitled to the benefit of the Deed of Covenant dated 13 May 2015 (the **Deed of Covenant**) and made by the Issuer. The original of the Deed of Covenant is held by the common depositary for Euroclear and Clearstream, Luxembourg (each as defined below).

Copies of the Agency Agreement and the Deed of Covenant are available for inspection during normal business hours at the registered office of each of the Fiscal Agent, the Registrar and the other Paying Agents. Copies of the applicable Final Terms are available for viewing at the registered office of each the Issuer, the Fiscal Agent and the Registrar in the case of Registered Notes, and at the registered office of the other Paying Agents in the case of Bearer Notes, and copies may be obtained from those offices save that, if this Note is an unlisted Note of any Series, the applicable Final Terms will only be obtainable by a Noteholder holding one or more Notes and such Noteholder must produce evidence satisfactory to the Issuer and the relevant Paying Agent as to its holding of such Notes and identity. The Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement, the Deed of Covenant and the applicable Final Terms which are applicable to them. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement.

Words and expressions defined in the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in the Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

1. FORM, DENOMINATION AND TITLE

The Notes are either in bearer form or in registered form, as specified in the applicable Final Terms and, in the case of Definitive Bearer Notes, serially numbered, in the Specified Currency and the Specified Denomination(s). Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination and Bearer Notes may not be exchanged for Registered Notes and vice versa.

This Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

Definitive Bearer Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in the Conditions are not applicable.

Subject as set out below, title to the Bearer Notes and Coupons will pass by delivery, and title to the Registered Notes will pass upon registration of transfers in accordance with the provisions of the Agency Agreement. The Issuer and the Paying Agents will (except as otherwise required by law) deem and treat the bearer of any Bearer Note or Coupon and the registered holder of any Registered Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank S.A./N.V. (**Euroclear**) and/or Clearstream Banking, *société anonyme* (**Clearstream, Luxembourg**) and/or a sub-custodian for the Central Moneymarkets Unit Service operated by the Hong Kong Monetary Authority (the **CMU Service**), each person (other than Euroclear, Clearstream, Luxembourg or the CMU Service) who is for the time being shown in the records of Euroclear, Clearstream, Luxembourg or the CMU Service as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear, Clearstream, Luxembourg or the CMU Service as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer and the Paying Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Bearer Global Note or the registered holder of the relevant Registered Global Note shall be treated by the Issuer and any Paying Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions **Noteholder** and **holder of Notes** and related expressions shall be construed accordingly. Notwithstanding the above, if a Note (whether in global or definitive form) is held through the CMU Service, any payment that is made in respect of such Note shall be made at the direction of the bearer or the registered holder to the person(s) for whose account(s) interests in such Note are credited as being held through the CMU Service in accordance with the CMU Rules at the relevant time as notified to the CMU Lodging and Paying Agent by the CMU Service in a relevant CMU Instrument Position Report or any other relevant notification by the CMU Service (which notification, in either case, shall be conclusive evidence of the records of the CMU Service as to the identity of any accountholder and the principal amount of any Note credited to its account, save in the case of manifest error) (**CMU Accountholders**) and such payments shall discharge the obligation of the Issuer in respect of that payment under such Note.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg and the CMU Service, as the case may be. References to Euroclear and/or Clearstream, Luxembourg and/or the CMU Service shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

2. TRANSFERS OF REGISTERED NOTES

(a) *Transfers of interests in Registered Global Notes*

Transfers of beneficial interests in Registered Global Notes will be effected by Euroclear, Clearstream, Luxembourg or the CMU Service, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of beneficial transferors and transferees of such interests. A beneficial interest in a Registered Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Notes in definitive form or for a beneficial interest in another Registered Global Note only in the authorised denominations set out in the applicable Final Terms and only in accordance with the rules and operating procedures for the time being of Euroclear, Clearstream, Luxembourg or the CMU Service, as the case may be, and in accordance with the terms and conditions specified in the Agency Agreement. Transfers of a Registered Global Note registered in the name of a nominee of a common depositary for Euroclear, Clearstream, Luxembourg or the CMU Service, as the case may be, shall be limited to transfers of such Registered Global Note, in whole but not in part, to another nominee of a common depositary of Euroclear, Clearstream, Luxembourg or the CMU Service, as the case may be, or to a successor of Euroclear, Clearstream, Luxembourg or the CMU Service, as the case may be, or such successor's nominee.

(b) ***Transfers of Registered Notes in definitive form***

Subject as provided in paragraph (e) below, upon the terms and subject to the conditions set forth in the Agency Agreement, a Definitive Registered Note may be transferred in whole or in part (in the authorised denominations set out in the applicable Final Terms). In order to effect any such transfer:

(i) the holder or holders must:

(A) surrender the Registered Note for registration of the transfer of the Registered Note (or the relevant part of the Registered Note) at the specified office of any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing; and

(B) complete and deposit such other certifications as may be required by the relevant Transfer Agent; and

(ii) the relevant Transfer Agent must be satisfied with the documents of title and the identity of the person making the request.

Any such transfer will be subject to such reasonable regulations as the Issuer and the Registrar may from time to time prescribe (the initial such regulations being set out in Schedule 6 to the Agency Agreement). Subject as provided above, the relevant Transfer Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail, to such address as the transferee may request, a new Registered Note in definitive form of a like aggregate nominal amount to the Registered Note (or the relevant part of the Registered Note) transferred. In the case of the transfer of part only of a Registered Note in definitive form, a new Registered Note in definitive form in respect of the balance of the Registered Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

(c) ***Registration of transfer upon partial redemption***

In the event of a partial redemption of Notes under Condition 6, the Issuer shall not be required to register the transfer of any Registered Note, or part of a Registered Note, called for partial redemption.

(d) ***Costs of registration***

Noteholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

(e) ***Closed Periods***

No Noteholder may require the transfer of a Registered Note to be registered during the period of (a) 15 days ending on (and including) the due date for redemption of that Note and (b) seven days ending on (and including) any Record Date.

(f) ***Exchanges and transfers of Registered Notes generally***

Holders of Definitive Registered Notes may exchange such Notes for interests in a Registered Global Note of the same type at any time.

3. STATUS OF THE NOTES

The Notes and any related Coupons are direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured and unsubordinated obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.

4. INTEREST

4.1 Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest on its outstanding nominal amount from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

If the Notes are in definitive form, except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date in respect of a period that is not a Fixed Interest Period will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

As used in the Conditions, **Fixed Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

Except in the case of Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to:

(a) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note; or

(b) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

Day Count Fraction means, in respect of the calculation of an amount of interest in accordance with this Condition 4.1:

(a) if **Actual/Actual (ICMA)** is specified in the applicable Final Terms:

(i) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the Accrual Period) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (A) the number of days in such Determination Period and (B) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or

(ii) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

(A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(b) if **30/360** is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360; and

(c) if **Actual/365 (Fixed)** is specified in the applicable Final Terms, the actual number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant Interest Payment Date divided by 365.

(d) In the Conditions:

Determination Period means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

sub-unit means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

4.2 Interest on Floating Rate Notes

(a) ***Interest Payment Dates***

Each Floating Rate Note bears interest on its outstanding nominal amount from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

(i) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or

(ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an **Interest Payment Date**) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each **Interest Period** (which expression shall, in the Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

(A) in any case where Specified Periods are specified in accordance with Condition 4.2(a)(i) above, the Floating Rate Convention, such Interest Payment Date (a) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (ii) below shall apply *mutatis mutandis* or (b) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (i) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (ii) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or

(B) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or

(C) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or

(D) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In the Conditions, **Business Day** means a day which is both:

I. a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and each Additional Business Centre specified in the applicable Final Terms; and

II. either (x) in relation to any sum payable in a Specified Currency other than euro and Renminbi, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency, (y) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-time Gross Settlement Express Transfer (TARGET2) System (the **TARGET2 System**) is open or (z) in relation to any sum payable in Renminbi, a day (other than a Saturday, Sunday or public holiday) on which commercial banks and foreign exchange markets are open for business and settlement of Renminbi payments in the Offshore Renminbi Centre.

(b) ***Rate of Interest***

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in the manner specified in the applicable Final Terms.

(i) *ISDA Determination for Floating Rate Notes*

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this subparagraph (i), **ISDA Rate** for an Interest Period means a rate equal to the Floating Rate that would be determined by the Fiscal Agent under an interest rate swap transaction if the Fiscal Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. (**ISDA**) and as amended and updated as at the Issue Date of the first Tranche of the Notes (the **ISDA Definitions**) and under which:

(A) the Floating Rate Option is as specified in the applicable Final Terms;

(B) the Designated Maturity is a period specified in the applicable Final Terms; and

(C) the relevant Reset Date is either (I) if the applicable Floating Rate Option is based on the London interbank offered rate (**LIBOR**), on the Euro-zone interbank offered rate (**EURIBOR**) or on the CNH Hong Kong inter-bank offered rate (**CNH HIBOR**), the first day of that Interest Period or (II) in any other case, as specified in the applicable Final Terms.

For the purposes of this subparagraph (i), **Floating Rate, Calculation Agent, Floating Rate Option, Designated Maturity** and **Reset Date** have the meanings given to those terms in the ISDA Definitions.

Unless otherwise stated in the applicable Final Terms, the Minimum Rate of Interest shall be deemed to be zero.

(ii) *Screen Rate Determination for Floating Rate Notes*

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

(A) the offered quotation; or

(B) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate (as specified in the applicable Final Terms) which appears or appear, as the case may be, on the Relevant Screen Page (or such replacement page on that service which displays the information) as at the Relevant Time on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Fiscal Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Fiscal Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

If the Relevant Screen Page is not available or if, in the case of subclause 4.2(b)(ii)(A) above, no offered quotation appears or, in the case of subclause 4.2(b)(ii)(B) above, fewer than three offered quotations appear, in each case as at the Relevant Time, the Fiscal Agent shall request each of the Reference Banks to provide the Fiscal Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Specified Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Fiscal Agent with offered quotations, the Rate of Interest for the Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Fiscal Agent.

If on any Interest Determination Date one only or none of the Reference Banks provides the Fiscal Agent with an offered quotation as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Fiscal Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Fiscal Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Specified Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the London inter-bank market (if the Reference Rate is LIBOR, LIMEAN, LIBID, AUD LIBOR, JPY LIBOR), or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR), or by leading banks dealing in Renminbi in the Hong Kong inter-bank market (if the Reference Rate is CNH HIBOR), or the Shanghai inter-bank market (if the Reference Rate is SHIBOR), or the Singapore inter-bank market (if the Reference Rate is SIBOR), or the Kuala Lumpur inter-bank market (if the Reference Rate is KLIBOR), or the Emirates inter-bank market (if the Reference Rate is EIBOR), or the Saudi Arabia inter-bank market (if the Reference Rate is SAIBOR), or the Australia inter-bank market (if the Reference Rate is BBSW), or the Prague inter-bank market (if the Reference Rate is PRIBOR), or the Turkish inter-bank market (if the Reference Rate is TRLIBOR or TRYLIBOR), or the Tokyo inter-bank market (if the Reference Rate is TIBOR), plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Fiscal Agent with offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Specified Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for the purpose) informs the Fiscal Agent it is quoting to leading banks in the London inter-bank market (if the Reference Rate is LIBOR, LIMEAN, LIBID, AUD LIBOR, JPY LIBOR), or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) or leading banks dealing in Renminbi in the Hong Kong inter-bank market (if the Reference Rate is CNH HIBOR), or the Shanghai inter-bank market (if the Reference Rate is SHIBOR), or the Singapore inter-bank market (if the Reference Rate is SIBOR), or the Kuala Lumpur inter-bank market (if the Reference Rate is KLIBOR), or the Emirates inter-bank market (if the Reference Rate is EIBOR), or the Saudi Arabia inter-bank market (if the Reference Rate is SAIBOR), or the Australia inter-bank market (if the Reference Rate is BBSW), or the Prague inter-bank market (if the Reference Rate is PRIBOR), or the Turkish inter-bank market (if the Reference Rate is TRLIBOR or TRYLIBOR), or the Tokyo inter-bank market (if the Reference Rate is TIBOR), plus or minus (as appropriate) the Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).

In the Conditions:

Reference Banks means, in the case of a determination of LIBOR, LIMEAN, LIBID, AUD LIBOR or JPY LIBOR, the principal London office of four major banks in the London inter-bank market, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in the case of a determination of SHIBOR, the principal Shanghai office of four major banks in the Shanghai inter-bank market, in the case of a determination of HIBOR or CNH HIBOR, the principal Hong Kong office of four major banks in the Hong Kong inter-bank market, in the case of a determination of SIBOR, the principal Singapore office of four major banks in the Singapore inter-bank market, in the case of a determination KLIBOR, the principal Kuala Lumpur office of four major banks in the Kuala Lumpur inter-bank market, in the case of a determination of EIBOR, the principal Dubai office of four major banks in the Emirates inter-bank market, in the case of a determination of SAIBOR, the principal Riyadh office of four major banks in the Saudi Arabia inter-bank market, in the case of a determination of BBSW, the principal Sydney office of four major banks in the Australia inter-bank market, in the case of a determination of PRIBOR, the principal Prague office of four major banks in the Prague inter-bank market, in the case of a determination of TRLIBOR or TRYLIBOR, the principal Istanbul office of four major banks in the Turkish inter-bank market, or in the case of a determination of TIBOR, the principal Tokyo office of four major banks in the Tokyo inter-bank market and, in the case of a determination of a Reference Rate that is not specified above, the principal office of four major banks in the inter-bank market of the Relevant Financial Centre, in each case selected by the Fiscal Agent;

Reference Rate means one of the following benchmark rates (as specified in the applicable Final Terms) in respect of the currency and period specified in the applicable Final Terms:

(A) Euro interbank offered rate (**EURIBOR**);

(B) London interbank bid rate (**LIBID**);

(C) London interbank offered rate (**LIBOR**);

(D) London interbank mean rate (**LIMEAN**);

(E) Shanghai interbank offered rate (**SHIBOR**);

(F) Hong Kong interbank offered rate (**HIBOR**);

(G) Singapore interbank offered rate (**SIBOR**);

(H) Kuala Lumpur interbank offered rate (**KLIBOR**);

(I) Emirates interbank offered rate (**EIBOR**);

(J) Saudi Arabia interbank offered rate (**SAIBOR**);

(K) Bank Bill Swap Rate (**BBSW**);

(L) Australian dollar LIBOR (**AUD LIBOR**);

(M) Japanese Yen LIBOR (**JPY LIBOR**);

(N) Prague interbank offered rate (**PRIBOR**);

(O) CNH Hong Kong interbank offered rate (**CNH HIBOR**);

(P) Turkish Lira interbank offered rate (**TRLIBOR** or **TRYLIBOR**); and

(Q) Tokyo interbank offered rate (**TIBOR**);

Relevant Financial Centre shall mean (i) London, in the case of a determination of LIBOR; (ii) Brussels, in the case of a determination of EURIBOR; (iii) Tokyo, in the case of a determination of TIBOR; or (iv) Hong Kong, in the case of a determination of HIBOR or CNH HIBOR, as specified in the applicable Final Terms, or (v) such other financial centre as specified in the relevant Final Terms;

Relevant Screen Page means such page, section, caption, column or other part of a particular information service as may be specified in the applicable Final Terms or such other page, section, caption, column or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate; and

Relevant Time means: (a) 11.00 a.m. (London time, in the case of a determination of LIBOR, LIMEAN, LIBID, AUD LIBOR, JPY LIBOR, Brussels time, in the case of a determination of EURIBOR, Shanghai time, in the case of a determination of SHIBOR, Hong Kong time, in the case of a determination of HIBOR, Singapore time, in the case of a determination of SIBOR, Kuala Lumpur time, in the case of a determination of KLIBOR, Dubai time, in the case of a determination of EIBOR, Riyadh time, in the case of a determination of SAIBOR, Sydney time, in the case of a determination of BBSW, Prague time, in the case of a determination of PRIBOR, Istanbul time, in the case of a determination of TRLIBOR or TRYLIBOR, or Tokyo time, in the case of a determination of TIBOR); or (b) 11.15 a.m. Hong Kong time in the case of a determination of CNH HIBOR; or (c) Relevant Financial Centre time in the case of a determination of any other Reference Rate.

(c) ***Minimum Rate of Interest and/or Maximum Rate of Interest***

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(d) ***Determination of Rate of Interest and calculation of Interest Amounts***

The Fiscal Agent or, as applicable, the Registrar, in the case of Floating Rate Notes will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Fiscal Agent or, as applicable, the Registrar, in the case of Floating Rate Notes, will calculate the amount of interest (the Interest Amount) payable on the Floating Rate Notes in respect of each Specified Denomination for the relevant Interest Period. Each Interest Amount shall be calculated by applying the Rate of Interest to:

(i) in the case of Floating Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note; or

(ii) in the case of Floating Rate Notes in definitive form, the Calculation Amount,

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

Day Count Fraction means, in respect of the calculation of an amount of interest in accordance with this Condition 4.2:

(i) if **Actual/Actual (ISDA)** or **Actual/Actual** is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

(ii) if **Actual/365 (Fixed)** is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;

(iii) if **Actual/365 (Sterling)** is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

(iv) if **Actual/360** is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;

(v) if **30/360**, **360/360** or **Bond Basis** is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y_1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D_1" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D_1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30;

(vi) if **30E/360** or **Eurobond Basis** is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y_1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D_1" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D_1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D_2 will be 30;

(vii) if **30E/360 (ISDA)** is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y_1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D_1" is the first calendar day, expressed as a number, of the Interest Period, unless (A) that day is the last day of February or (B) such number would be 31, in which case D_1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (A) that day is the last day of February but not the Maturity Date or

(viii) such number would be 31, in which case D_2 will be 30.

(e) ***Notification of Rate of Interest and Interest Amounts***

The Fiscal Agent or the Registrar will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer (by no later than the first day of each Interest Period) and notice thereof to be published in accordance with Condition 13 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 13. For the purposes of this paragraph, the expression **London Business Day** means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

(f) ***Certificates to be final***

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4.2, whether by the Fiscal Agent or the Registrar shall (in the absence of wilful default, fraud, manifest error or proven error) be binding on the Issuer, the Fiscal Agent, the Registrar (if applicable), the other Paying Agents and all Noteholders and Couponholders and (in the absence of negligence, wilful default or fraud) no liability to the Issuer, the Noteholders or the Couponholders shall attach to the Fiscal Agent or the Registrar in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

4.3 Accrual of interest

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

(a) the date on which all amounts due in respect of such Note have been paid; and

(b) seven days after the date on which the full amount of the moneys payable in respect of such Note has been received by the Fiscal Agent and notice to that effect has been given to the Noteholders in accordance with Condition 13.

5. PAYMENTS

5.1 Method of payment

Subject as provided below:

(a) payments in a Specified Currency other than euro and Renminbi will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency;

(b) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque; and

(c) payments in Renminbi will be made by transfer to a Renminbi account maintained by or on behalf of the relevant Noteholder with a bank in the Offshore Renminbi Centre.

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto.

For the purpose of the Conditions, the term **Renminbi** means the lawful currency of the People's Republic of China.

5.2 Presentation of Definitive Bearer Notes and Coupons

Payments of principal in respect of Definitive Bearer Notes not held in the CMU Service will (subject as provided below) be made in the manner provided in Condition 5.1 above only against presentation and surrender (or, in the case of part-payment of any sum due, endorsement) of Definitive Bearer Notes, and payments of interest in respect of Definitive Bearer Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part-payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

Fixed Rate Notes in definitive bearer form not held in the CMU Service (other than Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of ten years after the Relevant Date (as defined in Condition 7) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 8) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive bearer form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note or Long Maturity Note in definitive bearer form not held in the CMU Service becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A **Long Maturity Note** is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

In the case of Definitive Bearer Notes held in the CMU Service, payment will be made to the person(s) for whose account(s) interests in the relevant Definitive Bearer Note are credited as being held with the CMU Service in accordance with the CMU Rules at the relevant time as notified to the CMU Lodging and Paying Agent by the CMU Service in a relevant CMU Instrument Position Report or any relevant notification by the CMU Service, which notification shall be conclusive evidence of the records of the CMU Service (save in the case of manifest error) and payment made in accordance thereof shall discharge the obligations of the Issuer in respect of that payment.

If the due date for redemption of any Definitive Bearer Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant Definitive Bearer Note.

5.3 Payments in respect of Bearer Global Notes

Payments of principal and interest (if any) in respect of Bearer Notes represented by any Global Note will (subject as provided below) be made in the manner specified above in relation to Definitive Bearer Notes and otherwise in the manner specified in the relevant Global Note (i) in the case of a Bearer Global Note lodged with the CMU Service, to the person(s) for whose account(s) interests in the relevant Bearer Global Note are credited as being held by the CMU Service in accordance with the CMU Rules, or (ii) in the case of a Bearer Global Note not lodged with the CMU Service, against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made against presentation or surrender of any Global Note in bearer form, distinguishing between any payment of principal and any payment of interest, will be made on such Global Note by the Paying Agent to which it was presented or in the records of Euroclear and Clearstream, Luxembourg and such record shall be *prima facie* evidence that the payment in question has been made. A record of each payment made against presentation or surrender of any Bearer Global Note, distinguishing between any payment of principal and any payment of interest, will be made (in the case of a Global Note not lodged with the CMU Service) on such Bearer Global Note by the Paying Agent to which it was presented or (in the case of a Global Note lodged with the CMU Service) on withdrawal of the Bearer Global Note by the CMU Lodging and Paying Agent, and in each such case such record shall be *prima facie* evidence that the payment in question has been made.

5.4 Payments in respect of Registered Notes

Payments of principal in respect of each Registered Note (whether or not in global form) will be made against presentation and surrender (or, in the case of part-payment of any sum due, endorsement) of the Registered Note at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Note appearing in the register of holders of the Registered Notes maintained by the Registrar (the **Register**) (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business and, in respect of the Notes clearing through the CMU Service, a day on which the CMU is open for business) before the relevant due date and (ii) where in definitive form at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date. Notwithstanding the previous sentence, if: (a) a holder does not have a Designated Account; or (b) the principal amount of the Notes held by a holder is less than US$250,000 (or its approximate equivalent in any other Specified Currency), payment will instead be made by a cheque in the Specified Currency drawn on a Designated Bank (as defined below). For these purposes, **Designated Account** means the account (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) maintained by a holder with a Designated Bank and identified as such in the Register and, in the case of a payment in Renminbi, means the Renminbi account maintained by or on behalf of the Noteholder with a bank in the Offshore Renminbi Centre, details of which appear on the Register at the close of business on the fifth business day before the due date for payment) maintained by a holder with a Designated Bank and identified as such in the Register and **Designated Bank** means (in the case of payment in a Specified Currency other than euro and Renminbi) a bank in the principal financial centre of the country of such Specified Currency, (in the case of a payment in euro) any bank which processes payments in euro and (in the case of a payment in

Renminbi) any bank in the Offshore Renminbi Centre which processes payments in Renminbi in the Offshore Renminbi Centre.

Payments of interest in respect of each Registered Note (whether or not in global form) will be made by a cheque in the Specified Currency drawn on a Designated Bank and mailed by uninsured mail on the business day in the city where the specified office of the Registrar is located immediately preceding the relevant due date to the holder (or the first named of joint holders) of the Registered Note appearing in the Register (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business and, in respect of the Notes clearing through the CMU Service, a day on which CMU is open for business) before the relevant due date and (ii) where in definitive form, at the close of business on the fifth day or (in the case of Renminbi) the 15th day (whether or not such fifth or 15th day is a business day) before the relevant due date (the **Record Date**) at his address shown in the Register on the Record Date and at his risk. Upon application of the holder to the specified office of the Registrar not less than three business days in the city where the specified office of the Registrar is located before the due date for any payment of interest in respect of a Registered Note, the payment may be made by transfer on the due date in the manner provided in the preceding paragraph. Any such application for transfer shall be deemed to relate to all future payments of interest (other than interest due on redemption) in respect of the Registered Notes which become payable to the holder who has made the initial application until such time as the Registrar is notified in writing to the contrary by such holder. Payment of the interest due in respect of each Registered Note on redemption will be made in the same manner as payment of the principal amount of such Registered Note.

In the case of Definitive Registered Notes or Registered Global Notes held through the CMU Service, payment will be made at the direction of the registered holder to the CMU Accountholders and such payment shall discharge the obligation of the Issuer in respect of that payment.

Holders of Registered Notes will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any Registered Note as a result of a cheque posted in accordance with this Condition arriving after the due date for payment or being lost in the post. No commissions or expenses shall be charged to such holders by the Registrar in respect of any payments of principal or interest in respect of the Registered Notes.

None of the Issuer or the Paying Agents or the Transfer Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

5.5 General provisions applicable to payments

The holder of a Global Note (if the Global Note is not lodged with the CMU Service) or (if the Global Note is lodged with the CMU Service) the person(s) for whose account(s) interests in such Global Note are credited as being held in the CMU Service in accordance with the CMU Rules as notified to the CMU Lodging and Paying Agent by the CMU Service in a relevant CMU Instrument Position Report or any other relevant notification by the CMU Service (which notification, in either case, shall be conclusive evidence of the records of the CMU Service save in the case of manifest error), shall be the only person(s) entitled to receive payments in respect of Notes represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Note or by payment to, or to the order of, the holder of such Global Note or such person(s) for whose account(s) interests in such Global Note are credited as being held in the CMU Service (as the case may be) in respect of each amount so paid. Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or the CMU Service as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear, Clearstream, Luxembourg or the CMU Lodging and Paying Agent, as the case may be, for his share of each payment so made by the Issuer or to the order of, the holder of such Global Note.

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

(a) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due;

(b) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and

(c) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

5.6 Payment Day

If the date for payment of any amount in respect of any Note or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, **Payment Day** means any day which (subject to Condition 8) is:

(a) in the case of Notes or Coupons denominated in a Specified Currency other than Renminbi:

  (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:

    (A) in the case of Notes in definitive form only, the relevant place of presentation; or

    (B) each Additional Financial Centre specified in the applicable Final Terms; and

  (ii) either (i) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency or (ii) in relation to any sum payable in euro, a day on which the TARGET2 System is open; and

(b) in the case of Notes or Coupons denominated in Renminbi, a day on which commercial banks and foreign exchange markets settle Renminbi payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in (i) in the case of Notes in definitive form only, the relevant place of presentation and (ii) the Offshore Renminbi Centre.

5.7 Interpretation of principal and interest

Any reference in the Conditions to principal in respect of the Notes shall be deemed to include, as applicable (without double counting):

(a) any additional amounts which may be payable with respect to principal under Condition 7;

(b) the Final Redemption Amount of the Notes;

(c) the Early Redemption Amount of the Notes;

(d) the Optional Redemption Amount(s) (if any) of the Notes;

(e) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 6.5); and

(f) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in the Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 7.

6. REDEMPTION AND PURCHASE

6.1 Redemption at maturity

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms in the relevant Specified Currency on the Maturity Date.

6.2 Redemption for tax reasons

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note), on giving not less than 30 nor more than 60 days' notice to the Fiscal Agent and, in accordance with Condition 13, the Noteholders (which notice shall be irrevocable), if:

(a) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 7) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes; and

(b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Fiscal Agent a certificate signed by two authorised signatories of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal or tax advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

Notes redeemed pursuant to this Condition 6.2 will be redeemed at their Early Redemption Amount referred to in Condition 6.5 below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

6.3 Redemption at the option of the Issuer (Issuer Call)

If Issuer Call is specified in the applicable Final Terms, the Issuer may, having given:

(a) not less than 32 nor more than 60 days' notice to the Noteholders (in accordance with Condition 13); and

(b) not less than 15 days before the giving of the notice referred to in (a) above, notice to the Fiscal Agent and, in the case of a redemption of Registered Notes, the Registrar, (which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Final Terms.

In the case of a partial redemption of Definitive Bearer Notes or Definitive Registered Notes, the Notes to be redeemed (**Redeemed Notes**) will be selected individually by lot (in such place as the Fiscal Agent, in the case of Bearer Notes, or the Registrar, in the case of Registered Notes, may approve) not more than 60 days prior to the date fixed for redemption and a list of the Notes called for redemption will be given notice in accordance with Condition 13 not less than 30 days prior to such date fixed for redemption (such date of selection being the **Selection Date**).

In the case of partial redemption of Notes which are represented by a Global Note, the relevant Notes will be selected in accordance with the rules of Euroclear and/or Clearstream, Luxembourg and/or the CMU Service (as appropriate). If only some of the Notes then outstanding are to be so redeemed, the Optional Redemption Amount (after accounting for any interest accrued to (but excluding) the relevant Optional Redemption Date) shall be an amount that is (i) equal to or greater than the Minimum Redemption Amount and (ii) equal to or less than the Maximum Redemption Amount.

In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 13 not less than 15 days prior to the date fixed for redemption. No exchange of the relevant Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this Condition 6.3 and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 13 at least five days prior to the Selection Date.

6.4 Redemption at the option of the Noteholders (Investor Put)

If Investor Put is specified in the applicable Final Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 13 not less than 32 nor more than 60 days' notice the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Final Terms, such Note on the Optional Redemption Date at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date. Registered Notes may be redeemed under this Condition 6.4 in any multiple of their lowest Specified Denomination. It may be that before an Investor Put can be exercised, certain conditions and/or circumstances will need to be satisfied. Where relevant, the provisions will be set out in the applicable Final Terms.

To exercise the right to require redemption of this Note the holder of this Note must, if this Note is in definitive form and held outside Euroclear, Clearstream, Luxembourg or the CMU Service, deliver, at the specified office of any Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) at any time during the normal business hours of such Paying Agent or, as the case may be, the Registrar falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent or, as the case may be, the Registrar (a **Put Notice**) and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition and, in the case of Registered Notes, the nominal amount thereof to be redeemed and, if less than the full nominal amount of the Registered Notes so surrendered is to be redeemed, an address to which a new Registered Note in respect of the balance of such Registered Notes is to be sent subject to and in accordance with the provisions of Condition 2(b). If this Note is a Definitive Bearer Note, the Put Notice must be accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control.

If this Note is represented by a Global Note or is in definitive form and held through Euroclear, Clearstream, Luxembourg or the CMU Service, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the Fiscal Agent of such exercise in accordance with the standard procedures of Euroclear, Clearstream, Luxembourg or the CMU Service (which may include notice being given on his instruction by Euroclear, Clearstream, Luxembourg or the CMU Service or any depositary for them to the Fiscal Agent by electronic means) in a form acceptable to Euroclear, Clearstream, Luxembourg or the CMU Service from time to time and, if this Note is represented by a Global Note, at the same time present or procure the presentation of the relevant Global Note to the Fiscal Agent for notation accordingly.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear, Clearstream, Luxembourg or the CMU Service given by a holder of any Note pursuant to this Condition 6.4 shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and is continuing, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 6.4 and instead to declare such Note forthwith due and payable pursuant to Condition 9.

6.5 Early Redemption Amounts

For the purpose of Condition 6.2 above and Condition 9, each Note will be redeemed at its Early Redemption Amount calculated as follows:

(a) in the case of a Note (other than a Zero Coupon Note) with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;

(b) in the case of a Note (other than a Zero Coupon Note) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Note is denominated, at the amount specified in, or determined in the manner specified in, the applicable Final Terms or, if no such amount or manner is so specified in the applicable Final Terms, at its nominal amount; or

(c) in the case of a Zero Coupon Note, at an amount (the **Amortised Face Amount**) calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = \text{RP} \times (1 + \text{AY})^{y}$$

where:

RP means the Reference Price;

AY means the Accrual Yield expressed as a decimal; and

y is a fraction the numerator of which is equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator of which is 360.

6.6 Purchases

The Issuer or any Subsidiary of the Issuer may at any time purchase Notes (provided that, in the case of Definitive Bearer Notes, all unmatured Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Any Notes purchased may be reissued, resold or, at the option of the Issuer, surrendered to the Fiscal Agent for cancellation. The Notes so purchased, while held by or on behalf of the Issuer or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Condition 14.

6.7 Cancellation

All Notes which are redeemed will forthwith be cancelled (together with, in the case of Definitive Bearer Notes, all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and any Notes purchased and surrendered for cancellation as contemplated in Condition 6.6 above (together with, in the case of Definitive Bearer Notes, all unmatured Coupons and Talons cancelled therewith) shall be forwarded to the Fiscal Agent and cannot be reissued or resold.

6.8 Late payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 6.1, 6.2, 6.3 or 6.4 above or upon its becoming due and repayable as provided in Condition 9 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 6.5(c) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

(a) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and

(b) seven days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Fiscal Agent and notice to that effect has been given to the Noteholders in accordance with Condition 13.

In these Conditions:

Person includes any individual, company, state owned enterprise, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state or other entity (in each case whether or not being a separate legal entity); and

Subsidiary means in relation to any Person (the **first Person**) at any particular time, any other Person whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first Person.

7. TAXATION

All payments of principal and interest in respect of the Notes and Coupons by or on behalf of the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note or Coupon:

(a) presented for payment in the United Arab Emirates (including the DIFC); or

(b) the holder of which is liable for such taxes or duties in respect of such Note or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Note or Coupon; or

(c) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on the last day of such period of 30 days assuming that day to have been a Payment Day (as defined in Condition 5.6); or

(d) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income (as amended) or any law implementing or complying with, or introduced in order to conform to, such Directive; or

(e) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the European Union;

(f) the holder of which would not be liable for or subject to such withholding or deduction by making a declaration of identity, non-residence or similar claim for exemption to the relevant tax authority, if. after having been requested to make such declaration or claim, such holder fails to do so within any applicable period prescribed by such relevant tax authority; or

(g) where such withholding or deduction is required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto.

As used herein:

(i) **Tax Jurisdiction** means the PRC (as defined in Condition 9), the United Arab Emirates or the DIFC or, in each case, any political subdivision or any authority thereof or therein having power to tax provided that if the Issuer becomes subject at any time to any taxing jurisdiction other than the PRC, the United Arab Emirates or the DIFC, respectively, references in these Conditions to the PRC, the United Arab Emirates or the DIFC shall be construed as references to the PRC, the United Arab Emirates, the DIFC (as the case may be) and such other jurisdiction; and

(ii) the **Relevant Date** means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Fiscal Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 13.

8. PRESCRIPTION

Claims for principal in respect of Bearer Notes shall become void unless the relevant Bearer Notes are presented for payment within ten years of the appropriate Relevant Date. Claims for interest in respect of Bearer Notes shall become void unless the relevant Coupons are presented for payment within five years of the appropriate Relevant Date. Claims for principal and interest on redemption in respect of Registered Notes shall become void unless the relevant Note certificates are surrendered for payment within ten years of the appropriate Relevant Date.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 5.2 or any Talon which would be void pursuant to Condition 5.2.

9. EVENTS OF DEFAULT

If any of the following events (each an **Event of Default**) occurs and is continuing, any Noteholder may give written notice to the Issuer or to the Fiscal Agent or the Registrar, as applicable, in accordance with Condition 13 that the Notes are, and they shall immediately become, due and payable at their Early Redemption Amount together with accrued interest (if any) without further formality:

(a) ***Non-payment***

The Issuer fails to pay the principal of or any interest on any of the Notes when due and such failure continues for a period of 30 days; or

(b) ***Breach of Other Obligations***

The Issuer does not perform or comply with any one or more of its other obligations in the Notes or the Agency Agreement which default remains unremedied for a period of 45 days after written notice of such default shall have been delivered to the Issuer (with a copy to the Fiscal Agent or the Registrar, as applicable) by holders of an aggregate principal amount of not less than 10 per cent. of the outstanding Notes; or

(c) ***Cross-Default***

(i) Any other present or future Public External Indebtedness becomes due and payable prior to its stated maturity by reason of any default, event of default or the like (howsoever described) in respect of the terms thereof, or

(ii) any such Public External Indebtedness is not paid when due or, as the case may be, within any applicable grace period,

provided that the aggregate amount of the relevant Public External Indebtedness in respect of which one or more of the events mentioned above in this paragraph (c) have occurred equals or exceeds US$30,000,000 or its equivalent; or

(d) ***Insolvency***

The Issuer or any of its Material Subsidiaries is insolvent or bankrupt or unable to pay its debts, stops or suspends payment of all or a material part of its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all or a material part of its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or a material part of the debts of the Issuer or any of its Material Subsidiaries; or

(e) ***Winding-up***

An order is made or an effective resolution passed for the winding-up or dissolution or administration of the Issuer or any of its Material Subsidiaries, or the Issuer or any of its Material Subsidiaries ceases to carry on all or a material part of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by an Extraordinary Resolution of the Noteholders, or (ii) in the case of a Material Subsidiary, whereby the undertaking and assets of the Material Subsidiary are transferred to or otherwise vested in the Issuer or another of its Subsidiaries; or

(f) ***Illegality***

It is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Notes, Coupons or the Agency Agreement, and the Issuer fails to obtain the necessary waiver or approval or complete such other necessary remedial action within 60 days such that the Issuer may lawfully perform such obligations; or

(g) ***Analogous Events***

Any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of Conditions 9(d) to 9(f) (both inclusive).

In this Condition 9:

Material Subsidiary means a Subsidiary of the Issuer whose total assets or total revenue (consolidated in the case of a Subsidiary which has Subsidiaries) as at the date at which its latest audited financial statements were prepared or, as the case may be, for the financial period to which these audited financial statements relate, account for 5 per cent. or more of the consolidated assets or consolidated revenue of the Issuer as at such date or for such period. If a Material Subsidiary transfers all of its assets and business to another Subsidiary of the Issuer, the transferee shall become a Material Subsidiary and the transferor shall cease to be a Material Subsidiary on completion of such transfer; and

Public External Indebtedness means any indebtedness of the Issuer or any Subsidiary, or any guarantee or indemnity by the Issuer of indebtedness, for money borrowed which, (i) is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other instrument which is issued outside the People's Republic of China (for the purposes hereof not including the Hong Kong and Macau Special Administration Regions or Taiwan) (**PRC**) and is, or is capable of being listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market) outside the PRC (without regard, however, to whether or not such instruments are sold through public offerings or private placements); and (ii) has an original maturity of more than 365 days.

10. REPLACEMENT OF NOTES, COUPONS AND TALONS

Should any Note, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Fiscal Agent or, as the case may be, the Registrar, upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

11. AGENTS

The names of the initial Paying Agents and their initial specified offices in the case of a Bearer Note and the name and initial specified office of the initial Registrar in the case of a Registered Note and the Fiscal Agent are set out below.

The Issuer is entitled to vary or terminate the appointment of the Registrar or any Paying Agent and/or appoint additional or other Paying Agents, Registrar or Transfer Agents and/or approve any change in the specified office through which any Paying Agent and/or Registrar and/or Transfer Agent acts, provided that:

(a) there will at all times be a Fiscal Agent and a Registrar;

(b) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority;

(c) there will at all times be a Registrar and a Transfer Agent which, so long as Registered Notes are listed on any stock exchange or admitted to listing by any other relevant authority, will have a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority; and

(d) there will at all times be a Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 5.5. Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 13.

In acting under the Agency Agreement, the Agents act solely as agents of the Issuer and do not assume any obligation to, or relationship of agency or trust with, any Noteholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor paying agent.

12. EXCHANGE OF TALONS

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 8.

13. NOTICES

All notices regarding the Bearer Notes will be deemed to be validly given if published in a leading English language daily newspaper of general circulation in London or published on the website of the Irish Stock Exchange (*www.ise.ie*), or if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Notes are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

All notices to holders of Registered Notes will be deemed validly given if mailed by first class mail (or its equivalent) or (if posted to an overseas address) by airmail to their registered addresses appearing on the register. Any such notice shall be deemed to have been given on the third day after the day on which it was mailed. In addition, for so long as any Notes are listed on a stock exchange and the rules of that stock exchange so require, a copy of such notice will be published in a daily newspaper of general circulation in the place or places required by those rules.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of (i) Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes or (ii) the CMU Service, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to the persons shown in a CMU Instrument Position Report issued by the CMU Service on the second business day preceding the date of despatch of such notice as holding interests in the relevant Global Note, and, in addition, in the case of both (i) and (ii) above, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority, and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Notes on the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg and/or the persons shown in the relevant CMU Instrument Position Report.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Fiscal Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes). Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Fiscal Agent or the Registrar through Euroclear and/or

Clearstream, Luxembourg, and/or, in the case of Notes lodged with the CMU Service, by delivery by such holder of such notice to the CMU Lodging and Paying Agent in Hong Kong, as the case may be, in such manner as the Fiscal Agent and Euroclear and/or Clearstream, Luxembourg and/or the CMU Service, as the case may be, may approve for this purpose.

14. MEETINGS OF NOTEHOLDERS AND MODIFICATION

14.1 Meetings of Noteholders and Modification

The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Coupons or any of the provisions of the Agency Agreement. Such a meeting may be convened by the Issuer and shall be convened by the Issuer if required in writing by Noteholders holding not less than 10 per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes or the Coupons (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes or the Coupons), the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Notes for the time being outstanding, or, at any adjourned such meeting, one or more persons holding or representing not less than one-quarter in nominal amount of the Notes for the time being outstanding. The Agency Agreement provides that (i) a resolution passed at a meeting duly convened and held in accordance with the Agency Agreement by a majority consisting of not less than 75 per cent. of the votes cast on such resolution or (ii) a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Notes for the time being outstanding or (iii) consent given by way of electronic consents through the relevant clearing system(s) by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Notes for the time being outstanding, shall, in each case, be effective as an Extraordinary Resolution of the Noteholders. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at any meeting and whether or not they voted on the resolution, and on all Couponholders.

The Fiscal Agent, the Registrar and the Issuer may agree, without the consent of the Noteholders or Couponholders, to:

(a) any modification (except such modifications in respect of which an increased quorum is required as mentioned above) of the Notes, the Coupons or the Agency Agreement which is not prejudicial to the interests of the Noteholders; or

(b) any modification of the Notes, the Coupons or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest or proven error or to comply with mandatory provisions of the law.

Any such modification shall be binding on the Noteholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 13 as soon as practicable thereafter.

15. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the Noteholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue and so that the same shall be consolidated and form a single Series with the outstanding Notes.

16. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of this Note under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

17. CURRENCY INDEMNITY

If any sum due from the Issuer in respect of the Notes or the Coupons or any order or judgment given or made in relation thereto has to be converted from the currency (the **first currency**) in which the same is payable under the Conditions or such order or judgment into another currency (the **second currency**) for the purpose of (a) making or filing a claim or proof against the Issuer, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Notes, the Issuer shall indemnify each Noteholder, on the written demand of such Noteholder addressed to the Issuer and delivered to the Issuer or to the specified office of the Fiscal Agent, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

18. GOVERNING LAW AND SUBMISSION TO JURISDICTION

18.1 Governing law

The Agency Agreement, the Deed of Covenant, the Notes, the Coupons, the Talons and any non-contractual obligations arising out of or in connection with the Agency Agreement, the Deed of Covenant, the Notes, the Coupons and the Talons are governed by, and shall be construed in accordance with, English law.

18.2 Agreement to Arbitrate

Subject to Condition 18.3, any dispute, claim, difference or controversy arising out of, relating to or having any connection with the Notes and/or the Coupons (including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with them) (a **Dispute**) shall be referred to and finally resolved by arbitration under the LCIA Arbitration Rules (the **Rules**), which Rules (as amended from time to time) are incorporated by reference into this Condition 18.2. For these purposes:

(a) the seat of arbitration shall be London, England;

(b) there shall be three arbitrators, each of whom shall be disinterested in the arbitration, shall have no connection with any party thereto and shall be an attorney experienced in international securities transactions. The parties to the Dispute shall each nominate one arbitrator and both arbitrators in turn shall appoint a further arbitrator who shall be the chairman of the tribunal. In cases where there are multiple claimants and/or multiple respondents, the class of claimants jointly, and the class of respondents jointly shall each nominate one arbitrator. If one party or both fails to nominate an arbitrator within the time limits specified by the Rules, such arbitrator(s) shall be appointed by the LCIA. If the party nominated arbitrators fail to nominate the third arbitrator within 15 days of the appointment of the second arbitrator, such arbitrator shall be appointed by the LCIA; and

(c) the language of the arbitration shall be English.

18.3 Option to Litigate

Notwithstanding Condition 18.2 above, any Noteholder or Couponholder may, in the alternative, and at its sole discretion, by notice in writing to the Issuer:

(a) within 28 days of service of a Request for Arbitration (as defined in the Rules); or

(b) if no arbitration has commenced,

require that a Dispute be heard by a court of law. If any Noteholder or Couponholder gives such notice, the Dispute to which such notice refers shall be determined in accordance with Condition 18.4 and, subject as provided below, any arbitration commenced under Condition 18.2 in respect of that Dispute will be terminated. Each person who gives such notice and the recipient of that notice will bear its own costs in relation to the terminated arbitration.

If any notice to terminate is given after service of any Request for Arbitration in respect of any Dispute, the relevant Noteholder or Couponholder must also promptly give notice to the LCIA Court and to any Tribunal (each as defined in the Rules) already appointed in relation to the Dispute that such Dispute will be settled by the courts. Upon receipt of such notice by the LCIA Court, the arbitration and any appointment of any arbitrator in relation to such Dispute will immediately terminate. Any such arbitrator will be deemed to be *functus officio*. The termination is without prejudice to:

(a) the validity of any act done or order made by that arbitrator or by the court in support of that arbitration before his appointment is terminated;

(b) such arbitrator's entitlement to be paid his proper fees and disbursements; and

(c) the date when any claim or defence was raised for the purpose of applying any limitation bar or any similar rule or provision.

18.4 Effect of exercise of option to litigate

If a notice pursuant to Condition 18.3 is issued, the following provisions shall apply:

(a) subject to paragraph (c) below, the courts of England shall have exclusive jurisdiction to settle any Dispute and the Issuer submits to the exclusive jurisdiction of such courts;

(b) the Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary; and

(c) this Condition 18.4 is for the benefit of the Noteholders and the Couponholders only. As a result, and notwithstanding paragraph (a) above, any Noteholder or Couponholder may take proceedings relating to a Dispute (**Proceedings**) in any other courts with jurisdiction. To the extent allowed by law, any Noteholder or Couponholder may take concurrent Proceedings in any number of jurisdictions.

18.5 Appointment of Process Agent

The Issuer appoints Industrial and Commercial Bank of China Limited, London Branch at its registered office at 81 King William Street, London, EC4N 7BG as its agent for service of process, and undertakes that, in the event of Industrial and Commercial Bank of China Limited, London Branch ceasing so to act or ceasing to be registered in England, it will appoint another person as its agent for service of process in England in respect of any Proceedings. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

18.6 Waiver of immunity

The Issuer irrevocably and unconditionally with respect to any Dispute or Proceedings to the full extent permitted by applicable law (i) waives any right to claim sovereign or other immunity from jurisdiction, recognition or enforcement and any similar argument in any jurisdiction, (ii) submits to the jurisdiction of the English courts and the courts of any other jurisdiction in relation to the recognition of any judgment or order of the English courts or the courts of any competent jurisdiction in relation to any Dispute or Proceedings and (iii) consents to the giving of any relief (whether by way of injunction, attachment, specific performance or other relief) or the issue of any related process, in any jurisdiction, whether before or after judgment, including without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment in connection with any Dispute or Proceedings.

APPLICABLE FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme. When completing the Final Terms for a Tranche of Notes in respect of which no prospectus is required to be published under the Prospectus Directive all references to the Prospectus Directive in these Final Terms must be removed.

[Date]

INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED, ACTING THROUGH INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED, DUBAI (DIFC) BRANCH

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
under the US$4,000,000,000
Euro Medium Term Note Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 13 May 2015 [and the supplementary prospectus dated [*date*]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the **Base Prospectus**). This document constitutes the Final Terms of the Notes described herein [for the purposes of Article 5.4 of the Prospectus Directive][1] and must be read in conjunction with the Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus [and these Final Terms][2] [is/are] available for viewing [on the website of the Central Bank of Ireland (*www.centralbank.ie*) and][3] during normal business hours at the registered office of the Issuer at Level 5 & 6, Gate Village 01, Dubai International Financial Centre, P.O. Box 506856, Dubai, United Arab Emirates.

[Include whichever of the following apply or specify as "Not Applicable". Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs (in which case the sub-paragraphs of the paragraphs which are not applicable can be deleted). Italics denote directions for completing the Final Terms.]

[If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination [must/may need to] be £100,000 or its equivalent in any other currency.]

1.	Issuer:		Industrial and Commercial Bank of China Limited, acting through Industrial and Commercial Bank of China Limited, Dubai (DIFC) Branch
2.	(a)	Series Number:	[ ]
	(b)	Tranche Number:	[ ]

1 To be included only if the Notes are to be admitted to listing on the official list, and to trading on the regulated market, of the Irish Stock Exchange or other regulated market for the purposes of the Prospectus Directive.

2 To be included only if the Notes are to be admitted to listing on the official list, and to trading on the regulated market, of the Irish Stock Exchange or other regulated market for the purposes of the Prospectus Directive.

3 To be included only if the Notes are to be admitted to listing on the official list, and to trading on the regulated market, of the Irish Stock Exchange or other regulated market for the purposes of the Prospectus Directive.

	(c)	Date on which the Notes will be consolidated and form a single Series:	The Notes will be consolidated and form a single Series with [*identify earlier Tranches*] on [the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 21 below, which is expected to occur on or about [*date*]][Not Applicable]
3.	Specified Currency or Currencies:		[ ]
4.	Aggregate Nominal Amount:		
	(a)	Series:	[ ]
	(b)	Tranche:	[ ]
5.	Issue Price:		[ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date] (if applicable)*]
6.	(a)	Specified Denominations:	[ ] *(Note: where multiple denominations above €[100,000] or equivalent are being used the following sample wording should be followed:* *"€[100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000].")* (*N.B. If an issue of Notes is (i) NOT admitted to trading on a European Economic Area exchange; and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Directive the €100,000 or equivalent minimum denomination is not required.*) (*N.B. If an issue of Notes is NOT listed on NASDAQ Dubai, the U.S.$100,000 minimum denomination is not required.*) (*In the case of Registered Notes, this means the minimum integral amount in which transfers can be made.*)
	(b)	Calculation Amount:	[ ] *(If only one Specified Denomination, insert the Specified Denomination.* *If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*
7.	(a)	Issue Date:	[ ]
	(b)	Interest Commencement Date:	[*specify/Issue Date/Not* Applicable] (*N.B. An Interest Commencement Date will not be relevant for*

		certain Notes, for example Zero Coupon Notes.)
8.	Maturity Date:	[*Specify date or for Floating rate notes* — Interest Payment Date falling in or nearest to [*specify month and year*]][4]
9.	Interest Basis:	[[ ] per cent. Fixed Rate] [[EURIBOR / LIBID / LIBOR / LIMEAN / SHIBOR / HIBOR / SIBOR / KLIBOR / EIBOR / SAIBOR / BBSW / AUD LIBOR / JPY LIBOR / PRIBOR / CNH HIBOR / TRLIBOR or TRYLIBOR / TIBOR] +/- [ ] per cent. Floating Rate] [Zero Coupon] (see paragraph [17]/[18]/[19] below)
10.	Redemption[/Payment] Basis:	Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [ ] per cent. of their nominal amount
11.	Change of Interest Basis or Redemption/Payment Basis:	[*Specify details of any provision for change of Notes into another Interest Basis or Redemption/ Payment Basis*]
12.	Put/Call Options:	[Investor Put] [Issuer Call] [Not Applicable] [(see paragraph [17]/[18] below)]
13.	(a) Status of the Notes:	Senior
	(b) Date [Board] approval for issuance of Notes obtained:	[ ] (*N.B. Only relevant where Board (or similar) authorisation is required for the particular Tranche of Notes*)

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14.	Fixed Rate Note Provisions	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a) Rate(s) of Interest:	[ ] per cent. per annum payable in arrear on each Interest Payment Date
	(b) Interest Payment Date(s):	[[ ] in each year up to and including the Maturity Date][5]

4 Note that for Renminbi denominated Fixed Rate Notes where the Interest Payment Dates are subject to modification it will be necessary to use the second option here.

5 Note that for certain Renminbi denominated Fixed Rate Notes the Interest Payment Dates are subject to modification and the following words should be added: "provided that if any Interest Payment Date falls on a day which is not a Business Day, the Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day. For these purposes, **Business Day** means a day on which commercial banks and foreign exchange markets settle payments [in Renminbi] and are open for general business (including dealing in foreign exchange and foreign currency deposits) in [Hong Kong][London] and [ ]".

(*N.B. This will need to be amended in the case of long or short coupons*)

	(c)	Fixed Coupon Amount(s): (*Applicable to Notes in definitive form.*)	[ ] per Calculation Amount[6]
	(d)	Broken Amount(s): (*Applicable to Notes in definitive form.*)	[ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ] [Not Applicable]
	(e)	Day Count Fraction:	[30/360 or Actual/Actual (ICMA) or Actual/365 (Fixed)]
	(f)	Determination Date(s):	[[ ] in each year] [Not Applicable] (*Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon* *N.B. Only relevant where Day Count Fraction is Actual/Actual (ICMA)*)
15.	Floating Rate Note Provisions		[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a)	Specified Period(s)/Specified Interest Payment Dates:	[ ] [, subject to adjustment in accordance with the Business Day Convention set out in (b) below /, not subject to adjustment, as the Business Day Convention in (b) below is specified to be Not Applicable]
	(b)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention][Not Applicable]
	(c)	Additional Business Centre(s):	[ ]
	(d)	Manner in which the Rate of Interest and Interest Amount is to be determined:	[Screen Rate Determination/ISDA Determination]
	(e)	Party responsible for calculating the Rate of Interest and Interest Amount (if not the Fiscal Agent):	[ ]
	(f)	Screen Rate Determination:	
		• Reference Rate:	[ ] month [*EURIBOR, LIBID, LIBOR, LIMEAN, SHIBOR, HIBOR, SIBOR, KLIBOR, EIBOR, SAIBOR, BBSW,*

6 For Renminbi denominated Fixed Rate Notes where the Interest Payment Dates are subject to modification the following wording may be appropriate: "Each Fixed Coupon Amount shall be calculated by applying the Rate of Interest to each Calculation Amount, multiplying such sum by the actual number of days in the Interest Period divided by 365 and rounding the resultant figure to the nearest [CNY]0.01, [CNY]0.005 being rounded upwards."

AUD LIBOR, JPY LIBOR, PRIBOR, CNH HIBOR, TRLIBOR or TRYLIBOR, TIBOR]

	•	Interest Determination Date(s):	[ ] (*Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR or the second Hong Kong business day prior to the start of each Interest Period if CNH HIBOR*)
	•	Relevant Screen Page:	[ ] (*In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately*)
	•	Relevant Time:	[ ]
	•	Relevant Financial Centre:	[ ]
(g)	ISDA Determination:		
	•	Floating Rate Option:	[ ]
	•	Designated Maturity:	[ ]
	•	Reset Date:	[ ] (*In the case of a LIBOR, EURIBOR or CNH HIBOR based option, the first day of the Interest Period*)
(h)	Margin(s):		[+/-] [ ] per cent. per annum
(i)	Minimum Rate of Interest:		[ ] per cent. per annum
(j)	Maximum Rate of Interest:		[ ] per cent. per annum
(k)	Day Count Fraction:		[Actual/Actual (ISDA)][Actual/Actual] Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 [30/360][360/360][Bond Basis] [30E/360][Eurobond Basis] 30E/360 (ISDA)]

16. Zero Coupon Note Provisions — [Applicable/Not Applicable]
(*If not applicable, delete the remaining subparagraphs of this paragraph*)

(a)	Accrual Yield:	[ ] per cent. per annum
(b)	Reference Price:	[ ]

	(c)	Day Count Fraction in relation to Early Redemption Amounts and late payment:	[30/360] [Actual/360] [Actual/365]

PROVISIONS RELATING TO REDEMPTION

17.	Issuer Call:		[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a)	Optional Redemption Date(s):	[ ]
	(b)	Optional Redemption Amount:	[[ ] per Calculation Amount]
	(c)	If redeemable in part:	
		(i) Minimum Redemption Amount:	[ ] per Calculation Amount
		(ii) Maximum Redemption Amount:	[ ] per Calculation Amount
18.	Investor Put:		[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a)	Optional Redemption Date(s):	[ ]
	(b)	Optional Redemption Amount:	[[ ] per Calculation Amount]
19.	Final Redemption Amount:		[[ ] per Calculation Amount]
20.	Early Redemption Amount payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition [*Redemption and Purchase — Early Redemption Amounts*]):		[[ ] per Calculation Amount] (*N.B. If the Final Redemption Amount is 100 per cent. of the nominal value (i.e. par), the Early Redemption Amount is likely to be par (but consider). If, however, the Final Redemption Amount is other than 100 per cent. of the nominal value, consideration should be given as to what the Early Redemption Amount should be.*)

GENERAL PROVISIONS APPLICABLE TO THE NOTES

21.	Form of Notes:	[Bearer Notes: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]] [Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date] [Permanent Global Note exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event/ at any time at the request of the Issuer]]]

		[Registered Notes: [Registered Global Note (US$[ ] nominal amount) registered in the name of [a nominee for a common depositary for Euroclear and Clearstream, Luxembourg]] [(*N.B. The exchange upon notice/at any time at the request of the Issuer options should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect: "[€100,000] and integral multiples of €1,000 in excess thereof up to and including [€199,000])." Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes.*)]]
22.	Additional Financial Centre(s):	[Not Applicable/give details] (*Note that this paragraph relates to the date of payment and not the end dates of Interest Periods for the purposes of calculating the amount of interest to which subparagraph 15(c) relates*)
23.	Offshore Renminbi Centre(s):	[Hong Kong [/and] London [/and] Taiwan/other relevant jurisdiction where clearing bank agreements have been established][and a reference to the Offshore Renminbi Centre shall mean[, other than for the purpose of Condition 5.6(b) of the Notes,] a reference to [any] of them] (*Note that this paragraph relates to Conditions 5.1(a), 5.4 and 5.6(b) of the Notes and consideration should be given as to whether the relevant clearing system and the clearing bank agreements have appropriate mechanisms/procedures in place to deal with payments in the relevant offshore Renminbi centres*)
24.	Talons for future Coupons to be attached to Definitive Notes in bearer form (and dates on which such Talons mature):	[Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No] (*Note – To be completed for an issuance of bearer Notes only. Not applicable for a registered issue of Notes*)

THIRD PARTY INFORMATION

[[*Relevant third party information*] has been extracted from [*specify source*]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading.][Not Applicable]

Signed on behalf of Industrial and Commercial Bank of China Limited, acting through Industrial and Commercial Bank of China Limited, Dubai (DIFC) Branch

By: ______________________

duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

(a)	Listing and Admission to trading	[Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [*NASDAQ Dubai or specify relevant regulated market (for example, the Irish Stock Exchange's Main Securities Market*) and, if relevant, listing on an official list [*specify relevant official list*] (*for example, the Official List of the Irish Stock Exchange or the Official List maintained by the Dubai Financial Services Authority)*] with effect from [ ].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [*NASDAQ Dubai or specify relevant regulated market (for example, the Irish Stock Exchange's Main Securities Market*) and, if relevant, listing on an official list [*specify relevant official list*] (*for example, the Official List of the Irish Stock Exchange or the Official List maintained by the Dubai Financial Services Authority)*] with effect from [ ].] (*where documenting a fungible issue indicate that original notes are already admitted to trading*)
(b)	Estimate of total expenses related to admission to trading:	[ ]

2. RATINGS

Ratings:	[The Notes to be issued [[have been]/[are expected to be]] rated]/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]: [*insert details*]] by [*insert the legal name of the relevant credit rating agency entity(ies) and associated defined terms*]. [Each of [*insert if a credit rating agency other than Moody's or S&P*][*insert Credit Rating Agency*] is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**)] [[*Insert if a credit rating agency other than Moody's or S&P*][*insert Credit Rating Agency*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended)

(the **CRA Regulation**). The rating of [*insert if a credit rating agency other than Moody's or S&P*][*insert Credit Rating Agency*] has been endorsed by [*insert legal name of relevant EU-registered CRA entity*] in accordance with the CRA Regulation. [*Insert legal name of relevant EU-registered CRA entity*] is established in the European Union and registered under the CRA Regulation. As such [*insert legal name of relevant EU-registered CRA entity*] is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation. The European Securities and Markets Authority has indicated that ratings issued in [*jurisdiction of non-EU CRA entity*] which have been endorsed by [*insert legal name of relevant EU-registered CRA entity*] may be used in the EU by the relevant market participants.]

(*The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating*.)

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business - *Amend as appropriate if there are other interests*]

[(*When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.*)]

4. YIELD (*Fixed Rate Notes only*)

Indication of yield:	[ ]
	The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

5. HISTORIC INTEREST RATES (*Floating Rate Notes only*)

Details of historic [EURIBOR / LIBID / LIBOR / LIMEAN / SHIBOR / HIBOR / SIBOR / KLIBOR / EIBOR / SAIBOR / BBSW / AUD LIBOR / JPY LIBOR / PRIBOR / CNH HIBOR / TRLIBOR or TRYLIBOR / TIBOR] rates can be obtained from [Reuters].

6. OPERATIONAL INFORMATION

(a)	ISIN:	[ ]
(b)	Common Code:	[ ]

(c)	CMU Instrument Number:	[ ][Not Applicable]
(d)	Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s):	[CMU/Not Applicable/*give name(s) and number(s)*]
(e)	Delivery:	Delivery [against/free of] payment
(f)	Names and addresses of additional Paying Agent(s) (if any):	[ ]

7. DISTRIBUTION

(a)	Method of distribution:	[Syndicated/Non-syndicated]
(b)	If syndicated, names of Managers:	[Not Applicable/*give names*]
(c)	Date of [Subscription] Agreement:	[ ]
(d)	Stabilisation Manager(s) (if any):	[Not Applicable/*give name*]
(e)	If non-syndicated, name of relevant Dealer:	[Not Applicable/*give name*]
(f)	U.S. Selling Restrictions:	[Regulation S Category 2][TEFRA D/TEFRA C/TEFRA not applicable]

CAPITALISATION AND INDEBTEDNESS

Capitalisation and Indebtedness of the Bank

The following table sets forth the Bank's consolidated capitalisation as at 31 December 2014, as derived from the audited consolidated financial statements of the Group for the year ended 31 December 2014. Please read this table in conjunction with the audited consolidated financial statements of the Group for the year ended 31 December 2014 and the accompanying notes incorporated by reference in this Base Prospectus.

	As at 31 December 2014
	(RMB in millions)
Debt:[1]	
Debt securities issued:	
Subordinated bonds	196,662
A share convertible corporate bonds[2]	9,485
Other debt securities issued	73,443
Total debt[2]	279,590
Equity:	
Equity attributable to equity holders of the Bank	
Share capital	353,495
Other equity instrument[3]	34,428
Equity component of convertible bonds[2]	388
Reserves	492,312
Retained profits	650,236
	1,530,859
Non-controlling interests	6,445
Total equity	1,537,304
Total capitalisation[4]	1,816,894

Notes:

(1) As at 31 December 2014, in addition to debt, the Bank had other borrowed funds and liabilities, including deposits from customers, amounts due to banks and other financial institutions, certificates of deposits issued, balances under repurchase agreements. See the Bank's audited consolidated financial statements and the related notes included in the Bank's 2014 Annual Report which shall be incorporated in, and form part of, this Base Prospectus for further details.

(2) The Bank issued A share convertible bonds on 31 August 2010 with a par value of RMB25,000 million (**ICBC Convertible Bonds**). When the convertible bonds were issued, the Bank recognised separately the liability and equity components in bonds payable and capital reserve, respectively, on initial recognition. Any attributable transaction costs related to the issuance were allocated to the liability and equity components in proportion to their respective fair values. As at 31 December 2014, the liability and equity components of the convertible bonds were RMB9,485 million and RMB388 million, respectively.

As at 12 February 2015, a total of RMB24,985,764,000 of ICBC Convertible Bonds had been converted into 7,387,711,262 A shares of the Bank, representing 2.12% of the total number of issued ordinary shares (349,018,545,827 shares) of the Bank immediately before the conversion of the ICBC Convertible Bonds, and the total number of ordinary shares of the Bank increased to 356,406,257,089 shares.

The remaining ICBC Convertible Bonds in respect of which conversion rights had not been exercised (amounting to RMB14,236,000) were redeemed in cash on 26 February 2015.

(3) On 10 December 2014 and 11 December 2014, the Bank announced that it had issued offshore preference shares of U.S.$2,940,000,000, EUR600,000,000 and RMB12,000,000,000 respectively.

(4) Total capitalisation equals total debt plus total equity.

DESCRIPTION OF THE ISSUER

The Bank operates principally in Mainland China, and also has branches and subsidiaries operating outside Mainland China (including: Hong Kong, Macau, Singapore, Frankfurt, Luxembourg, Seoul, Tokyo, London, Almaty, Jakarta, Moscow, Doha, Dubai, Abu Dhabi, Sydney, Toronto, Kuala Lumpur, Hanoi, Bangkok, New York, Karachi, Mumbai, Phnom Penh, Vientiane, Lima, Buenos Aires, Sao Paulo and Auckland). The Issuer is a branch of the Bank in the Dubai International Financial Centre (the **DIFC**), a financial free-zone in Dubai, United Arab Emirates. For further details on the principal subsidiaries of the Bank, please refer to the sections "*Description of the Bank — Controlled Subsidiaries and Major Equity Participating Company*".

The Bank commenced operations in the DIFC in 2008, initially through its subsidiary Industrial and Commercial Bank of China (Middle East) Limited, a limited liability company incorporated in the DIFC. Industrial and Commercial Bank of China (Middle East) Limited was registered with the Dubai Financial Services Authority (the **DFSA**) as an "Authorised Firm" for the purposes of article 42(1)(a) of DIFC Law No. 1 of 2004, as amended (the **DIFC Regulatory Law**) from 28 April 2008 until 22 July 2014.

In 2013, Industrial and Commercial Bank of China (Middle East) Limited's operations were transferred to Industrial and Commercial Bank of China Limited, Dubai (DIFC) Branch (the **Dubai (DIFC) Branch**) which obtained its license from the DIFC on 13 November 2013 and obtained its licence from the DFSA on 20 November 2013. The registered office of the Dubai (DIFC) Branch is at Level 5 & 6, Gate Village 01, Dubai International Financial Centre, P.O. Box 506856, Dubai, United Arab Emirates, its registration number is 1481 and its telephone number is +971 4703 1111.

The Dubai (DIFC) Branch is authorised and regulated by the China Banking Regulatory Commission and is authorised and regulated in the DIFC by the DFSA as an "Authorised Firm" in accordance with article 42(1)(a) of the DIFC Regulatory Law. The Dubai (DIFC) Branch appears on the list of the entities authorised and supervised by the DFSA which is available on the DFSA's website: www.dfsa.ae.

The Dubai (DIFC) Branch uses the Group's advantages and regional resources to provide comprehensive financial services for Chinese companies in the Middle East while attracting target customers on the local market.

Regulated Activities and Services

In the DIFC, the Dubai (DIFC) Branch is authorised by the DFSA to carry out the following regulated activities and services: (i) accepting deposits; (ii) advising on financial products or credit; (iii) arranging credit or deals in investments; (iv) arranging custody; (v) dealing in investments as agent; (vi) dealing in investments as principal; (vii) managing assets; and (viii) providing credit.

Dubai Financial Services Authority

The DFSA was established under Articles 3 and 7 of Dubai Law No. 9 of 2004 and is the independent body responsible for supervising and regulating all financial and professional services conducted in or from the DIFC as well as licensing, authorising and registering institutions and individuals to conduct those services.

The DFSA's regulatory mandate covers asset management, banking and credit services, securities, collective investment funds, custody and trust services, commodities futures trading, Islamic finance, insurance, an international equities exchange and an international commodities derivatives exchange.

In discharging its regulatory mandate, the DFSA has a statutory obligation to pursue the following objectives:

- to foster and maintain fairness, transparency and efficiency in the financial services industry (namely, the financial services and related activities carried on) in the DIFC;

- to foster and maintain confidence in the financial services industry in the DIFC;
- to foster and maintain the financial stability of the financial services industry in the DIFC, including the reduction of systemic risk;
- to prevent, detect and restrain conduct that causes or may cause damage to the reputation of the DIFC or the financial services industry in the DIFC, through appropriate means including the imposition of sanctions;
- to protect direct and indirect users and prospective users of the financial services industry in the DIFC;
- to promote public understanding of the regulation of the financial services industry in the DIFC; and
- to pursue any other objectives as the Ruler of Dubai may, from time-to-time, set under DIFC Law.

The DFSA is an Associate Member of the International Organisation of Securities Commissions (**IOSCO**).

DESCRIPTION OF THE BANK

OVERVIEW

We rank first in the PRC banking industry in terms of each of total assets, market share of loans and market share of deposits. Among the Global 2000 selected by Forbes based on a combination of parameters including sales, profit, assets and market value as at 31 December 2014, we were ranked as the largest enterprise in the world. Within the Global 500 selected by *Fortune* based on total operating revenue for the year ended 31 December 2013, we ranked first among all commercial banks. In the Top 1000 World Banks selected by *The Banker* in terms of tier 1 capital as at 31 December 2014, we ranked first with tier 1 capital of RMB1,532,903 million.

We provide customers with a wide range of financial products and services and have formed a cross-market, internationalised and integrated business model with a focus on commercial banking. We have maintained a leading position among PRC commercial banks in most of our core and emerging businesses.

We believe that "Industrial and Commercial Bank of China" is one of the most recognised financial service brand names in the PRC with significant international influence. We have won numerous awards in 2014, including, among others:

- the "Best Corporate Bank in China" in 2014 by *Global Finance*;
- the "Best Domestic Bank in China" and "Platinum Award for All-Round Excellence" in 2014 by *The Asset*;
- the "Best Investment Bank in China" in 2014 by *Euromoney*;
- the "Best Bank in China" in 2014 by *FinanceAsia*; and
- the "Best Large-Scale Retail Bank in China" and "Best Cash Management Bank in China" in 2014 by *The Asian Banker*.

In addition, in 2014 we were ranked 17th among the Top 100 Most Valuable Global Brands, second among financial institution brands in terms of brand value by Millward Brown and fourth among the Top 500 Enterprises of China in terms of revenue by China Enterprise Confederation.

OUR COMPETITIVE STRENGTHS

We possess a leading market position in the PRC with growing international influence.

We have set our vision to become "a global leading bank with the best profitability, performance and prestige". We have become the world's most profitable commercial bank with the largest total assets. We believe that "Industrial and Commercial Bank of China" has become one of the PRC's best known brand names in the financial services industry, and our international influence is also expanding rapidly.

We rank first in the PRC banking industry in terms of each of total assets, market share of loans and market share of deposits, and we benefit from the scale of our operations. Based on statistics of the PBOC, as at 31 December 2014, we ranked first in the PRC banking industry in terms of corporate deposits and corporate loans, with market shares of 11.64% and 11.17%, respectively; and also ranked first in the PRC banking industry in terms of the balance of personal loans, with market share of 12.94%. As at 31 December 2014, we had RMB20,610.0 billion in total assets.

We are one of the highest-rated domestic Chinese commercial banks in terms of credit ratings by Moody's and Standard & Poor's. Currently, we have a rating of "A" with a stable outlook by Standard & Poor's and a rating of "A1" with a stable outlook by Moody's. With respect to our traditional banking business, we have further strengthened our competitive advantages and leading position, and our corporate loans and deposits and individual loans and deposits businesses have been growing steadily in recent years. With respect to our emerging businesses and intermediary businesses, we have maintained high growth development in these areas and further expanded our competitive advantages. As at 31 December 2014, we had over 6,126 thousand corporate settlement accounts, and for the year ended 31 December 2014, our corporate settlement volume amounted to RMB1,897 trillion, enabling us to maintain a leading position in the industry. As at 31 December 2014, we had issued over 100 million credit cards, and we ranked first in Asia in terms of credit card issuance. We also ranked first in the PRC banking industry in terms of the total number of credit cards issued, the transaction value through our credit cards and the amount of outstanding overdraft balances.

Leveraging on the growth of the PRC economy, we have enhanced our global influence. In recent years, with our strong corporate culture, management capability and operating performance, we have received numerous industry awards from various well-known international media publications and other institutions.

We have transformed our business operations successfully and have created a leading business model in the PRC banking industry.

We have transformed our business and optimised our business structure to create a business model that we believe balances risks and benefits and has strong sustainability. We have optimised our asset and liability structure. With respect to assets, we have improved our returns on loans, while maintaining a low proportion of high-risk assets. As at 31 December 2014, our loan-to-deposit ratio was 68.4%. At the same time, in view of the state of the PRC economy and guidance from state macro-control policy, we have maintained reasonable and balanced growth of our total amount of credit, and on this basis, we have shifted the focus of our work to the adjustment and optimisation of our credit structure and the cultivation of new growth areas. We have optimised our corporate loan product mix in terms of industry allocation, customer allocation and geographical allocation. High quality businesses with good growth potential, such as personal loans, loans to SMEs and trade finance, have been increasing, which has promoted the development of our large, medium and small customer base and the development of both traditional and emerging markets. With respect to liabilities, through the sale of wealth management products, we re-directed high-cost term deposits and generated income from transaction fees. Meanwhile, we optimised the liabilities structure and effectively controlled the cost of capital.

We have continued to optimise our income structure. We significantly enhanced our efforts to develop low capital consumption intermediary businesses and emerging businesses. In addition, we have pushed forward the diversification of our business and promoted a more diversified, stable and balanced income structure. We believe our intermediary businesses lead our peers in terms of both volume and pace of growth. For the year ended 31 December 2013, our fee and commission income was RMB134.6 billion and for the year ended 31 December 2014, our fee and commission income was RMB146.7 billion, representing an increase of 9.0% over the year ended 31 December 2013.

We have established an extensive customer base and effective distribution channels, and achieved a leading position in electronic banking services.

We have an extensive customer base. As at 31 December 2014, we had approximately five million corporate banking customers and approximately 465 million personal customers. We have an industry-leading corporate customer base, and the number of high quality corporate banking customers has been increasing. Our optimised customer structure has not only provided us with steady sources of funds and promoted sound growth of our corporate credit business, but also has laid a solid foundation for the fast growth of our corporate intermediary business. The proportion of our customer base represented by medium and high-end individual customers has increased rapidly in recent periods. Our high quality individual customer base provides strong support for the further development of our personal financial products and services.

We have established a well-structured, extensive and efficient distribution network. As at 31 December 2014, we had 17,122 domestic institutions and 338 overseas institutions in 41 countries and regions and had established correspondent relationships with 1,809 overseas banks in 147 countries and regions, with a service network covering Asia, Africa, Latin America, Europe, North America and Australia, including major international financial centres. We have strengthened our network by adjusting the geographical allocation of our branch network and upgrading outlets.

We have further diversified our distribution channels in order to enhance our ability to provide individualised services. We have actively promoted our electronic banking platform as a substitute for traditional physical outlets. As at 31 December 2014, we had 25,861 self-service banking outlets and 92,319 ATMs, and approximately 86% of our business transactions were handled by the electronic channel with lower cost and higher efficiency. We have continued to upgrade our operational network, to strengthen the build-up of our customer management team and to improve our multi-level customer service system and our customer service capability.

We have further enhanced our risk control capability by establishing an advanced, quantitative and comprehensive risk management system.

We have improved our risk management capabilities, implemented our "Full Process" and "Full Coverage" risk management model and adopted "New Standards" and "New Technology", which are described in more detail below.

- "*Full Process*" — Our risk management system covers the complete process of risk identification and quantification, control, monitoring, assessment and reporting, constituting a developed comprehensive risk management organisational structure and system.

- "*Full Coverage*" — Our risk management system comprehensively covers all of our domestic and overseas branches, subsidiaries and businesses and has been able to identify, measure, monitor and assess our overall risks. We have established a management system for our consolidated entities and have enhanced our internal transaction management as well as the risk management evaluation for our overseas branches. Our internal rating-based approach has been applied to the whole risk management process from marketing, rating, pricing, approval and authorisation to quality categorisation. We have further expanded the coverage of our industry credit policy and risk limit management and enhanced our credit policy management system.

- "*New Standards*" — In line with the CBRC's guidance for the implementation of the new capital regulatory standards, we have strengthened our enterprise risk management systems, improved credit risk management and accelerated market risk management. We believe we maintain a leading level in operational risk management among our peers in the PRC and have implemented prudent liquidity risk management. In 2012, the CBRC inspected and accepted the implementation of our advanced capital management methods, and our Board reviewed and approved the Compliance & Implementation Planning for Three Pillars of the Administrative Measures pursuant to the Capital Management Rules. By the end of 2012, we had met the requirements under the Administrative Measures for the Capital of Commercial Banks of the PRC (Provisional) in information disclosure under Pillar 3. In April 2014, the CBRC approved the implementation of advanced capital management in six PRC banks including us. The implementation of advanced capital management will promote the adjustment of the asset portfolios of commercial banks in the PRC, enhance capital efficiency and improve capital management capabilities.

- "*New Technology*" — We have built what we believe to be a leading risk management information system in the PRC, which is centralised, refined, streamlined and quantitative and features rigorous controls. We believe that this system conforms to the needs of the international expansion of our business and credit management process and reflects the latest measurement technology. We have also established a two-dimensional rating system consisting of customer rating and loan rating. We are able to scientifically measure the probability of default and loss-given-default and apply such probability to our risk control and provisioning process. We can calculate the rate of return based on the risk adjustment through the customer rating and the risk-adjusted return on capital system, which provides an important basis for our decision-making on lending. We adopted our internal model approach (**IMA**) to market risk, developed a global market risk management system through extension of its coverage to overseas institutions and optimised the function of our risk management systems.

Our industry-leading risk management capability has helped us to maintain a low NPL ratio in terms of newly issued loans.

Our advanced information technology systems provide strong support for our business innovation and development.

We believe that we have in place one of the most advanced information technology systems among all commercial banks in the PRC. Since our initial public offering, we have focused on implementing our "technology driven" development strategy. Our advanced information technology systems have provided significant support to us in maintaining a leading position in various fields such as customer service, product innovation, risk management, operation process re-engineering and electronic banking network expansion.

We have maintained the safety and stability of our information technology systems despite a significant increase in our business volumes. We were the first among the five major PRC commercial banks (Industrial and Commercial Bank of China Limited, China Construction Bank Corporation, Bank of China Limited, Agricultural Bank of China Limited and Bank of Communication Co., Ltd (collectively referred to as the **Major PRC Commercial Banks**)) to achieve data centralisation, and we were the first large-scale commercial bank in the PRC to adopt a centralised full-function banking system that enables real-time processing of bank-wide data. We have continued to strengthen our information security and protection, improved our disaster recovery systems and established the largest business interruption prevention system in the PRC banking industry with three data centres in two locations. We have further improved the automation and the level of monitoring of our operations, which allows our business to operate in a stable, safe and efficient manner.

We have significant capacity internally for continued research and development of our global banking systems. We have increased our technological support for our overseas institutions and completed the establishment of systems relating to RMB clearing at our Singapore Branch. We have extended our integrated business processing system (**FOVA**) to cover certain of our overseas institutions. We have also promoted the internet banking and mobile banking systems of our wholly owned Hong Kong subsidiary, Industrial and Commercial Bank of China (Asia) Limited (**ICBC (Asia)**), and have extended our internet banking coverage to our overseas institutions.

We have established a centralised technology organisation system, formed information technology management and information technology approval committees and formulated complete and sound information technology management systems, technical standards and norms in the PRC banking industry. We have one of the largest and strongest technology teams in the PRC banking industry with a staff of over 13,000 employees. During the year ended 31 December 2014, we obtained 50 new patents from the State Intellectual Property Office, and as at 31 December 2014 we held 357 patents.

We have steadily implemented our internationalisation and integration strategy for development and enhanced our capability as a comprehensive financial services provider.

Since our initial public offering, we have seized development opportunities domestically and overseas and steadily implemented our internationalisation and integration strategies, thereby enhancing our capability in cross-region, cross-market and cross-product services. We have accelerated the establishment of our global operation network and enhanced our international service capability by carrying out the following initiatives:

- with a particular emphasis on Asian and other emerging markets, we have focused on growing our businesses in both emerging and developed markets, expanded our overseas operation network through both organic growth and strategic mergers and acquisitions and set up both physical outlets and electronic channels;

- leveraging our overseas integrated business license as well as the strong product support from FOVA for overseas institutions, we have built up our important global product lines, including retail, funds clearing, trade finance, global cash management, specialty financing, investment banking, bank card, internet banking and asset management, while managing our core businesses including loans, deposits and foreign exchange services; and

- following closely the trend of Chinese enterprises expanding their businesses globally, we have promoted the RMB settlement business for cross-border trades and strengthened our integrated ability to serve global customers.

We have established a global network with 338 overseas institutions in 41 countries and regions as at 31 December 2014. On that basis, we have gradually shifted the focus of our internationalisation strategy to the localised, mainstream and differentiated development of overseas institutions. Through strengthening the extension of key product lines abroad and interactions between domestic and overseas operations, we have improved the competitiveness, operation and development of our overseas institutions. Since RMB clearing operations commenced in our Singapore branch, we have pursued coordinated development of cross-border RMB business. In the year ended 31 December 2014, the volume of our cross-border RMB business amounted to approximately RMB3.66 trillion, representing a 65.7% increase over the same period in 2013. In addition, we entered into a series of transactions in recent years to acquire equity interests in overseas banks and financial institutions, such as the acquisition of a 60.0% stake in Standard Bank Plc and a 75.5% stake in Tekstil Bankasi A.S. (**Tekstilbank**), in order to strengthen further our global network. For further details about our international operations, see "— *International Operations and Diversified Operations*".

In addition, leveraging our advantages in customer relations, capital management and information technology systems, we have proactively set up and accelerated the development of licensed non-banking financial businesses such as investment banking, fund management, financial leasing and insurance with a view to satisfying our customers' increasingly diversified needs for integrated financial service. ICBC International Holdings Limited (**ICBC International**) has actively participated in Hong Kong listings by large multinational corporations and domestic companies and has developed its bond underwriting businesses, through which it has created a more balanced and stable income structure. ICBC Credit Suisse Asset Management Co., Ltd. (**ICBC Credit Suisse Asset Management**) has leveraged its asset management platform, continued to develop new products, expanded its investment management system and realised steady growth in business performance, taking a lead among bank-affiliated fund management companies in the PRC. ICBC Financial Leasing Co., Ltd. (**ICBC Leasing**) continues to work towards expanding its business, quickening its operating transformation and proactively developing leasing products. Relying on our dominant position, ICBC-AXA Assurance Co., Ltd. (**ICBC-AXA**) has adopted a strategy of localised and independent operations and development, deepening bancassurance cooperation and intensifying product development efforts.

Our senior management team has extensive experience, and their vision has helped us maintain our leading position in the PRC banking industry.

Our senior management team has extensive experience in the PRC commercial banking industry. Our chairman, Mr. Jiang Jianqing, joined us in 1984 and has over 30 years of experience in the banking industry. Our president, Mr. Yi Huiman, joined us in 1985 and has nearly 30 years of experience in the banking industry. Our senior management also has long term strategic vision and keen insight into the banking industry. Under their leadership, we have established an industry-leading operating model in the PRC. We have actively responded to changes in the external environment, continued our product development and business innovations, established powerful information technology systems and become the first in the PRC banking industry to establish a comprehensive risk management system. Our senior management team has led our transformation from the PRC's largest bank to a leading international bank.

Although we have faced adverse external conditions caused by the global financial crisis as well as increasing competition in the industry, we have continued our prudent operations, accelerated our business transformation and maintained smooth and steady development under the leadership of our management team. We believe that our strong management team will be able to lead us in maintaining our competitive advantages in the future, laying a solid foundation for our long term sustainable growth.

OUR STRATEGIES

Our goal is to become "a global leading bank with the best profitability, performance and prestige". We aim to strengthen our market position in the PRC banking industry and focus on transforming ourselves into a world-class financial institution. Our overall goal is to maximise Shareholder return and achieve sustainable growth. We intend to achieve this through the following strategies:

Continuing to optimise our asset and liability structure.

We aim to optimise our business operations by focusing on new businesses with high-growth potential, including individual loans, trade finance and loans to SMEs, as well as high-growth industries, such as service sectors and household products sectors, to further develop our customer base and targeted markets. We intend to maintain a prudent lending policy by promoting our businesses to customers in environment friendly sectors and reducing our exposure to industries with high energy consumption and over-capacity.

With regard to liabilities, we will continue to focus on the sale of wealth management products in order to shift our focus from high-cost term deposits to income from transaction fees. We also plan to focus on low-cost demand deposits and interbank deposits in order to optimise our liability structure and achieve reductions in our cost of capital. In order to optimise our income structure, we aim to continue to focus on low capital consumption intermediary businesses (namely settlement, clearing and cash management, personal wealth management and private banking, investment banking, bank cards and emerging businesses) in order to diversify our business and achieve a more stable and balanced income structure.

Diversifying revenue and asset mix by expanding into higher growth non-credit businesses.

We plan to diversify our revenue sources by continuing to develop our non-credit businesses. We believe that many fee and commission-based products and services will experience strong growth over the next few years as the PRC economy continues to grow, the PRC financial services sector experiences further liberalisation and our customers' banking needs become more sophisticated. We plan to increase our support and investment in asset management and financial leasing businesses and to expand into other non-credit businesses such as insurance.

- In corporate banking, we intend to continue to focus our team of customer relationship managers on important customers by size while expanding the range of products and service offerings to such customers, including insurance brokerage, asset custody, cash management, bank cards and payroll services to insurance companies. We also intend to continue to improve the synergies between our corporate banking and investment banking businesses.

- In personal banking, we plan to further develop personal wealth management and other investment products, standardising services and distribution bank-wide to provide tailored products and services focused on high net worth customers and customer groups with high growth potential.

- In our treasury business, we intend to continue to enhance our investment and trading capabilities, upgrade our trading systems, improve the quality of investment and trading personnel, develop new products and services, strengthen our liquidity management and increase the return on our non-credit assets.

- In addition, in light of the opportunities presented as a result of increasing globalisation of the RMB, we plan to further develop our cross-border RMB businesses and to improve our RMB settlement system.

We believe that by offering a broader range of non-credit products and services coupled with prudent risk management, we will not only improve customer satisfaction and attract new customers, but also create attractive new revenue sources and improve our overall profitability.

Strategically expanding our traditional branch network and enhancing sales and marketing capabilities through electronic banking operations.

In order to further enhance the marketing of our products and services and to achieve greater operational efficiencies, we intend to fully leverage our advanced information technology platform and customer relationship management systems. We intend actively to cross-sell our products and services to our existing customers through our extensive network. We plan to expand our electronic banking operations through installing additional ATMs and upgrading our technology platforms for telephone and online banking services to deliver more products and services to our customers in a timely, reliable and convenient manner and to further increase revenue derived through our electronic banking platform.

Continuing to invest in information technology infrastructure and to utilise advanced technology to support our growing business.

We aim to further invest in information technology infrastructure and to apply data analytics, cloud computing and mobile internet technologies in areas such as marketing and sales, customer services, product innovation and risk control in order to support our business. We intend to use the technology at our disposal to gain more insight into our customers' demands, to increase our risk management capabilities and effectiveness, to strengthen dynamic risk assessment and real time alert controls and to develop an integrated platform combining online and offline services for our customers.

Continuing to strengthen risk management and internal control systems.

We believe effective risk management is an essential component of our overall business strategy. We plan to continue to align our risk management and internal control capabilities with international best practices. We intend to continue to implement enhanced risk management procedures for credit exposures, such as improving our risk warning and early identification and prevention capabilities. We are also instituting changes to further strengthen the independence of our internal control functions and to improve our bank-wide internal control systems. We also seek to continue to improve our risk management capabilities by enhancing our asset and liability management capabilities and by further centralising our risk management.

Enhancing employee performance through performance-linked incentive schemes and regular training and development initiatives.

We intend to continue to manage our human resources through various initiatives in order to support our business strategies. We have introduced four career tracks into our human resource system, namely, "managerial", "professional", "sales and marketing" and "operational", in order to facilitate employee career development and enhance performance appraisal and remuneration measures. We intend to continue to provide training and development programmes for our employees to enhance their skills and professional development. We also intend to further improve our management and employee incentive system, including adopting an economic value-added-based incentive scheme, such that an employee's compensation is tied to his or her personal performance and the contribution made by his or her respective work units. We believe that through these initiatives, we can attract, retain, motivate and develop a workforce of high quality.

OUR BUSINESS OPERATIONS

Our principal businesses include corporate banking, personal banking, financial asset services and treasury operations.

Corporate Banking

Our corporate banking products and services include corporate deposits and loans, SME business, institutional banking business, settlement and cash management, international settlement and trade finance and investment banking.

We believe we have the largest corporate banking customer base in the PRC. We provide a wide range of corporate banking products and services to state owned enterprises, privately owned enterprises, foreign-invested enterprises, government authorities and other entities. As at 31 December 2014, we had 5,094 thousand corporate banking customers, representing an increase of approximately 359 thousand customers over 31 December 2013; and among them, approximately 140 thousand customers had loan balances with us. Our corporate banking business has maintained a leading position in the PRC banking industry. We continue to rank first in the PRC in terms of corporate loans market share, with steady growth of loan size and continuous optimisation of term structure and product structure. We also continue to rank first in the PRC in terms of corporate deposits market share, with the mix between time deposits and demand deposits being generally maintained at a steady level.

Based on statistics published by the PBOC, as at 31 December 2014, we ranked first in the PRC banking industry in terms of corporate deposits and corporate loans, with market shares of 11.64% and 11.17%, respectively.

Corporate Deposits and Loans

Corporate loans represent the largest portion of our loan portfolio. Our corporate loans include short-term loans and medium to long-term loans. As at 31 December 2012, 2013 and 2014, the balance of our corporate loans was RMB6,332.6 billion, RMB7,046.5 billion and RMB7,612.6 billion, respectively.

We provide short-term loans with maturities of up to one year to our corporate banking customers. A substantial majority of our short-term corporate loans are working capital loans (including trade finance loans). In addition, we provide our corporate banking customers with bills discounting, factoring and forfeiting loans. As at 31 December 2014, the balance of our short-term corporate loans amounted to RMB2,982,425 million, accounting for approximately 39.2% of the balance of our corporate loans.

Our medium to long-term corporate loans generally feature terms ranging from one year to 10 years and primarily comprise project loans and property loans. As at 31 December 2014, the balance of our medium to long-term corporate loans amounted to RMB4,630,167 million, accounting for approximately 60.8% of the balance of our corporate loans.

Our corporate loans include working capital loans, project loans and property loans distributed by product line. As at 31 December 2014, the balance of our working capital loans, project loans and property loans amounted to RMB3,411,064 million, RMB3,711,715 million and RMB489,813 million, respectively.

In recent years, we have adopted the following measures to promote the stable growth and structural optimisation of our corporate loans business:

- in response to changes in the macroeconomic environment, we optimised the distribution of our lending and further adjusted our credit structure to promote the stable and healthy development of our credit business;

- we proactively provided support for the real economy, satisfied funding needs of key national and regional projects and extended more loans to Central and Western China and Northeastern China;

- we allocated additional financial resources to key industries and quality customers so as to support key national projects under construction and expanded our businesses in areas such as urbanisation-related industries, basic industries and infrastructure, energy and resources, modern services industries, advanced manufacturing, cultural industries, environment protection, energy conservation and modern agriculture;

- we strengthened the management of our lending to LGFVs and controlled loans to the real estate industry and industries with overcapacity, and gave financial support to various energy conservation and emission reduction projects;

- we accelerated the development of our supply chain financing, including providing e-supply chain financing packages in order to enhance the development of trade finance and SME credit business; and

- we increased our efforts to compete for major group customers and industrial leaders, and sought new customers among core enterprises and upstream and downstream SMEs of supply chains, in an effort to achieve balanced growth of high quality large, medium and small customers.

We provide corporate banking customers with multiple demand and time deposit-taking services in RMB and major foreign currencies. Corporate deposits constitute our major source of funds. The maximum interest rates we are permitted to pay on regular time deposits and demand deposits are set by the PBOC. In response to challenges posed by the liberalisation of interest rates, we leveraged our advantages in integrated financial services such as corporate wealth management, cash management, e-banking and assets custody to increase our market competitiveness in the corporate deposits business. As at 31 December 2013 and 2014, the balance of our corporate deposits was RMB7,503.5 billion and RMB8,037.1 billion, respectively.

SME Business

We offer comprehensive financial services to SMEs to satisfy their settlement and financing needs. We offer short-term and medium to long-term financing services to SMEs as well as settlement, treasury and cash management services in relation to domestic and international trade. SMEs may obtain loans secured by their real estate properties, inventory, receivables or financial notes and guarantees as collateral, or they may obtain loans based on credit.

As at 31 December 2014, the balance of our loans to SMEs was RMB4,525,444 million, including RMB2,803,904 million and RMB1,721,540 million to medium-sized enterprises and small and micro enterprises, respectively. In line with the PRC government's policies to support the development of SMEs, we optimised our financial services to small and micro enterprises and have sought to provide professional, efficient and convenient financial services to SMEs. In recent years, we have implemented the following measures to support our SME business:

We established an independent micro and small enterprise banking business management system, launched the pilot micro and small enterprise banking center and developed institutions specialized in micro and small enterprise banking. Actively engaging into product innovation, the Bank released "Chain Financing" products after R&D and also strengthened cooperation with policy financing guarantee institutions in a bid to enhance the credits of small and micro enterprise loans in diverse ways. In addition:

- we promoted specialised operations targeting SMEs and increased the number of employees qualified for SME credit business;

- we built an independent system of small enterprise credit policies, processes and products and gave priority to credit resource allocation to SMEs;

- we accelerated the application of new products and promoted financing products for SMEs such as small business online revolving loans, credit-based lending, loans for operating assets improvement, facilities mortgages and the "Easy Loan Corporate Card";

- we offered supply chain financing services to suppliers of core enterprises such as large conglomerates and provided financial solutions to small and micro enterprises in specialised markets and industrial clusters so as to expand our customer base;

- we strictly controlled credit risks to ensure the sound development of our small enterprise credit business; and
- we introduced pilot medium and long-term credit products such as commercial housing mortgage loans and property building loans to SMEs, and we designed "tourism loans" products for tourist attraction developers secured by the right to charge for the attraction.

In 2014, we were awarded the "Small and Micro Finance Outstanding Contribution Award" by the *National Business Daily*. In 2013, we were awarded the "Advanced Unit of National Banking Financial Institutions to Provide Financial Services for Small and Micro Enterprises" by the CBRC. In 2011 and 2012, we were named an "Excellent Service Organisation for SMEs" by the *China Association of Small and Medium Enterprises*.

Institutional Banking

Our institutional banking businesses include financial services provided via our cooperation with securities companies, insurance companies, other banks, governmental agencies and futures companies.

In recent years, we have carried out various strategies and initiatives to enhance the sustainable development of our institutional banking business. We offer diversified financial services to institutional customers covering assets, liabilities and intermediary services. In particular, we have implemented the following measures:

- we developed our five service platform systems relating to social insurance, housing allowance, finance, education and medical care and improved our diversified financial services package;
- we focused on developing and improving our services, explored different market segments and sought to maintain and improve our institutional banking competitiveness, which contributed to the development of our institutional banking business;
- we promoted inter-bank cooperation and the development of businesses such as RMB financing, payment and settlement agency, foreign exchange clearing, international settlement, trade finance, domestic foreign-currency payment and underwriting of financial bonds;
- we became one of the first banks in the PRC to obtain settlement bank qualifications for the National Equity Exchange and Quotations and were also one of the first comprehensive clearing members of the Shanghai Clearing House for RMB interest rate swap centralised clearing services;
- with reference to new policies and regulations governing the capital markets, we strengthened the integration between our internal institutions and branches, and also expanded cooperation with securities companies in areas such as asset management, underwriting and issuance, securities clearing and other related services in order to offer innovative products for our bank-securities businesses;
- we actively marketed to insurance companies to reinforce cooperation in bancassurance, payroll payment agency service, assets custody, cash management and other fields and strengthened our partnerships with commodity exchanges, introducing standard warehouse receipt pledge financing; and
- we successfully launched our overnight trading business for gold futures and developed an innovative account opening appointment service to help customers open accounts to facilitate the transfer between their bank accounts and futures accounts.

Settlement and Cash Management

We provide domestic clearing and settlement services for our customers and comprehensive services such as centralised cash management and transfer for large companies and their subsidiaries. We have adopted the strategies of cluster marketing and chain marketing to increase the size of our customer base and optimise our customer structure. As at 31 December 2014, we had 6,126 thousand corporate settlement accounts, representing an increase of 7.3% over 31 December 2013. We have been able to maintain our position as a market leader in the PRC settlement and cash management industry in terms of business volume. For the year ended 31 December 2014, our volume of corporate settlement was RMB1,897 trillion, representing an increase of 9.6% over the same period in 2013.

We have expanded our cash management services into financial asset management and have developed a service system underpinned by management of account transactions, liquidity management, supply chain finance, investment and wealth management. We offer personalised and professional cash management service plans to meet cash management requirements of rapidly developing industries, including cultural industries, logistics, tourism and equipment manufacturing. We built the brand system with "Caizhi Account" as the core to enhance its influence in the cash management market. With the increasingly stronger market influence of our cash management business in recent years, we have been named the "Best Cash Management Service Provider (China)" by *The Asset* and the "Best Cash Management Bank in China" by *The Asian Banker* on several occasions. As at 31 December 2014, we had over 1,125 thousand cash management customers, representing an increase of 16.6% over 31 December 2013. Customers of the global cash management business reached over 4,300 as at 31 December 2014, representing an increase of 14.7% over 31 December 2013, and the business expanded to nearly 70 countries and regions.

International Settlement and Trade Finance

Our international settlement and trade finance business is one of our key development priorities. In 2013, our domestic branches disbursed an aggregate of U.S.$173.7 billion in international trade finance. Our international settlement transaction volume reached U.S.$2,333.8 billion in 2013, of which U.S.$736.7 billion was processed by overseas institutions. In the year ended 31 December 2014, our domestic branches disbursed an aggregate of U.S.$148.6 billion in international trade finance, representing a decrease of 14.5% as compared to the same period in 2013. Our international settlement transaction volume reached U.S.$3,656.7 billion in the year ended 31 December 2014, representing an increase of 56.7% over the same period in 2013. Out of the U.S.$3,656.7 billion, U.S.$956.7 billion was processed by overseas institutions.

In recent years, we have accelerated the development of our international settlement and trade finance business and actively promoted our brand, and we believe we have established a competitive edge among our peers in the emerging international business area through the following initiatives:

- we leveraged our advantages in local and foreign currency resources and close interaction between domestic and overseas branches, improving our service capabilities to importers and exporters;
- we improved our product portfolios by integrating financing, settlement, wealth management and trading to enhance our services to import and export enterprises;
- we accelerated the expansion of global supply chain products and integrated products denominated in RMB and foreign currencies and optimised our business structure;
- we strengthened our systems for checking trade backgrounds to prevent false transactions and arbitrage behaviours of enterprises;
- we optimised the product functions of "ICBC Express" to improve the differentiated pricing policy and enhance our cross-border remittance capability;
- we facilitated the adjustment of our international banking customer structure by implementation of stratified marketing and classified management;
- we participated in cross-border RMB pilot programmes in many regions, including the Shanghai Free Trade Zone, Khorgos Xinjiang and Qianhai Shenzhen, and we participated in the launch of various

innovative services and products such as two-way RMB cross-border cash pooling and overseas RMB lending; and

- we improved "ICBC Cross-border Express" product system and launched innovative RMB cross-border products such as Direct Financing Express, agreed-upon payment and structural financing.

Investment Banking

Our investment banking business mainly includes regular financial advisory services, enterprise credit services, investment and financing advisory services, syndicated loan arrangement and management services, corporate assets and debt restructuring services, corporate acquisition and merger services, asset securitisation or quasi asset securitisation services, credit capital transfer and trading services, underwriting of corporate debt financing instruments such as commercial paper, medium-term notes and financial bonds, direct investment advisory services, financial advisory services for corporate issuance of equities and bonds and services for equity investment funds.

We have been named the "Best Bank in Investment Banking" by *Securities Times* for six consecutive years. We are also the only PRC commercial bank to be named the "China Bond House" two consecutive times by *IFR Asia*. For the year ended 31 December 2013, our investment banking income was RMB29.5 billion. For the year ended 31 December 2014, our investment banking income was RMB30.5 billion, representing a 3.4% increase as compared with the same period in 2013.

In recent years, we have accelerated the restructuring of our investment banking business and the building of brand awareness. We made considerable achievements in our investment banking business by implementing the following measures:

- we continued to promote the synergy between investment banking and commercial banking, expanded equity financing, restructuring and mergers and acquisitions (including restructuring for key industries in the PRC and outbound mergers and acquisitions for PRC enterprises), structured financing, bond underwriting and other investment banking services;

- we leveraged opportunities created by additional private placements of listed companies, mezzanine financing of key customers and initial public offerings of large enterprises and improved our equity financing product line consisting of equity investment funds as lead bank, enterprise listing advisory and private equity advisory services, in order to meet enterprises' equity financing needs;

- we provided equity capital market services to strategically important emerging industries;

- we leveraged our advantages in "financing + consulting" comprehensive restructuring and mergers and acquisitions services to promote the consolidation of the domestic coal industry and improve our capacity in cross-border mergers and acquisitions operations, and we expanded financial consulting services including structured financing, debt restructuring and project recommendation;

- we broadened non-credit financing channels for enterprises and developed new products such as debt restructuring and overseas greenfield investment consulting, to improve the quality of our financial consulting service; and

- we enhanced the research capabilities of our investment banking business, strengthened the e-service channel for investment banking and improved the quality of our advisory service.

Personal Banking

Our personal banking products and services include savings deposits, personal loans, private banking, bank cards, personal wealth management and others. Our personal banking business (including personal loans business, wealth management business and credit cards business) holds a leading position in the PRC banking industry, and according to statistics from the PBOC, as at 31 December 2014 the Bank ranked first in the industry in terms of the balance of personal loans, with a market share of 12.94%. We are well recognised in the market for our personal banking services and have been named the "Best Large-Scale Retail Bank in China" by *The Asian Banker* for seven consecutive years.

We have a large personal banking customer base in the PRC. As at 31 December 2014, we had approximately 465 million personal banking customers, representing an increase of 7.6% over 31 December 2013. Among the 465 million personal banking customers, approximately 9.6 million were personal loan customers, representing an increase of 10.3% over 31 December 2013.

Focusing on our overall target of "Building the No. 1 Retail Bank in the PRC", we have continued to carry out our "strong personal banking" strategy to advance the transformation of our personal banking operations, improved our customer-oriented operation management systems, implemented process reengineering for personal banking services, streamlined our business processing procedures, increased the level of specialisation and accelerated reform of our personal banking operations and management systems.

Savings Deposits

We provide demand deposits and term deposits in RMB and foreign currencies. As at 31 December 2013 and 2014, the balance of our savings deposits amounted to RMB6,895.8 billion and RMB7,188.6 billion, respectively.

We have adopted various measures to promote our personal deposits business and expand fund sources, including:

- we further promoted coordinated marketing of our corporate banking and personal banking businesses, exploring source markets and expanding our customer base by focusing on payroll payment agency service and commodity trading market business; and
- we bolstered our capabilities in interest rates management, consolidated advantages in our various business lines, retained customers with quality products and services, focused on the sales of personal wealth management products and their interaction with personal deposits and promoted circulation of customer funds in our system.

Personal Loans

Loans to personal customers include personal housing loans, personal consumption loans, personal business loans and credit card overdrafts. As at 31 December 2012, 2013 and 2014, personal loans amounted to RMB2,287.1 billion, RMB2,727.6 billion and RMB3,063.5 billion, respectively.

Personal loans are a major component of our personal banking business. In recent years, we have seized the opportunities arising from the PRC government's efforts to stimulate consumer consumption and expanded domestic demand and have increased our capacity to meet demands for personal loans. We have continued to improve marketing and product development to promote our personal loans business by implementing the following measures:

- we implemented differentiated housing credit policies to support the credit needs of the borrowers eligible for first-time personal housing loans and housing upgrade; and
- we promoted our "Easy Loan" product, adapted to new consumption needs by accelerating product development and upgrading and promoting such products as personal household consumption loans, cultural consumption loans and overseas study loans to facilitate growth of personal consumption loans.

Personal Wealth Management

We offer a series of personal wealth management products and services, including financial advisory, investment management, bancassurance products as well as entrusted agency services. In 2013, the issuance of various personal wealth management products amounted to RMB4,381.7 billion.

In recent years, we have offered premium services for personal customers, strengthened innovation in products and services according to the focus of the market and needs and continued to maintain our leading position in the personal wealth management market in the PRC.

Private Banking

We have continued to improve our private banking network and have established a nationwide coverage network for high end customers. We have also expanded our internet financing services, and we seek to develop comprehensive private banking products and services channels and to provide services through internet banking, mobile banking and WeChat platforms. We have taken a personalised and differentiated approach and accelerated product and service innovations with respect to our private banking business. We have also developed and reformed our agency and advisory businesses, established an open selection platform, promoted innovation for account-specific business, and explored ways to develop family-wide wealth management businesses. We provide private banking customers with integrated financial services taking into account their corporate and personal needs as well as financing and investment requirements. We have established a relatively comprehensive global network, where the private banking centre in Hong Kong serves as our global product development centre. We have utilised regional centres such as Hong Kong, Europe, Singapore and the Middle East to further develop our overseas business in the private banking sector. As at 31 December 2014, we had over 43,000 private banking customers and managed RMB735.7 billion worth of assets. In 2014, we were named the "Best Private Bank in China" by *FinanceAsia, The Asset and the Shanghai Securities News*.

Bank Cards Business

In recent years, we have improved bank card service quality, increased bank card product development and further solidified our leading position in the PRC bank card industry. As of 31 December 2013, we had issued approximately 580 million bank cards, representing an increase of approximately 110 million cards from 2012. In 2013, the consumption volume of bank cards was RMB5,772.4 billion, representing a 39.7% increase over 2012. Income from our bank card business was RMB28.5 billion for the year ended 31 December 2013. As at 31 December 2014, we had issued over 660 million bank cards, representing an increase of approximately 80 million cards since 31 December 2013. In the year ended 31 December 2014, the consumption volume of bank cards was RMB7,491.5 billion, representing a 29.8% increase over the same period in 2013. Income from our bank card business increased by 23.1% in the year ended 31 December 2014 to RMB35,133 million compared to the same period in 2013.

Credit Cards

We offer various credit card products and have increased the volume of our card issuances in recent years. By the end of 2013, we had issued approximately 88.1 million credit cards, and the consumption volume for 2013 was RMB1,613.5 billion. The balance of our personal credit card overdrafts as at 31 December 2013 amounted to RMB307.1 billion. In 2013, we led our peers in terms of volume of cards issued, consumption volume and overdrafts. As at 31 December 2014, we had issued over 100 million credit cards. The consumption volume for the year ended 31 December of 2014 was RMB1,868.6 billion, representing an increase of 15.8% over the same period in 2013. The balance of our personal credit card overdrafts as at 31 December 2014 amounted to RMB366,245 million, representing an increase of 19.2% over 31 December 2013. We have maintained leading positions among our peers in terms of credit card issuance, consumption volume and overdraft balances.

We have maintained the strategy of "scale, upgrade, globalisation and specialisation" for the development of our credit card business and have adopted various measures to maintain our leading position in the credit card industry in the PRC. Specifically, we have leveraged our expansive customer network and effective client segmentation to meet customer demands, have introduced new products such as Global Travel Card and premium cards and became the first bank in the world to partner with six major international credit card organisations in card issuance and acquisition when issuing the Diners Club Card.

Debit Cards

We issue RMB debit cards and dual currency debit cards, such as RMB-U.S. dollar debit cards, to our customers. As at 31 December 2013, we had issued approximately 489.8 million debit cards, and debit card consumption amounted to RMB4,158.9 billion in 2013. As at 31 December 2014, we had issued approximately 562 million debit cards, representing an increase of 14.8% over 31 December 2013. In the year ended 31 December 2014, debit card consumption amounted to RMB5,622.9 billion, representing an increase of 35.2% over the same period in 2013.

In recent years, we have further enhanced our competitive position in the debit card business through strengthening our cooperation and joint marketing efforts with other institutions to issue co-branded debit cards, promoting the sales of our chip cards, improving information security of card holders and developing new products.

Financial Asset Services

Our financial asset services include wealth management services, asset custody services, pension services, precious metal business, franchise treasury business, asset securitisation business and agency services.

Recently, we have adopted the following measures to promote stable growth and optimise the structure of our financial asset services:

- we engaged in cross-industry cooperation and competition with other institutions in order to seize the market opportunities for asset management services and satisfy our customers' needs for the management of their financial assets;
- we consolidated the Group's advantages in wealth management, custody, pension and precious metal businesses and the functions of subsidiaries specialised in investment banking, funds and insurance;
- we expedited the establishment of an integrated business operation system covering domestic and overseas regions across different lines of business; and
- we built a full-service asset management platform covering a wide range of markets and clients.

Wealth Management Services

We offer comprehensive asset management services to different types of clients, including individuals, corporate clients, private banking clients and institutions. We have expanded our distribution channels for wealth management services both online and offline and have optimised our product development and sales strategies. For the year ended 31 December 2013, the total issuance of wealth management products was RMB5,785.4 billion, representing a decrease of 2.2% as compared to the year ended 31 December 2012. In recent years, we have implemented the following measures to develop our wealth management services business:

- we reformed our profit centres, optimised our procedures for wealth management product development, investment management and risk management and promoted the standardised, sustainable and orderly development of the business;
- we adapted our products in order to meet the demands of various types of customers with different risk-reward features and investments in different types of markets;

- we optimised product issuance and sales strategies, implemented client segmentation services and marketing mechanisms and expanded online and offline distribution channels in order to provide the right products to the right clients;

- we developed innovative investment models, enhanced deal sourcing and proactively promoted direct financing wealth management products, direct wealth management businesses, private placement bonds for SMEs and our asset securitisation business; and

- we promoted the establishment of our overseas asset management platform by leveraging the synergy of the Group domestically and internationally and improved asset management product lines and global servicing capabilities.

Asset Custody Services

We provide a range of custody services to securities investment funds, enterprise annuity, the National Council for Social Security Fund of the PRC, insurance companies, commercial banks, qualified foreign institutional investors (**QFII**), qualified domestic institutional investors (**QDII**) and other bank customers, including assets custody, capital clearing, accounting, transaction monitoring, performance appraisal and reporting services. As at 31 December 2014, the total net value of assets under our custody was RMB5.82 trillion, representing an increase of 26.1% over 31 December 2013.

We have recently taken advantage of opportunities in the capital markets, adjusted our business development strategies, accelerated market expansion and technology innovation and achieved growth of our assets custody business through the following approaches:

- we intensified our business innovation and consolidated our leading market position;

- we developed fund custody products with fixed income and successively launched several new fund custody products, including the first series of custody products for bond exchange traded funds (**ETFs**), the first gold ETF, the first series of products with floating management fee rates, the first series of leveraged ETFs and the first graded ETFs under custody in the PRC and took the lead in engaging in special asset custody services, including investments in bills;

- we expanded our custody business into more consumer related industries and developed custody products and services such as custody of charity funds, public welfare funds, commodity transaction funds and commodity housing presale funds;

- we were approved to be the custodian of the first enterprise annuity and pension product in the PRC, were one of the first to offer outsourcing services for middle and back-office businesses of fund companies, introduced asset custody services for bills and entered into custody agreements with many futures companies;

- we developed our custody services abroad, bolstered our global custody capabilities and attracted new QFII, RQFII and QDII custody customers;

- we strengthened cooperation with asset management institutions to promote "Wealth Management Custody", bill custody, futures asset custody and other services, so that the structure of our custody business could be further optimised; and

- we participated in the mixed ownership reform of China Petrochemical Corporation and successfully provided custody services for the first mixed ownership public placement product in the PRC.

In recent years, we have been recognised as "the Best Custodian Bank in China" by financial publications such as *Global Finance*, *The Global Custodian and The Asset*, which we believe has further strengthened our brand recognition in the PRC and abroad.

Pension Services

In recent years, while we were developing our enterprise annuity business, we actively provided services to individual pension accounts and other pension funds. As at 31 December 2014, we provided pension management services to 44,024 enterprises, representing an increase of 12.1% over 31 December 2013, and the pension funds under our trusteeship amounted to RMB69.1 billion, representing an increase of 26.6% over 31 December 2013. As at 31 December 2014, we managed approximately 13.57 million individual pension accounts, the pension funds under our custody totalled approximately RMB349.7 billion and we were the market leader in the PRC banking industry in terms of the scale of our enterprise annuity funds under trusteeship, enterprise annuity funds under our custody, as well as the number of individual enterprise annuity accounts.

In recent years, leveraging on the strengths of our business qualifications, service network and advanced information systems, we have promoted the development of our pension businesses through the following measures:

- we leveraged as a competitive advantage our ability to provide a full range of related services that require licenses and built a diversified pension service system targeting enterprise annuities, occupational annuities, basic pensions, social insurance funds, comprehensive pension funds of enterprises and public institutions and personal pension funds;
- we developed customised enterprise annuity service schemes based on customer needs to improve our service capacity to large corporate banking customers;
- we promoted standardised and professional enterprise annuity schemes such as "Ruyi Pension Management" to expand the enterprise annuity market of SMEs; and
- we introduced a series of welfare schemes and pension management products named "Ruyi Benefit Plans" to meet the needs of enterprises and public institutions for managing pension, housing, medical care and other welfare funds and deferred salary incentive funds.

Precious Metals

We operate four product lines in our precious metals business: physical bullion, trading, precious metals linked financing and wealth management. For the year ended 31 December 2014, the total transaction amount of our precious metals business was RMB1.03 trillion. For the year ended 31 December 2014, we cleared RMB343.7 billion on behalf of the Shanghai Gold Exchange.

In recent years, we have implemented the following measures in our precious metals business:

- in the face of fluctuations of the precious metals market, we adjusted our business structure and diversified our products to promote our precious metals business;
- we offered a series of physical products with Chinese history and culture themes to satisfy market demand and explored new distribution channels of physical precious metals through e-commerce in order to adapt to the changing consumption habits of our customers;
- we introduced agency metal T+D trading products to meet the hedging and cost reduction needs of the enterprises in the precious metal industries, and enabled corporate transaction function such as Gold Accumulation to expand gold investment channels; and

- we issued "Enjoy Returns-Gold Arbitrage Investment Oriented RMB Wealth Management Products" to diversify our wealth management products and satisfy customers' requirements for asset allocation.

We have been recognised as the "Best Precious Metal Trading Bank in China" by *Euromoney* for four consecutive years.

Franchise Treasury Business

We offer a wide range of treasury operations services to enterprises and individual customers on an agency basis. We provide spot and forward foreign exchange trading services and swap transaction services for RMB and foreign currencies. In addition, we act as an agent for foreign exchange trading on behalf of our clients 24 hours a day, and we trade foreign currency, precious metal, forward foreign currency contracts, interest rate swaps, currency swaps, options and other financial derivatives on behalf of our customers. Currently, we have 26 quotation currencies, putting us in a leading position among PRC commercial banks. For the year ended 31 December 2013, the volume of franchise foreign exchange purchase and sale and foreign exchange trading amounted to U.S.$528.7 billion, representing an increase of 10.3% over the year ended 31 December 2012. For the year ended 31 December 2014, the volume of franchise foreign exchange purchase and sale and foreign exchange trading amounted to U.S.$523.6 billion, representing a decrease of 1.0% over the same period in 2013.

In recent years, we have taken several operational measures to strengthen our franchise treasury businesses:

- we expanded our franchise treasury product line to enhance market competitiveness on the basis of our 24-hour global trading system;
- we introduced Paper Foreign Exchange, Paper Crude Oil and Paper Precious Metals collateral loan products;
- we enhanced the capabilities of our industry-leading foreign exchange purchase and sales services;
- we upgraded the functions of our trading systems to enhance the service levels of our derivatives business;
- we increased the available commodities to be traded, including base metals, precious metals, agricultural products, soft commodities and energy;
- we seized the opportunity brought about by an influx of investors in the inter-bank bond market to launch marketing campaigns and conduct bond trading and settlement businesses on an agency basis; and
- we offered the first series of over-the-counter bonds for China Development Bank Corporation and The Export-Import Bank of China on an exclusive basis.

Asset Securitisation Business

Asset securitisation is the process of converting assets with low liquidity into liquid securitisation products through risk isolation, conversion and packaging of cash flows and credit enhancement. The assets with low liquidity that can be converted are generally assets with stable cash flows such as residential mortgage loans, commercial property mortgage loans, project loans and other cash generating assets.

To optimise further our credit structure by means of asset and capital management, we originated a credit asset securitisation project in the amount of RMB3.6 billion on 27 March 2013 and another credit asset securitisation project in the amount of RMB5.6 billion on 14 May 2014. Corporate loans were the underlying assets of these projects. In these projects, we served as originator and lending services provider. Additionally, Industrial and Commercial Bank of China (Argentina) S.A. (**ICBC (Argentina)**), a subsidiary of the Bank, originated three traditional asset securitisation products in the year ended 31 December 2013 and one traditional asset securitisation product in the year ended 31 December 2014.

Agency Sales

We offer agency sales services for funds and insurance products. We also offer agency sales services in connection with treasury bonds.

We have actively followed market developments in agency sales and have strengthened our targeted marketing strategy based on the demands of our customers. Our agency sales of funds and asset management products of securities companies for the year ended 31 December 2013 was RMB888.1 billion, representing an increase of 16.7% over the year ended 31 December 2012. Our agency sales of funds and asset management products of securities companies for the year ended 31 December 2014 was RMB1,062.8 billion, representing an increase of 19.7% over the same period in 2013. Moreover, we have taken advantage of the stable return of treasury bonds to attract customers with low risk appetite in more developed towns and counties. In the year ended 31 December 2014, the total amount of treasury bonds we sold on an agency basis was RMB81.5 billion. In the year ended 31 December 2014, the total amount of insurance products we sold on an agency basis through distribution channels such as internet banking, self-service terminals and e-commerce platforms amounted to RMB102.7 billion.

Treasury Operations

Our treasury operations include money market activities and investment and financing businesses. We aims to enhance the profitability of our treasury operations through product innovation, timely adjustment of investment and trading strategies, enhancement of our capital operation efficiency, improvement of management capabilities and prevention of business risks.

Money Market Activities

Our money market activities include: (i) short-term borrowing and lending with other banks and financial institutions; and (ii) bond repurchase and purchasing. We have adopted a cautious development strategy for our business with other banks and financial institutions. We aim to increase the return on our funds, and we conduct our business activities flexibly in response to our liquidity management needs. In 2013, the domestic trading amount in the interbank market was RMB15.3 trillion. In the year ended 31 December 2014, the domestic trading amount in the interbank market was RMB15.27 trillion, representing a decrease of 0.4% compared to the same period in 2013.

In respect of foreign currencies, we aim to increase the return on our funds while ensuring sufficient liquidity. We have strengthened the management of our foreign currency funds position to secure the safety of foreign exchange payments. In addition, we have closely monitored market developments and cautiously selected counterparties to mitigate credit risk; we have also arranged term structures to improve the yields of our foreign currency fund operations. In 2013, our foreign currency transaction volume in money markets amounted to U.S.$282.8 billion. In the year ended 31 December 2014, our transaction volume in foreign exchange money markets amounted to U.S.$198.6 billion.

Investment

We make investments in RMB-denominated bonds issued by the Chinese government, the PBOC, policy banks and a few other local financial institutions, short-term commercial paper issued by domestic enterprises, and foreign currency bonds issued by foreign governments, financial institutions, and corporations. We also trade bonds and bills that are issued by the Chinese government, the PBOC and foreign governments as well as derivatives, foreign exchange and foreign/local currency dominated bonds. In respect of our trading book investment, we have adopted swing trading and trend trading strategies, and we trade according to market trends. We have strictly managed credit risks and increased holdings of treasury bonds and policy financial bonds where appropriate. In 2013, our transaction volume of RMB bonds in trading books was RMB233.5 billion. In the year ended 31 December 2014, our transaction volume of RMB bonds in trading books was RMB246.6 billion. In respect of banking book investment, we take into consideration of the trends in the market. We have moderately increased the proportion of our investment in quality credit bonds and policy financial bonds with comparatively high value and have increased our holdings of medium term bonds to optimise the structure of our investment portfolio and increase return.

In respect of foreign currencies, we have proactively adjusted our trading strategies to increase profitability. In the year ended 31 December 2014, the total volume of foreign currency bonds in our trading book was U.S.$12.2 billion. For banking book investments, we also actively managed currency risks and adjusted the maturity profile of investments. We have continued to increase investments in quality corporate bonds, flexibly adjusted the regions and currencies in which we invest and decreased the risks of our investment portfolio.

Financing

We engage in active liability management. We have diversified the sources of funding from different channels and with different tenors through a variety of active liability management instruments such as interbank certificates of deposit and financial bonds so as to support the growth of our business. Since the start of 2013, the financing activities that we have conducted have included, but are not limited to, the following:

- overseas Renminbi denominated financial bonds. On 12 November 2013, the Bank's issuance of RMB2.0 billion offshore RMB bonds in London became the first direct issuance of offshore RMB bonds of a domestic financial institution in the London market at the headquarters level. On 15 April 2014, the Bank further issued RMB2.5 billion offshore RMB denominated bonds;

- domestic Renminbi interbank certificates of deposit. As one of the pilot institutions, the Bank successfully issued interbank certificates of deposit in the amount of RMB3.0 billion on 12 December 2013;

- overseas preference shares. On 10 December 2014 and 11 December 2014, the Bank successfully issued offshore preference shares of U.S.$2,940,000,000, EUR600,000,000 and RMB12,000,000,000 respectively; and

- domestic tier 2 capital bonds. In August 2014, we publicly offered RMB20.0 billion ICBC tier 2 capital bonds in the national interbank market with a tenor of 10 years.

DISTRIBUTION CHANNELS

We deliver our products and services through a variety of distribution channels. We have built an integrated distribution system that enables online and offline integration, making the whole system available to our customers through any single point of access. We continue to improve the layout of physical outlets and expand the network in key regions and emerging markets at a moderate pace. As at 31 December 2014, our network of institutions comprised 17,460 locations in total, with 338 overseas locations and 17,122 domestic locations. Domestic locations include the head office, 31 tier-one branches, five branches directly controlled by the head office, 26 banking departments of tier-one branches, 403 tier-two branches, 3,081 tier-one sub-branches, 13,467 outlets, 30 profit centres or institutions directly controlled by the head office and their branches and 78 major subsidiaries and their branches.

With respect to traditional branches and outlets, we have been improving the core competence of our outlets by standardising their operations, upgrading IT infrastructure and raising customer service capabilities. We have also optimised the allocation of outlets and replaced outlets with low efficiency with independent self-service banking outlets. Meanwhile, in response to the rapid development of internet finance in recent years, we developed the ICBC Mall (融e購) e-commerce platform which commenced operations on 12 January 2014. We aim to turn ICBC Mall into a client relationship maintenance platform for both individual and corporate customers.

In recent years, we have received awards for "Best Internet Banking in China", "Best Integrated Corporate Bank Site (Asia)", "Best Internet Banking in Asia Pacific", "Best Internet Banking in China", "Best Mobile Banking", "Best E-Banking Award" and "Best Corporate/Institutional Internet Bank in China" by *The Asian Banker, Global Finance, Securities Times, Hexun* and other institutions.

Electronic Banking

The number of our electronic banking customers and the transaction volume of our electronic banking platform have increased steadily in recent years. In the year ended 31 December 2014, the Bank's transactions conducted through electronic banking accounted for 86.0% of the total number of transactions, representing a 5.8% increase over the same period in 2013. We also continued to improve our overseas electronic banking products, and we have achieved comprehensive coverage of electronic banking services for overseas institutions.

In recent years, we have continued to maintain our leading position through our customer-centred and market-oriented approach, and we have accelerated the development of new products, entered new markets, captured new customers and further expanded our business overseas. In addition, we have further strengthened risk prevention and controls to ensure the balanced and rapid development of our e-banking business in terms of scale, quality and efficiency. We have promoted the "ICBC Mobile Banking" brand and focused on the expansion of major markets such as mobile banking and e-commerce, which enhanced our brand recognition and further improved our market competitiveness.

Internet Banking

We provide internet banking services through our official website at "www.icbc.com.cn" to a wide range of customers. We also provide large corporate, governmental and financial institution customers with specialised products and services.

We have launched an online large enterprise intra-bank fund management system for large scale group customers and online financial software in corporate internet banking service targeted at small and medium enterprise customers, improving our internet banking services for corporate banking customers. Meanwhile, we have introduced cross-border foreign exchange remittance in corporate internet banking, personal internet banking, an online financial analysis system and a global account management service covering both corporate and personal internet banking customers to enrich the system of internet banking products. We were the industry pioneer in the PRC in introducing online access to financial markets, small foreign exchange settlement and sales, remittance to overseas Visa cards and other innovative products, and we have launched a range of new functions including remittance to e-mail accounts and mobile phone numbers and online applications for credit cards, providing abundant and convenient internet banking services for individual customers. We offer a VIP personal internet banking service and provide high-quality customers with an exclusive service channel, service area, financial products and promotions. We continue to refine the functions of our personal internet banking, corporate internet banking and other products to strengthen the leading position of our internet banking business.

In 2013, we consolidated our position in internet banking and introduced personal internet banking systems accommodating Apple iOS, Google Android and Windows 8 systems, covering all the mainstream operating systems, browsers and tablets. We provided a "private banking zone" in the internet banking system for PC users and iPad users, building up an exclusive service platform for quality customers. We also added innovative functions to the corporate banking system, including foreign exchange trading service and Gold Accumulation products, to enrich our corporate internet banking product lines.

Telephone Banking

We provide telephone banking service 24 hours per day and 365 days per year through "95588", accessible in all areas of the PRC, and "21895588", accessible in Hong Kong.

We were the leader among our peers in the PRC in launching speed-dial service for telephone, enabling customers to access directly a corresponding function menu by dialling speed-dial codes. We were also the first bank to create the self-service voice mode named "online intelligent customer service" among peers, further improving the efficiency of our online self-service customer services.

Mobile Banking

We have focused on product innovation in mobile financial services and have launched new products and functions such as mobile banking for the Apple iOS and Google Android systems and WeChat banking. We have taken advantage of the efficiency and security of our ICBC e-payment products and carried out targeted campaigns that significantly increased the customers and transaction volume of ICBC e-payment. Our mobile banking customers have increased rapidly in recent years, and as at 31 December 2014, our mobile banking customers increased 33.6% over the end of 2013.

Self-service Banking

We provide self-service banking through ATMs and other self-service terminals. As at 31 December 2014, we had 25,861 self-service banking outlets and 92,319 ATMs, which represented an increase of 18.5% and 14.7%, respectively, over 31 December 2013. Transactions conducted via ATM amounted to RMB10,852.4 billion in the year ended 31 December 2014, representing an increase of 23.5% over the same period in 2013.

In recent years, we have accelerated the installation of self-service equipment and extended our services to key regions and the commodity trading market. By simplifying the processing procedures of our self-service terminals, we were able to increase the types of services offered. In addition, we sought to increase advertising of self-service equipment and divert customers away from services provided by tellers to raise the utilisation of our self-service equipment.

INTERNATIONAL OPERATIONS AND DIVERSIFIED OPERATIONS

We continue to develop our international and diversified operations and to provide financial support to the globalisation process of domestic enterprises and the internationalisation of the Renminbi. We have made significant progress with our internationalised and diversified operations and development. In 2013, based on our global service network, we continued to implement the strategy of “one policy for one institution”, carrying forward the localised, mainstreamed and differentiated development of overseas institutions so as to increase their competitiveness. Through strengthening interaction and information sharing between domestic and overseas institutions, we promoted our global key product lines such as retail banking, e-banking, cash management, asset management and specialty financing to develop in a diversified manner. Our RMB clearing bank in Singapore started business in 2013, forming a coordinated development pattern of cross-border RMB businesses. In 2014, the volume of cross-border RMB business amounted to RMB3.66 trillion. We also enhanced our cross-border, cross-market and cross-product-line risk prevention systems as well as the consolidated risk management of the Group.

We have continued to establish overseas institutions to cover key markets where we had not established ourselves previously. We have also improved our overseas network through organic growth and acquisitions. The Bank actively promotes the construction of overseas institutions, both organically by applying to open new establishments and through mergers and acquisitions, to fill the market gap and continue to improve our secondary institutions network. In 2013, the Industrial and Commercial Bank of China (Brazil) Limited, Singapore Clearing Bank for RMB business officially opened; Industrial and Commercial Bank of China (Peru) Limited and Industrial and Commercial Bank of China (New Zealand) Limited (**ICBC (New Zealand)**) received their business licences; Standard Bank Argentina S.A. changed its name to Industrial and Commercial Bank of China (Argentina) S.A. and steadily promoted integration work; Industrial and Commercial Bank of China (Middle East) Limited was converted to a branch in the Dubai International Financial Centre; the secondary networks in Indonesia, Singapore, Malaysia and Canada were expanded; and we signed a contract for a 20% subscription of shares in Taiwan Bank SinoPac Corporation. In 2014, Industrial and Commercial Bank of China (Peru) Limited and ICBC (New Zealand) officially opened for business, and the Bank signed contracts in respect of its acquisitions of 60.0% of the shares in Standard Bank Plc and 75.5% of the shares in Tekstilbank.

As at 31 December 2014, we had set up 338 overseas institutions in 41 countries and regions and established correspondent relationships with 1,809 overseas banks in 147 countries and regions, with a service network covering Asia, Africa, Latin America, Europe, North America and Australia as well as major international financial centres.

As at 31 December 2014, total assets of our overseas institutions (including overseas branches and subsidiaries and our investment in Standard Bank Group) were U.S.$235,996 million, representing an increase of U.S.$26,833 million or 12.8% from the end of 2013, and they accounted for 7.1% of the Group's total assets. Total loans of our overseas institutions amounted to U.S.$130,983 million as at 31 December 2014, representing an increase of U.S.$22,862 million, or 21.1%, from the end of 2013, and total deposits amounted to U.S.$92,449 million as at 31 December 2014, representing an increase of U.S.$17,699 million, or 23.7%, from the end of 2013. Profit before tax of our overseas institutions for the year ended 31 December 2014 was U.S.$3,023 million, representing an increase of 35.4% compared to the year ended 31 December 2013.

Major Indicators for Our Overseas Institutions

The following tables set forth, as at the dates and for the periods indicated, the distribution of the total assets, profit before tax and total number of institutions of our international operations by geographic area.

	Assets		**Profit before tax**		**Number of institutions**	
	As at 31 December		**Year ended 31 December**		**As at 31 December**	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
			(*in U.S.$ millions*)			
Hong Kong and Macau	118,110	101,024	1,374	1,129	106	104
Asia-Pacific region (except Hong Kong and Macau)	62,457	46,992	689	358	82	78
Europe	22,592	22,770	238	166	16	15
America	52,370	54,407	391	256	133	131
Africa[(1)]	4,305	4,606	331	324	1	1
Eliminations	(23,838)	(20,636)	—	—	—	—
Total	235,996	209,163	3,023	2,233	338	329

Note:

(1) The assets represent the balance of our investment in Standard Bank as at the dates indicated, and the profit before tax represents our gain on investment recognised by the Bank for the periods indicated.

Acquisition of Equity Interest in Standard Bank Plc

On 29 January 2014, we entered into a share purchase agreement to acquire 60% of the existing issued shares in Standard Bank Plc from Standard Bank London Holdings Limited (**SBLH**). In addition, we also have a five-year call option to acquire an additional 20% of the existing issued shares of Standard Bank Plc exercisable from the second anniversary of the date that the transaction is completed. SBLH will have a put option, exercisable six months following the date on which our call option is exercised, to require us to purchase all shares of Standard Bank that are held by SBLH and its related parties. This transaction was completed on 1 February 2015 for consideration of U.S. $690.0 million.

Proposed Acquisition of Equity Interest in Bank SinoPac Co., Ltd.

On 2 April 2013, we entered into a share subscription agreement with SinoPac Financial Holdings Co., Ltd. (**SPH**) and Bank SinoPac Co., Ltd. (**BSP**) regarding the subscription by us for 20% of the shares of SPH or BSP. The transaction will be carried out after the region of Taiwan's financial regulator increases the shareholding limit of a financial institution in the region of Taiwan by a commercial bank from the PRC to 20%. At that time, we will subscribe for shares of BSP. The basic subscription price for the transaction will be determined with reference to the net assets value stated in the 2012 Interim Report of BSP. The basic price for subscribing for 20% of the shares of BSP would be approximately NTD18.7 billion. After the transaction is approved by all necessary regulatory authorities, the basic acquisition price will be adjusted to reflect the actual status of net assets of BSP before completion. On 27 February 2014, we entered into a supplemental agreement with SPH and BSP. According to the supplemental agreement, the selected transaction waiting period under the original share subscription agreement was extended to 1 April 2015, while other clauses remained unchanged. On 1 April 2015, we entered into an additional supplemental agreement with SPH and BSP, which extended the selected transaction waiting period to 1 October 2015.

Proposed Acquisition of Equity Interest in Tekstil Bankasi A.S.

On 29 April 2014, we entered into a share purchase agreement to acquire 75.5% of the existing issued shares in Tekstilbank from GSD Holding A.S. (**GSD**) of Turkey. According to the capital markets law of Turkey, this transaction will trigger a requirement that a mandatory tender offer be issued to purchase all the remaining shares of Tekstilbank that are presently traded on the Istanbul Stock Exchange. The Board has authorised the Bank to issue a mandatory tender offer for the remaining shares at a proper time. According to the agreement, the consideration of this transaction is calculated in Turkish Lira and paid in U.S. dollars. The specific amount is determined based on the net asset value of Tekstilbank at the end of 2013 and will be adjusted on the basis of the net asset value on the closing date. In calculating the consideration, the exchange rate of U.S. dollar against Turkish Lira should be the average exchange rate announced by the Turkish Central Bank during the period shortly before the closing date. Based on the net asset value at the end of 2013, the consideration for acquiring 75.5% of existing issued shares of Tekstilbank is expected to be approximately TRY669 million.

The Bank announced that the CBRC and the Banking Regulation and Supervision Agency of the Republic of Turkey approved the transaction on 20 March 2015 and 7 April 2015, respectively. Certain required procedures and conditions remain to be fulfilled prior to the closing.

Diversified Operations

Leveraging our advantages in customer relations, capital management and information technology systems, we have proactively set up and accelerated the development of licensed non-banking financial businesses such as investment banking, fund management, financial leasing and insurance with a view to satisfying our customers' increasingly diversified needs for integrated financial service. We have steadily improved the capability of our diversified operations. ICBC International is the Group's offshore platform with an investment banking license. It has actively participated in Hong Kong listings by large multinational corporations and domestic companies and has developed its bond underwriting businesses, through which it has created a more balanced and stable income structure. In recent years, it has completed major projects such as the U.S.$2.0 billion debut issuance of offshore senior bonds of State Grid Corporation of China and the U.S.$2.0 billion bond issuance by China National Petroleum Corporation and advised on the H-share IPO of China Galaxy Securities. ICBC Credit Suisse Asset Management has leveraged its asset management platform, continued to develop new products, expanded its investment management system and realised steady growth in business performance. In addition, it ranked among the top three in the industry in terms of public funds under management. Seizing the opportunities brought about by favourable policies, ICBC Leasing developed innovative leasing products, made greater efforts to expand the domestic and international market, proactively served the real economy and consolidated its leading position in this industry. Relying on our dominant position, ICBC-AXA has adopted a strategy of localised, independent operations and development, deepening bancassurance, personal insurance, group insurance and new channel businesses, thereby increasing its profitability.

CONTROLLED SUBSIDIARIES AND MAJOR EQUITY PARTICIPATING COMPANY

Overseas Subsidiaries

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (ASIA) LIMITED (ICBC (Asia))

ICBC (Asia) is a wholly owned subsidiary and a Hong Kong registered bank. It has an issued share capital of HK$23,592 million. It provides comprehensive commercial banking services, and its major businesses include commercial credit, trade finance, investment service, retail banking, e-banking, custody, credit card, receiving bank services for IPOs and dividend distributions. As at 31 December 2014, ICBC (Asia) recorded total assets of U.S.$86,920 million and net assets of U.S.$6,638 million. It generated a net profit of U.S.$821 million for the year ended 31 December 2014. On 29 April 2015, the Bank announced that its Board of Directors had resolved to make a capital injection of U.S.$1.65 billion into ICBC (Asia). The purpose of the capital injection is to comply with capital adequacy regulatory requirements.

ICBC INTERNATIONAL HOLDINGS LIMITED

ICBC International is a wholly owned subsidiary and an overseas investment services platform based in Hong Kong. It has a paid-up capital of HK$4,882 million. It mainly renders a variety of investment services, including listing sponsorship and underwriting, equity financing, bond financing, direct investment, securities brokerage and fund management. As at 31 December 2014, it recorded total assets of U.S.$2,599 million and net assets of U.S.$766 million. It generated a net profit of U.S.$43.85 million for the year ended 31 December 2014.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (MACAU) LIMITED (ICBC (Macau))

ICBC (Macau) is the largest local legal banking entity bank in Macau. It has a registered capital of MOP461 million, in which we hold an 89.3% stake. ICBC (Macau) mainly engages in comprehensive commercial banking services such as deposit, loan, trade finance and international settlement. As at 31 December 2014, it recorded total assets of U.S.$22,177 million and net assets of U.S.$1,460 million. It generated a net profit of U.S.$222 million for the year ended 31 December 2014. On 26 March 2015, the Bank announced that it would make a capital injection of U.S.$360 million into ICBC (Macau). The purpose of the capital injection is to comply with capital adequacy regulatory requirements.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (MALAYSIA) BERHAD (ICBC (Malaysia))

ICBC (Malaysia) is a wholly owned subsidiary established in Malaysia. With a registered capital of MYR331 million, it is able to provide a full range of commercial banking services. As at 31 December 2014, it recorded total assets of U.S.$1,155 million and net assets of U.S.$110 million. It generated a net profit of U.S.$5.49 million for the year ended 31 December 2014.

PT. BANK ICBC INDONESIA (ICBC (Indonesia))

ICBC (Indonesia) is a fully licensed commercial banking subsidiary registered in Indonesia, with a paid-up capital of IDR2.69 trillion, in which we hold a 98.6% stake. ICBC (Indonesia) mainly specialises in financial services such as deposit, loan and trade finance, settlement, agency services, inter-bank borrowing and lending and foreign exchange. As at 31 December 2014, it recorded total assets of U.S.$3,021 million and net assets of U.S.$279 million. It generated a net profit of U.S.$24.66 million for the year ended 31 December 2014.

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

ICBC (Thai) has a registered capital of THB20,132 million, in which we hold a 97.9% stake. ICBC (Thai) holds a comprehensive banking license and provides various services including deposit, loan, trade finance, remittance, settlement, leasing and consulting. As at 31 December 2014, it recorded total assets of U.S.$5,915 million and net assets of U.S.$711 million. It generated a net profit of U.S.$35.62 million for the year ended 31 December 2014.

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

ICBC (Almaty), a wholly owned subsidiary, was incorporated in Kazakhstan with a registered capital of KZT8,933 million. It principally engages in commercial banking services such as deposit, loan, international settlement and trade finance, foreign currency exchange, guarantee, account management, internet banking and bank card service.

As at 31 December 2014, it recorded total assets of U.S.$243 million and net assets of U.S.$69.53 million. It generated a net profit of U.S.$4.68 million for the year ended 31 December 2014.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (NEW ZEALAND) LIMITED

ICBC (New Zealand), a wholly owned subsidiary, was incorporated in New Zealand with a registered capital of NZD60,377.7 thousand. Its scope of business covers financial services such as account management, fund transfer, international clearance, trade finance and corporate lending. It obtained an operational license from New Zealand Reserve Bank in November 2013 and commenced operations in February 2014. As at 31 December 2014, it recorded total assets of U.S.$526 million and net assets of U.S.$44.92 million.

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

ICBC (Europe), a wholly owned subsidiary, was incorporated in Luxembourg with a registered capital of EUR215 million. Paris Branch, Amsterdam Branch, Brussels Branch, Milan Branch, Madrid Branch and Warsaw Branch are structured under ICBC (Europe), which mainly offers corporate and retail banking services such as deposit, withdrawal, remittance, settlement, loan, trade finance, capital, investment banking, custody and franchise wealth management. As at 31 December 2014, it recorded total assets of U.S.$6,485 million and net assets of U.S.$385 million. It generated a net profit of U.S.$50.37 million for the year ended 31 December 2014.

ZAO INDUSTRIAL AND COMMERCIAL BANK OF CHINA (MOSCOW) (ICBC (Moscow))

ICBC (Moscow), a wholly owned subsidiary, was incorporated in Russia with a registered capital of RUB2.31 billion. It mainly provides a full spectrum of corporate banking services including loan, settlement, trade finance, deposit, foreign currency exchange, franchise treasury business, global cash management and corporate financial consulting as well as remittance for natural persons without an account. ICBC (Moscow) is a ruble clearing bank for RMB trading against ruble on China Foreign Exchange Trade System, an important market maker and RMB clearing bank for RMB trading against ruble on MICEX-RTS. As at 31 December 2014, it recorded total assets of U.S.$1,028 million and net assets of U.S.$54.64 million. It generated a net profit of U.S.$7.41 million for the year ended 31 December 2014.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (CANADA) (ICBC (Canada))

ICBC (Canada) is a subsidiary in Canada with a paid-up capital of CAD108 million, in which we hold an 80% stake. Holding a full commercial banking license, ICBC (Canada) provides various corporate and retail banking services such as deposit, loan, settlement remittance, trade finance, foreign exchange trading, funds clearing, RMB cross-border settlement, RMB currency notes, cash management, e-banking, bank card service and investment and financing information consulting. As at 31 December 2014, it recorded total assets of U.S.$972 million and net assets of U.S.$124 million. It generated a net profit of U.S.$8.62 million for the year ended 31 December 2014.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA FINANCIAL SERVICES LLC (ICBCFS)

ICBCFS is a wholly owned subsidiary in the United States and has a registered capital of U.S.$50.0 million. It mainly specialises in securities clearing business in Europe and America and offers professional banking services including securities clearing, settlement and financing, accounting and transaction statement in European and American markets for institutional customers. As at 31 December 2014, it recorded total assets of U.S.$34.55 billion and net assets of U.S.$97.78 million. It generated a net profit of U.S.$13.87 million for the year ended 31 December 2014.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (USA) NA (ICBC (USA))

ICBC (USA), a controlled subsidiary in the United States in which we hold an 80% stake, has a paid-up capital of U.S.$309 million. Holding a full commercial banking license registered in the UFIQAC, ICBC (USA) is a member of the United States Federal Deposit Insurance Corporation, providing corporate and retail banking services such as deposit, loan, settlement and remittance, trade finance, cross-border settlement, cash management, e-banking and bank card services. As at 31 December 2014, it recorded total assets of U.S.$1,251 million and net assets of U.S.$311 million. It generated a net profit of U.S.$1.04 million for the year ended 31 December 2014.

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

On 30 November 2012, we completed the acquisition of 80% stake in Standard Bank Argentina S.A., making us a controlling shareholder. In the first half of 2013, Standard Bank Argentina S.A. was officially renamed as Industrial and Commercial Bank of China (Argentina) S.A. With a full commercial banking license and a registered capital of ARS1,345 million, it specialises in deposit, loan, settlement and remittance, trade finance, foreign exchange trading, capital settlement, financial market, cash management, investment banking, e-banking, credit card services, retail banking and SME services. As at 31 December 2014, it recorded total assets of U.S.$4,514 million and net assets of U.S.$526 million. It generated a net profit of U.S.$151 million for the year ended 31 December 2014.

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

ICBC (Brasil), a subsidiary of the Bank, has a registered capital of BRL202 million, in which the Bank holds a 99.99% stake. ICBC (Brasil) mainly engages in commercial banking and investment banking services such as deposit, loan, trade finance, international settlement, fund transaction, franchise wealth management and financial advisory services. As at 31 December 2014, it recorded total assets of U.S.$300 million and net assets of U.S.$75.42 million. It generated a net profit of U.S.$0.42 million for the year ended 31 December 2014.

ICBC PERU BANK (ICBC (Peru))

ICBC (Peru), a wholly-owned subsidiary of the Bank in Peru, obtained a business license granted by the Central Reserve Bank of Peru and Superintendency of Banking and Insurance on 8 November 2013. It officially started business on 6 February 2014 with a registered capital of U.S.$50 million. ICBC (Peru) offers financial services including account management, transfer and remittance, international settlement, trade finance and corporate credit. As at 31 December 2014, it recorded total assets of U.S.$96.10 million and net assets of U.S.$37.56 million.

Major Domestic Subsidiaries

ICBC CREDIT SUISSE ASSET MANAGEMENT CO., LTD.

ICBC Credit Suisse Asset Management, a subsidiary of the Bank, has a registered capital of RMB200 million, in which we hold an 80% stake. It mainly engages in fund placement, fund distribution, asset management and such other businesses as are approved by the China Securities Regulatory Commission (**CSRC**), and owns many business qualifications including in mutual funds, QDII, enterprise annuity, specific asset management, domestic and overseas investment manager of social security fund, RQFII, insurance capital management and special asset management. It is one of the fund companies with "full qualification" in the industry. ICBC Credit Suisse Asset Management (International) Co., Ltd., the subsidiary of ICBC Credit Suisse Asset Management in Hong Kong, has acquired business qualifications in RQFII and domestic investment manager of social security fund. As at 31 December 2014, it recorded total assets of RMB2,285 million and net assets of RMB1,539 million. For the year ended 31 December 2014, it generated a net profit of RMB505 million.

ICBC FINANCIAL LEASING CO., LTD.

ICBC Leasing is our wholly owned subsidiary. It mainly engages in financial leasing in the fields of aviation, shipping, large-scale equipment leasing, lease receivables assignment, disposal of leased properties, financing in the interbank or capital markets and advisory services. As at 31 December 2014, it recorded total assets of RMB235.6 billion and net assets of RMB19,077 million. It generated a net profit of RMB2,813 million for the year ended 31 December 2014.

ICBC-AXA ASSURANCE CO., LTD.

ICBC-AXA, a subsidiary in which we hold a 60% stake, has a registered capital of RMB8,705 million. ICBC-AXA engages in a variety of insurance businesses such as life insurance, health insurance and accident insurance, and reinsurance of these businesses, businesses in which use of insurance capital is permitted by laws and regulations of the State and other businesses approved by the China Insurance Regulatory Commission (the **CIRC**). As at 31 December 2014, it recorded total assets of RMB40.5 billion and net assets of RMB8,299 million. It generated a net profit of RMB70.72 million for the year ended 31 December 2014.

Majority Equity Participation Company

STANDARD BANK GROUP LIMITED (Standard Bank Group)

Standard Bank Group is the largest commercial bank in Africa. We hold 20.08% of the ordinary shares of Standard Bank Group. In 2013, we continued to pursue strategic cooperation with Standard Bank Group, initiating a total of 143 cooperative projects in a variety of fields such as corporate banking, settlement and cash management, information technology, financial markets and precious metals, among which the total value of the agreements entered between the two banks in relation to financing to Africa amounted to U.S.$11.1 billion. As at 31 December 2014, it recorded total assets of ZAR1,902,845 million and net assets of ZAR161,634 million. It generated a net profit attributable to ordinary shareholders of ZAR17,905 million for the year ended 31 December 2014.

INFORMATION TECHNOLOGY AND PRODUCT INNOVATION

We continue to implement a "technology driven" strategy throughout the Group. We seek to ensure the safety and stability of our information system, to enhance our IT infrastructure, to improve our IT capabilities and to introduce new internet finance products in order to support our operational reform, improve our servicing capabilities, further internationalise and diversify our businesses and bolster our risk management.

Improving our IT Capabilities

We have laid a foundation to further improve our IT capabilities and collected data on the financial markets, e-commerce platform and subsidiaries into our database. After we launched this new collection and analysis platform, it began to collect and analyse data on internet banking transactions, "Easy Loan" products and our customers. Furthermore, it applied the data to targeted marketing and product innovation. We have applied our upgraded IT infrastructure capabilities in areas such as service coordination, business processes, risk management and management accounting. In addition, we have improved our integrated customer information display interface and are able to conduct cross-selling between corporate customers and individual customers. We are in the preliminary stages of established a new credit risk monitoring system. We also continue to build up our financial asset services system, including through managing and sharing information throughout the whole process of asset investment and management. We have also completed the establishment of a preliminary system of displaying outlets' results and employees' performance.

Accelerating Innovation of Online Financial Product and Service

We have designed our internet finance products focusing on customers' experience and created a relatively comprehensive servicing model for the internet finance business. We focused on e-commerce, direct sales banking, real-time communication platforms, as well as payment, financing and investment and wealth management product lines. In addition, we also focused on the establishment of a system for integrated online-and-offline internet finance products and services. We have officially launched our e-commerce platform ICBC Mall (融e購), rolled out the ICBC e-investment client trading terminals (PC version), and our integrated online-and-offline foreign currency withdrawal appointment service. The first batch of our ICBC Mall's "intelligent outlets" have commenced operation and allow for improved interaction between our customers and the service terminals.

Increasing Management Capabilities of Information Technology and Product Innovation

In line with the reform and development strategies of the Group, we have improved the working procedures for product innovation and financial services capabilities. We continue to develop and improve products for personal finance, corporate finance, institutional finance, internet banking and other areas. We have improved the management of our products throughout their various stages, analysed our client structure and enhanced follow up assessment. We have also improved the working procedures for management of innovative projects and increased the effectiveness, quality and efficiency of product development.

Raising Management Standards of Information Technology and Product Innovation

Since 2002 we have maintained two key data centres (one primary and one backup) in Beijing and Shanghai, respectively. In June 2014, we also completed set up of a local data centre in Shanghai, which enables a full switchover and recovery between data centres in the same city in less than a minute in the event of a failure, thus maintaining a technology operational structure with three centres at two locations. We have strengthened incident management and emergency management to ensure the safe and stable operation of the information systems throughout the Group. We have also enhanced IT support to the information systems and developed proprietary financial management systems and accounting and auditing systems for our subsidiaries ICBC-AXA and ICBC International, respectively. In the year ended 31 December 2014, we obtained 50 patents from the State Intellectual Property Office, increasing total number of patents we held to 357 as at 31 December 2014.

INTELLECTUAL PROPERTY RIGHTS

We conduct our business under the name of “Industrial and Commercial Bank of China”. We own a total of 320 PRC registered trademarks and 32 Hong Kong registered trademarks. We are currently applying for an additional 42 registered trademarks in the PRC. We are also the registered owner of the domain names of our websites such as “www.icbc.com.cn”, “www.icbc.com.hk” and “www.icbc.asia”. The trademark “” (individually and collectively with our Chinese and/or English name), for which we have the copyright, has been widely used on our signboards, badges, publicity materials and internal documents.

HUMAN RESOURCES MANAGEMENT

As at 31 December 2014, we had 462,282 employees worldwide (excluding labour dispatched for services).

Focusing on the requirements for our strategic development, we have pursued Group based, market-based and diversified reform of our management personnel system in accordance with the working concepts of people-orientation, service collaboration and scientific management. We have improved the mechanism of public competition for positions, strengthened training for and appointment of young management personnel and continued to promote the open exchange of ideas and communication among employees at different levels or from different departments. We continue to develop our talent pool by enhancing the capabilities and qualities of our employees and broadening their career development paths. We have made significant efforts to develop, select, attract and retain individuals with internationalised skill sets to meet the talent needs of overseas institutions for their development. We have also accelerated the establishment of compensation governance mechanisms at a Group level, carried out the Group’s total payroll budget management and improved the remuneration system for employees. We have continued to reform our “profitability units”, including the classification of our private banking department as a profitability unit. We have also further clarified the core functions of profitability units and consolidated their market operation and product development capabilities.

With employee growth and business development as the aim and performance enhancement as the core focus, we have continued to develop training systems based on the differing requirements for different positions. We have continued to carry out large-scale, multi-faceted training for all employees covering a broad range of topics. In addition, we have conducted key training programme for, among others, international talent, management personnel and client managers, increasing the customisation and effectiveness of such trainings. We focus on the policies and resources we provide to support the training and have established a system of 19 series of professional certifications for four categories of positions throughout the Bank. We have preliminarily established data room for training materials, case studies, tests and faculty, among others, and we are one of the first to establish a multi-layered and multi-channel training system with an "online university" to facilitate online learning, simulate a training environment in a bank and allow for courses with remote access. In 2014, we completed approximately 52 thousand training sessions for approximately 4.56 million persons (an average of 9.5 days of training per person).

We have also introduced training concerning the core values of our corporate culture, which are illustrated by means of stories, cartoons, videos and our mobile newspaper. We also publicise our core value of "Integrity Leads to Prosperity" through the "corporate culture" page on our official website, which we believe improves the public awareness of our corporate culture. We have steadily promoted the improvement of our professional culture and have driven the integrated development of our corporate culture and business management.

LEGAL AND REGULATORY PROCEEDINGS

We are involved in legal proceedings in the ordinary course of our business. Most of the legal proceedings were initiated by us for recovering NPLs, while some legal proceedings arose from customer disputes. As at 31 December 2014, the aggregate amount of pending proceedings in which we acted as defendant was RMB3 billion. We do not expect any material adverse effect from these pending legal proceedings on our business, financial position, results of operations and the issuance of the Preference Shares.

We strictly comply with applicable anti-money laundering and anti-terrorism laws and other regulations in the PRC, Hong Kong, Singapore and other jurisdictions where we have operations. We actively fulfil our obligations and responsibilities in terms of anti-money laundering by coordinating the establishment of anti-money laundering policies, systems, including a specialist team. We have carried out customer identification, large amount and suspicious transaction reporting, money laundering risk assessment, anti-money laundering training and audits, which have improved the anti-money laundering and anti-terrorist financing compliance capabilities of the Group. As at 31 December 2014, we were not aware of any material money laundering or terrorist financing activities engaged in by or involving any employee of our domestic or overseas branches or subsidiaries.

RECENT DEVELOPMENTS

Announcement of our unaudited IFRS consolidated financial results as at and for the three months ended 31 March 2015

On 29 April 2015, we announced our unaudited IFRS consolidated financial results as at and for the three months ended 31 March 2015. We also reported additional financial and operating indicators. The following table sets forth, for the periods indicated, our consolidated income statement.

	For the three months ended 31 March	
	2014	**2015**
	(unaudited)	
	(in RMB millions)	
Interest income	203,145	216,836
Interest expense	(87,320)	(91,553)
Net interest income	115,825	125,283
Fee and commission income	40,550	40,728
Fee and commission expense	(2,868)	(3,518)
Net fee and commission income	37,682	37,210
Net trading income	493	900
Net loss on financial assets and liabilities designated at fair value through profit or loss	(2,221)	(2,601)
Net gain on financial investments	268	866
Other operating income, net	4,816	4,150
Operating income	156,863	165,808
Operating expenses	(47,928)	(48,912)
Impairment losses on:		
Loans and advances to customers	(13,672)	(20,803)
Others	(104)	55
Operating profit	95,159	96,148
Share of profits of associates and joint ventures	498	871
Profit before taxation	95,657	97,019
Income tax expense	(22,196)	(22,562)
Profit for the period	73,461	74,457

The following table sets forth, as at the dates indicated, our consolidated statement of financial position.

	As at 31 December 2014	As at 31 March 2015
	(audited)	(unaudited)
	(in RMB millions)	
Assets		
Cash and balances with central banks	3,523,622	3,537,667
Due from banks and other financial institutions	782,776	784,207
Financial assets held for trading	34,373	76,809
Financial assets designated at fair value through profit or loss	312,455	353,350
Derivative financial assets	24,048	81,494
Reverse repurchase agreements	468,462	659,421
Loans and advances to customers	10,768,750	11,057,257
Financial investments	4,086,409	4,172,780
Investments in associates and joint ventures	28,919	27,408
Property and equipment	199,280	197,605
Deferred income tax assets	24,758	24,665
Other assets	356,101	423,970
Total assets	20,609,953	21,396,633
Liabilities		
Due to central banks	631	333
Financial liabilities designated at fair value through profit or loss	589,385	653,230
Derivative financial liabilities	24,191	80,685
Due to banks and other financial institutions	1,539,239	1,792,461
Repurchase agreements	380,957	421,854
Certificates of deposit	176,248	150,025
Due to customers	15,556,601	15,848,171
Income tax payable	60,666	73,869
Deferred income tax liabilities	451	443
Debt securities issued	279,590	280,771
Other liabilities	464,690	473,531
Total liabilities	19,072,649	19,775,373
Total equity	1,537,304	1,621,260
Total equity and liabilities	20,609,953	21,396,633

The following table sets forth, for the periods indicated, selected items from our consolidated statement of cash flows.

	For the three months ended 31 March	
	2014	2015
	(unaudited)	
	(*in RMB millions*)	
Net cash flows from operating activities	247,991	518,295
Net cash flows from investing activities	(34,896)	(84,617)
Net cash flows from financing activities	(6,417)	6,260
Net increase in cash and cash equivalents	206,678	439,938
Cash and cash equivalents at beginning of the period	957,402	994,263
Effect of exchange rate changes on cash and cash equivalents	10,316	(2,084)
Cash and cash equivalents at end of the period	1,174,396	1,432,117

The following tables set forth a summary of our key financial and operating indicators for the periods or as at the dates indicated.

	For the three months ended 31 March	
	2014	2015
Profitability indicators		
Return on average total assets[(1)(2)]	1.52%	1.42%
Return on weighted average equity[(2)(3)]	22.27%	19.35%
Cost-to-income ratio[(4)]	24.06%	23.00%

	As at 31 December 2014	As at 31 March 2015
	(in RMB millions, except percentages)	
Asset quality indicators		
NPLs	124,497	145,548
NPL ratio[(5)]	1.13%	1.29%
Allowance to NPLs[(6)]	206.90%	180.41%
Capital adequacy indicators		
Net Core Tier 1 Capital	1,486,733	1,567,084
Net Tier 1 Capital	1,521,233	1,601,623
Net Capital Base	1,812,137	1,845,386
Core Tier 1 Capital Adequacy Ratio[(7)]	11.92%	12.24%
Tier 1 Capital Adequacy Ratio[(7)]	12.19%	12.51%

Capital Adequacy Ratio[7]	14.53%	14.41%

Notes:

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

(2) Calculated on an annualised basis.

(3) Calculated by dividing net profit attributable to equity holders of the parent company by the weighted average balance of equity attributable to equity holders of the parent company, which is calculated in accordance with the "Rules for the Compilation and Submission of Information Disclosure by Companies that Offer Securities to the Public No. 9 — Computation and Disclosure of Return on Net Assets and Earnings per Share (Revision 2010)" issued by the CSRC.

(4) Calculated by dividing operating expenses (less business tax and surcharges) by operating income.

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

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

(7) Calculated in accordance with the Capital Regulation.

Our profit for the three months ended 31 March 2015 amounted to RMB74,457 million, representing an increase of 1.36%, compared to RMB73,461 million for the same period in 2014. Our annualised return on average total assets was 1.42% for the three months ended 31 March 2015, compared to 1.52% for the same period in 2014. Our annualised return on weighted average equity was 19.35%, compared to 22.27% for the same period in 2014.

Our operating income for the three months ended 31 March 2015 amounted to RMB165,808 million, representing an increase of 5.70%, compared to RMB156,863 million for the same period in 2014. Our net interest income for the three months ended 31 March 2015 was RMB125,283 million, representing an increase of 8.17%, compared to RMB115,825 million for the same period in 2014. Our net fee and commission income for the three months ended 31 March 2015 was RMB37,210 million, representing a decrease of 1.25%, compared to RMB37,682 million for the same period in 2014. Our cost-to-income ratio for the three months ended 31 March 2015 was 23.00%, compared to 24.06% the same period in 2014.

As at 31 March 2015, our total assets amounted to RMB21,396,633 million, representing an increase of RMB786,680 million, or 3.82%, compared to RMB20,609,953 million as at 31 December 2014. Our loans and advances to customers before provision amounted to RMB11,319,842 million, representing an increase of RMB293,511 million, or 2.66%, compared to RMB11,026,331 million as at 31 December 2014. This increase in our total loans and advances to customers was driven by RMB-denominated loans of domestic branches, which grew by RMB260,565 million, or 2.68%, during the period under review. In terms of the structure of our loans and advances to customers, corporate loans were RMB7,829,607 million, personal loans were RMB3,150,597 million and discounted bills were RMB339,638 million. Our loan-to-deposit ratio was 68.59%.

Our total liabilities as at 31 March 2015 amounted to RMB19,775,373 million, representing an increase of RMB702,724 million, or 3.68%, compared to RMB19,072,649 million as at 31 December 2014. Our amounts due to customers as at 31 March 2015 amounted to RMB15,848,171 million, representing an increase of RMB291,570 million, or 1.87%, compared to RMB15,556,601 million as at 31 December 2014. In terms of the structure of our amounts due to customers, time deposits were RMB8,195,508 million, demand deposits were RMB7,356,530 million and others were RMB296,133 million.

As at 31 March 2015, our total equity amounted to RMB1,621,260 million, representing an increase of RMB83,956 million, or 5.46%, compared to RMB1,537,304 million as at 31 December 2014.

According to our five-tier loan classification system, our balance of NPLs amounted to RMB145,548 million as at 31 March 2015, representing an increase of RMB21,051 million, or 16.91%, compared RMB124,497 million as at 31 December 2014. Our NPL ratio was 1.29%, compared to 1.13% as at 31 December 2014. Our ratio of allowance to NPLs stood at 180.41%, compared to 206.90% as at 31 December 2014.

Our Core Tier 1 Capital Adequacy Ratio was 12.24%, our Tier 1 Capital Adequacy Ratio was 12.51% and our Capital Adequacy Ratio was 14.41%[7], all meeting regulatory requirements.

Proposed issuance of preference shares

On 10 March 2015, the Bank received approval from the CBRC to issue up to 450 million domestic preference shares in order to raise proceeds of up to RMB45 billion which will be counted as Additional Tier 1 Capital of the Bank in accordance with relevant regulatory requirements.

[7] Calculated based on the Regulation Governing Capital of Commercial Banks (Provisional) promulgated by the CBRC.

FUNDING AND CAPITAL ADEQUACY

FUNDING

The funding operations of the Bank are designed to ensure stability of funding, minimise funding costs and effectively manage liquidity. Although customer deposits have always been its main source of funding, the Bank aims to maintain a diversified funding base. Its funding is primarily derived from deposits placed with the Bank by its corporate and consumer customers. The Bank also derives funding from shareholders' equity, debt instrument issuance and interbank borrowings. The Bank raises foreign currency from customers' foreign currency deposits and occasionally from borrowings with counterparties.

On 1 May 2015, the Deposit Insurance Regulations formulated by the State Council came into effect, which will result in the formal establishment of a deposit insurance scheme in the PRC. For more information, see "Risk Factors—Risks Relating to the PRC Banking Industry—The formal implementation of the deposit insurance scheme may adversely affect the Bank's deposit-taking business and financial position". The following table sets forth, as at the dates indicated, our deposits from customers by business line and deposit type:

	As at 31 December					
	2012		2013		2014	
	Amount	% of total	Amount	% of total	Amount	% of total
	(in RMB millions, except percentages)					
Corporate deposits						
Time deposits	2,915,072	21.4 %	3,464,625	23.7 %	3,902,305	25.1%
Demand deposits	3,993,173	29.3 %	4,038,872	27.6 %	4,134,828	26.6%
Subtotal	6,908,245	50.7 %	7,503,497	51.3 %	8,037,133	51.7%
Personal deposits						%
Time deposits	3,754,118	27.5 %	3,901,098	26.7 %	4,034,790	25.9%
Demand deposits	2,800,169	20.5 %	2,994,741	20.5 %	3,153,817	20.3%
Subtotal	6,554,287	48.0 %	6,895,839	47.2 %	7,188,607	46.2%
Other deposits[(1)]	180,378	1.3 %	221,489	1.5 %	330,861	2.1%
Total due to customers	13,642,910	100.0 %	14,620,825	100.0 %	15,556,601	100.0%

Note:

(1) Includes outward remittance and remittance payables.

The following table sets forth, as at the dates indicated, the distribution of our due to customers remaining maturity:

	As at 31 December					
	2012		2013		2014	
	Amount	% of total	Amount	% of total	Amount	% of total
	(in RMB millions, except percentages)					
Demand deposits[(1)]	7,076,646	51.9 %	7,602,977	52.0 %	7,908,683	50.8%
Less than three months	2,041,502	15.0 %	2,112,169	14.5 %	2,290,971	14.7%
Three to 12 months	2,964,264	21.7 %	3,237,621	22.1 %	3,361,635	21.6%
One to 5 years	1,533,049	11.2 %	1,610,908	11.0 %	1,958,020	12.6%
Over 5 years	27,449	0.2 %	57,150	0.4 %	37,292	0.3%
Total due to customers	13,642,910	100.0 %	14,620,825	100.0 %	15,556,601	100.0%

Note:

(1) Includes time deposits payable on demand.

Capital Adequacy

The Bank is subject to relevant capital adequacy requirements as promulgated by the CBRC. Before 2013, our core capital, supplementary capital and risk-weighted assets were calculated in accordance with the Administrative Measures on the Capital Adequacy Ratio of Commercial Banks (商業銀行資本充足率管理辦法) (the **Capital Adequacy Measures**) and other related regulatory rules in the PRC. The CBRC requires commercial banks to meet required capital adequacy ratios by the end of 2018 in accordance with the Capital Management Rules. Accordingly, since 2013, we have calculated and disclosed the capital adequacy in accordance with the Capital Management Rules. For systemically important banks like our Bank, CBRC requires minimum Core Tier 1 Capital Adequacy Ratio, Tier 1 Capital Adequacy Ratio and Capital Adequacy Ratio of 8.50%, 9.50% and 11.50%, respectively.

The following table sets forth, as at the dates indicated, certain information relating to our capital adequacy level based on the Capital Management Rules and other related regulatory rules in the PRC.

	As at 31 December 2013	As at 31 December 2014
	(in RMB millions, except percentages)	
Core Tier 1 Capital	1,276,344	1,498,403
Paid-in capital	351,390	353,495
Valid portion of capital reserve	108,202	144,874
Surplus reserve	123,870	150,752
General reserve	202,940	221,622
Retained profits	512,024	650,308
Valid portion of minority interests	1,956	2,191
Others	(24,038)	(24,839)
Core Tier 1 Capital deductions	9,503	11,670
Goodwill	8,049	8,487
Other intangible assets other than land use rights	1,474	1,279
Cash flow hedge reserves that relate to the hedging of items that are not fair valued on the balance sheet	(3,920)	(3,796)
Investment in Core Tier 1 Capital instruments issued by financial institutions that are under control but not subject to consolidation	3,900	5,700
Net Core Tier 1 Capital	1,266,841	1,486,733
Additional Tier 1 Capital	18	34,500
Net Tier 1 Capital	1,266,859	1,521,233
Tier 2 Capital	324,806	306,704
Valid portion of tier 2 capital instruments and related premium	189,877	187,829
Surplus provision for loan impairment	134,857	118,633
Valid portion of minority interests	72	242
Tier 2 Capital deductions	19,400	15,800
Significant minority investments in tier 2 capital instruments issued by financial institutions that are not subject to consolidation	19,400	15,800
Net capital base	1,572,265	1,812,137
Risk-weighted assets(1)	11,982,187	12,475,939
Core Tier 1 Capital Adequacy Ratio	10.57%	11.92%
Tier 1 Capital Adequacy Ratio	10.57%	12.19%
Capital Adequacy Ratio	13.12%	14.53%

Note:

(1) As at 31 December 2014, this refers to risk-weighted assets after capital floor and adjustment.

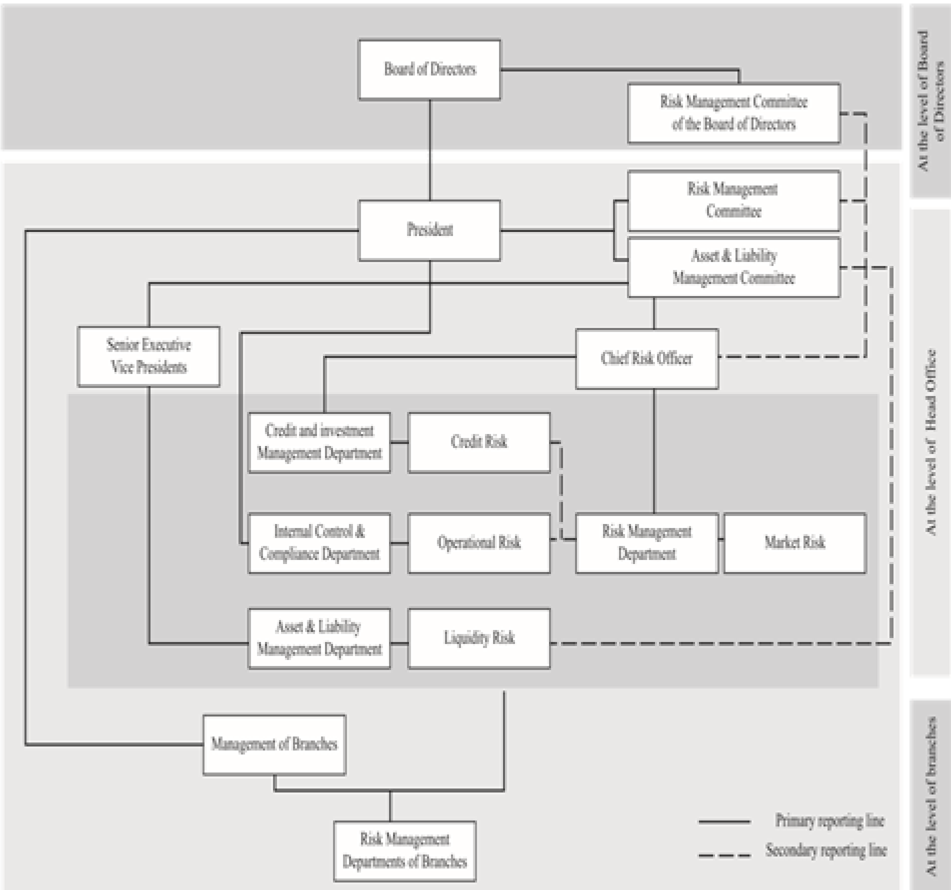
RISK MANAGEMENT

ENTERPRISE RISK MANAGEMENT SYSTEM

As a commercial bank, we are subject to a number of risks, primarily including credit risk, market risk, operational risk, liquidity risk and compliance risk. In order to manage these risks, we have established an enterprise risk management system, a process whereby our Board, senior management and other employees perform their respective duties and responsibilities to take effective control of different types of risks at various business levels in order to provide a reasonable guarantee of the achievement of our risk management objectives. Our risk management principles include, among others, the matching of risk with return, internal checks and balances with consideration as to efficiency, risk diversification, quantitative and qualitative analysis, dynamic adaptability adjustments and gradual improvement.

We promote the consistency and standardisation of our risk management policies, processes, models, methods and systems. Our head office guides, manages and controls the business activities of our branches through delegation and credit extension, risk limits and other risk control instruments. Our organisational structure for risk management comprises, among others, our Board and its special committees, our senior management and its special committees, our risk management department and our internal audit department.

Our risk management organisational structure is illustrated below.



Note:

Substantial risks such as country risk and reputational risk have been incorporated into the enterprise risk management framework.

Our Board is responsible for the establishment and implementation of an effective internal control system for the Bank to ensure that the Bank operates within applicable legal and regulatory frameworks. Our senior management is responsible for implementing risk management strategies formulated by the Board, formulating risk management procedures and processes, managing risks associated with various business lines of the Bank and ensuring the various parameters are in line with our risk preference. Our chief risk officer assists our president in overseeing our risk management and making related decisions. The risk management committee of our Board is primarily responsible for reviewing and revising our risk management strategies, policies, procedures and internal control processes as well as the supervision and evaluation of risk management related work performed by our senior management and risk management departments. We have clarified the responsibilities of the respective risk management departments. In line with our risk management strategy, each of the various business departments, risk management departments, internal control departments and internal audit department performs their respective risk management responsibilities.

ACHIEVEMENTS IN RISK MANAGEMENT IN RECENT YEARS

Since our initial public offering in 2006, we have actively responded to the challenges posed by various uncertain factors and risks by enhancing corporate governance and improving internal control. We have continued to improve our enterprise risk management system, strengthened the overall construction of enterprise risk management policies, developed and completed templates for risk evaluation, gradually established an industry-leading risk information system and built up an enterprise risk management system with unique characteristics, which we continue to improve and refine.

In recent years, we have achieved a series of satisfactory results in risk management. Our achievements can be summarised as "full process, full coverage, new standards and new technologies". In particular, we have implemented risk management throughout the entire process of risk identification, measurement, control, monitoring, evaluation and reporting covering entities from the Group level to all overseas branches and all business operations.

We have taken the initiative in the PRC in developing and researching methods and systems of measuring various risks pursuant to the new capital regulatory standards and have been maintaining a leading position in the domestic industry. We have established an industry-leading information technology support system with the capability to cover comprehensively the entire risk management process, in order to provide technical support for risk management.

During 2014, we took the following initiatives in strengthening our risk management system:

- we further improved the enterprise risk management system, proactively implemented domestic and overseas regulatory requirements on systemically important banks, strengthened the development of enterprise risk management regulations, and further strengthened the risk appetite and risk limit management system;
- we reinforced consolidated risk management, with the focus on risk management of non-banking subsidiaries;
- we also reinforced country risk management and strengthened country risk monitoring and reporting and limit management; and
- we strengthened the implementation of advanced capital management approaches and improved measurement systems, system development and management application concerning credit risk, market risk and operational risk.

During 2013, we took the following initiatives in strengthening our risk management system:

- we continued to strengthen risk management competency and measurement capability by improving data quality management, optimising risk measurement models, upgrading and reforming IT systems, extending our IT systems to our overseas branches and enhancing the application of risk measurement results;

- we strengthened our management of internal rating of credit risk, revised and improved the rating system for corporate clients and debt, optimised the rating model, improved our internal rating re-assessment mechanism and effective period management and enhanced the accuracy of our internal rating model;

- we further improved the risk management system for all markets, optimised market risk measurement models and expedited the extension of the global market risk management system abroad. We also actively carried out testing of our IMA to market risk and promoted the application of such approach in limit management, stress testing and capital measurement; and

- we continued to improve our operational risk management systems, strengthened the application and management as well as the overseas extension of our operational risk advanced measurement approach and further utilised our anti-fraud system for credit card applications.

During 2012, we took the following initiatives in strengthening our risk management system:

- we prepared our risk management planning for 2012 through 2014, wherein we clarified the strategic objectives of building our Bank as a diversified and internationalised commercial bank with leading risk management;

- we developed measures for the implementation of "CARPAL" regulatory indicators, through which relevant management requirements and working mechanisms were established; and

- we amended the measures regarding risk assessment and limit management to enable the overall adaptability and farsightedness of our enterprise risk management system.

Our ongoing efforts in risk management in recent years have achieved positive results. In recent years, we have maintained stable assets quality. As at 31 December 2012, 2013 and 2014, our NPL ratios were 0.85%, 0.94% and 1.13%, respectively.

IMPLEMENTATION OF NEW CAPITAL MANAGEMENT REGULATION

In June 2012, CBRC issued the Capital Management Rules, which set out stricter requirements on capital management of commercial banks. In order to implement the relevant requirements of the CBRC, we continue to promote the adoption of advanced capital management methods. We have preliminarily established an internal capital adequacy assessment system and published a Capital Adequacy Ratio Report for 2013 in accordance with the Capital Management Rules.

Continuously promoted the adoption of advanced capital management methods

In recent years, we have been preparing for the implementation of the advanced capital management methods. We have improved data quality management, optimised our risk measurement model, upgraded our IT systems and extended their coverage abroad, expanded the application of risk measurement results and further increased our risk management capability. See "— *Credit Risk*", "— *Market Risk*", and "— *Operational Risk*" for further details regarding the measures we have adopted for credit risk, market risk, and operational risk.

On 3 April 2014, the CBRC officially approved our implementation of the advanced capital management methods and permitted us to use the internal model to calculate risk adjusted capital and Capital Adequacy Ratio. Furthermore, CBRC required us to apply the results of risk measurement to internal management. Pursuant to the scope of implementation approved by the CBRC and relevant regulatory requirements, we adopted the preliminary internal ratings based approach for corporate credit risks, the internal ratings based approach for retail credit risks, the internal model approach for market risks and the standard approach for operational risks.

Preliminarily established an internal capital adequacy assessment system

We preliminarily established an assessment system for internal capital adequacy, comprising, among others, substantial risk assessment, capital adequacy forecasting and integrated stress testing. The substantial risk assessment system was able to assess the substantial risks to which we are subject. In addition, it can conduct comprehensive analyses of the risk level and management of various kinds of substantial risks. The capital adequacy forecast system can predict changes in various types of risk-weighted assets and capital based on our business and financial plans, so as to predict the capital adequacy level in following years. The integrated stress testing system can set stress scenarios reflecting the business operation, the assets and liabilities portfolio and our risk features based on the analyses of the macroeconomic trend in the future. Thereafter, it can conduct sensitivity analysis on various parameters (including the Capital Adequacy Ratio) of the Group under each stress scenario.

Publication of the Capital Adequacy Ratio Report

In accordance with the Capital Management Rules, we published our Capital Adequacy Ratio Report in 2013, which set out detailed explanations of, among others, the calculation of our Capital Adequacy Ratio, capital composition, measurement of risk-weighted assets, internal capital adequacy assessment, capital planning and capital adequacy management plans.

CREDIT RISK

Overview

Credit risk refers to the risk of losses suffered by a bank as a result of the failure by a borrower or the counterparty to fulfil its obligations under a contract. Our credit risk is primarily associated with loan portfolios, treasury (including, for example, deposits in other banks, loans to other banks, reverse repurchase, corporate bonds and financial bonds investment), account receivables and off-balance sheet credit business (including, for example, collateral, commitment and financial derivatives trading).

We have adopted an independent, centralised and vertically integrated credit risk management process and continue to improve our credit granting procedures. In strict compliance with the regulatory requirements of the CBRC (such as its guidelines on credit risk management) and under the leadership of our Board and senior management, we have established an organisational management structure of our credit business with segregated functions of front, middle and back offices. Our Board is ultimately responsible for the effectiveness of the monitoring of credit risk management. Our senior management is responsible for implementing the strategies, general policies and systems of credit risk management approved by the Board. The credit risk management committee under our senior management is our decision-making body with respect to credit risk management related issues and is responsible for reviewing any important and significant matters relating to credit risk management. Our credit risk management departments at various levels are responsible for managing credit risk at their respective levels, and our business departments implement the credit risk management policies and standards for their respective business areas based on their own functions.

Our credit risk management has the following key features: (1) a centralised credit risk policy and standardised credit risk management process throughout the Bank; (2) a focus on risk management throughout the entire process of our credit business; (3) a dedicated department to monitor and inspect the whole process of our credit business; (4) strict qualification requirements on credit approval personnel; and (5) real-time risk monitoring via information management systems.

Credit Risk Management for Corporate Loans

A customer must have a credit line with us to be eligible for an individual loan application. Each new corporate loan customer must first be assigned with a credit rating before being considered for a total credit line. Our corporate relationship managers conduct an initial investigation and evaluation of each new customer, which is primarily focused on the customer's operating conditions, financial condition and credit situation (as well as the guarantor and collaterals if there is a security package). As part of their investigation, our corporate relationship managers rely on our client information integration solution (**CIIS**) system to screen out applicants with bad credit history. For new customers, the credit rating and credit line applications are processed at the same time as the individual loan applications and the initial investigations.

Customer Credit Rating

We assign credit ratings to our customers based on detailed quantitative and qualitative indicators, which include a broad range of factors such as the customer's ability and willingness to repay, the industry sector of the customer and geographic region where the customer operates. We maintain a 12-grade internal ratings system for our corporate customers ranging from AAA to B. Each new customer will be assigned a credit rating, and we re-assess the credit rating of each of our corporate customers each year based on an annual review. Customers with a credit rating of AA– or above, or customers with a credit rating of A+ or above who satisfy certain additional conditions, will be eligible for unsecured loans. Loans to customers who don't satisfy the conditions for unsecured loans are required to be secured by collateral or third-party guarantees. Our entire credit rating process is supported by proprietary information systems that we have developed in-house.

Customer Credit Line Approval

The total credit line that we grant to a customer is determined by taking into account its credit rating and conducting a comprehensive analysis and evaluation of the customer's credit history and financing needs. Our head office and branches may approve credit line applications within their specific authorisation limits. When a credit line application report is received from our loan origination personnel, a primary reviewer is appointed to assess the application in accordance with our internal policies and procedures. If the credit line is within the authorisation limits of the originating branch, the primary reviewer then presents his findings and recommendations to the credit approval committee of that branch for further review. Credit line applications that exceed the authorisation limits of the originating branch must be submitted to a higher tier branch or head office, as applicable, for the requisite authorisations. In addition, the preliminary decision by the relevant committee at our head office or branches must be further approved by an authorised loan approval officer who is typically a senior manager at our head office or branches.

Individual Loan Approval and Management

Initial Loan Evaluation

When a customer applies for a new loan, our initial evaluation generally consists of (i) assessing recent developments relating to the customer's financial condition and credit history; (ii) reviewing the planned use of proceeds; (iii) assessing the reliability of the primary source of repayment for the loans; (iv) evaluating the collateral or reviewing the financial conditions of the guarantor, if any; and (v) assessing the overall credit risk and potential financial returns associated with the loan.

Loan Review and Approval

Individual Loan Approval. When a corporate relationship manager recommends a loan for approval, he or she will submit the loan application package, which includes an evaluation report, to a reviewer in the relevant credit approval department for review. If the loan will be collateralised, there will be a separate evaluation of the underlying collateral. Based on an examination of the loan application package, the reviewer will prepare a report that includes his or her findings and recommendation to that branch's credit approval committee.

Project Evaluation. In reviewing applications for medium or long-term loans to fund major projects, such as acquisitions of fixed assets, expansion of production capacity, infrastructure development and property development, a loan assessment team will be formed to evaluate the underlying project. We assess the borrowers, the co-investors in the underlying projects and the underlying projects themselves, taking into account factors such as the anticipated cash flows of the projects, the perceived repayment ability of the borrowers and other credit risks related to the relevant loans. We may seek professional advice from external parties in the course of conducting such project evaluations depending on the circumstances.

Collateral Appraisal. In principle, we conduct valuation assessment for secured loans that have specific collaterals. Afterwards, we enter into the loan approval process, conduct an independent appraisal of the collateral and approve the loan based on our appraisal. The credit approval department is responsible for arranging the collateral appraisal process. Loans that are secured by collateral are generally subject to the following loan-to-value ratio limits, depending on the type of collateral.

Type of Collateral	Maximum Loan-to-Value Ratio
Properties	
Real estate	70%
Land use rights	70%
Movable assets	50%
Monetary assets	
Cash deposits with us	90%
Government bonds	90% (based on the lower of book value or market value)
Bonds issued by financial institutions	80% (based on the lower of book value or market value)
Corporate bonds	50% (based on the lower of book value or market value)
Non-publicly traded equity securities	50% (based on net asset value)
Publicly traded stocks	60% (based on market value)

We require all the collateral to be re-appraised on a regular basis. We utilise an appraisal management information system that allows us to maintain electronic records of titles, external appraisals, physical status and other factors that may affect the value of our collateral.

In respect of third-party guarantees, we evaluate the guarantor's financial condition, credit history and ability to meet its obligations.

Fund Disbursement

After a loan application is conditionally approved, the relevant corporate relationship manager must ensure that all the conditions are satisfied before the loan is extended. Such conditions can include, as applicable, obtaining a guarantee, securing funding for the project, obtaining government approval for the underlying project or inclusion of additional provisions in the loan document, such as financial ratio requirements and restrictions on the borrower's ability to make dividend distributions. Upon satisfaction of all conditions, an authorised loan officer will execute credit documents with the borrower, and funds are disbursed. Our loan documents are generally based on standard forms and are reviewed by our legal personnel.

Post-disbursement Management

Post-disbursement review

We conduct post-disbursement monitoring and review, including the monitoring of post-disbursement payment and periodic review, in order to detect potential non-repayment or other risks and to implement preventative measures in order to mitigate default risks or take remedial actions to minimise potential losses. The frequency of post-disbursement review depends on the credit rating of the customers and factors that would affect the customers' ability to repay the loans.

Loan Classification

All PRC commercial banks are required to classify their outstanding loans based on a five-category loan classification system. See "*Assets and Liabilities — Assets — Asset Quality of our Loan Portfolio*". We have adopted an internal 12-grade loan classification system, which refines the five-category loan classification system, to classify our corporate loans. We continue to use the five-category loan classification system to classify our discounted bills and off-balance sheet commitments, such as guarantees, for internal purposes.

The following table illustrates our internal 12-grade loan classification system:

Pass				Special Mention			Substandard		Doubtful		Loss
Pass One	Pass Two	Pass Three	Pass Four	Special Mention One	Special Mention Two	Special Mention Three	Substandard One	Substandard Two	Doubtful One	Doubtful Two	Loss

This loan classification system takes into account both quantitative and qualitative factors, including the credit rating of the relevant borrower, the existence of a guarantee and the outstanding period of any overdue payments. The system utilises a quantified scoring model, and preliminary scores are automatically generated by our global credit management system (the **GCMS**). The relevant corporate relationship manager will provide a recommendation for classification based on the preliminary results generated by the system. Our credit management department will review the classification results and provide its views upon review, and the relevant person responsible for the credit management department will finalise, within his or her scope of authority, the classification of the relevant loan upon further examination. We review our loan classification on a monthly basis.

Our internal 12-grade loan classification system is designed to enable us to monitor better changes in our asset quality, to detect potential credit risks and to conduct more effectively post-disbursement management of our loan portfolio. We believe that this system has strengthened our loan monitoring function and improved our overall credit management.

Management of NPLs

The credit and investment management department at our head office as well as the credit and investment management and risk management department at our branches are primarily responsible for managing our NPLs. When a loan becomes non-performing, the management of the loan is transferred to the relevant credit and investment management department or risk management department. In order to strengthen the management of our NPLs, we have refined our internal organisational structure and optimised our procedures for NPL management. We continue to develop practical and effective measures and methods for recovering or disposing of NPLs.

We manage our NPLs primarily based on the classification of such loans. For sub-standard loans, we focus on monitoring the current assets and cash flows of the borrower, paying particular attention to any major changes in its business. For doubtful loans, we closely monitor the businesses of the borrower and the related guarantor, increase our efforts to examine and preserve the assets of the borrower and actively engage in collecting and recovering these loans. For loss loans, we write off these loans in accordance with the relevant regulatory requirements but continue to seek recovery of the relevant amounts.

To recover NPLs, we generally take, to the extent necessary, the following actions: (i) notification of collection; (ii) cash collection; (iii) restructuring of NPLs; (iv) disposal of collateral or recovery of collateral; (v) collection through legal or arbitration proceedings; (vi) bulk transfer to asset management companies; and (vii) write-offs, once all other collection actions have failed.

To manage better our restructured loans, we have formulated relevant policies that set forth the definitions pertinent to, provisions applicable to and allocation of responsibilities regarding the investigation, approval and post-restructuring management of the restructured loans. Under the relevant management rules, upon its restructuring, a restructured loan may not be initially classified to a category higher than substandard. A restructured loan may not be classified to a category higher than doubtful if, after its restructuring, the restructured loan remains overdue or the borrower remains incapable of repaying the loan. Within the six-month observation period immediately following its restructuring, a restructured loan may not be reclassified to a category higher than the one to which it was initially assigned.

Credit Risk Management for Personal Loans

In an effort to prevent potential credit risks and improve the efficiency of our personal loan approval, we have established personal loan approval centres at our first tier branches to be responsible for reviewing and approving personal loans within their respective jurisdictions and within the authorised limit. Each step of our personal credit business process is operated through our GCMS.

Credit Origination and Evaluation

Once a personal loan application is received by the originating branch, our investigator will examine the application materials and investigate the applicant through interviews and site visits. The investigator will also search the databases such as the personal credit information database of the PBOC and our specially designated customer information system for relevant information. The investigator also categorises and scans the application materials and utilises the GCMS to determine the borrower's credit rating, loan application rating, RAROC forecast and pricing valuation. Two officers will be responsible for the investigation. After the investigation, the branch manager will verify the loan application and investigation results in the GCMS and submit the loan application materials to the personal loan approval centre.

Credit Approval

Upon receiving loan application materials, the relevant personal loan approval centre assigns an officer to conduct further review of the loan application from the perspective of credit policy, regulation and risk management. Furthermore, the officer conducts a comprehensive review of the information contained in the loan application materials to verify whether it is objective and reasonable. If this officer recommends approval of the loan application, the application will be submitted to an authorised reviewer in the personal loan approval centre for final approval. If the amount of the loan exceeds the credit authorisation limit of the originating branch, the application will be forwarded to the higher tier branch with the requisite authority.

Loan Disbursement

After a loan application is approved and the authorised person has signed and approved the loan disbursement, the designated personnel of the originating branch are responsible for further ensuring that the required guarantee, if any, is provided, that other pre-conditions required for loan disbursement are fulfilled, that the loan agreement and any other documentation is executed and that the funds are disbursed to the borrower.

Post-disbursement Management

Post-disbursement Monitoring

We conduct post-disbursement monitoring and review of our personal loans, including the monitoring of post-disbursement payment and periodic review, in order to detect potential non-payment or other risks and to implement preventive measures to reduce default risk and take remedial action to minimise potential losses. The frequency of post-disbursement review depends on the use of proceeds and factors that would affect the customers' ability to repay the loans.

Loan Classification

We use the five-category loan classification system to classify our personal loans. The GCMS automatically and quantitatively classifies personal loans based on months overdue, cross default and other parameters. Such quantitative classification result will apply directly if it can accurately reflect the quality of assets. If the quantitative classification result appears to be inaccurate based on post-disbursement monitoring, supervision, collection and other review, our first tier and second tier branches are required to initiate qualitative classification analysis procedures.

Collection of NPLs

Our personal NPLs are managed primarily by the risk management departments at our head office and branches. As part of our efforts to enhance the post-disbursement management of our personal loans, we have implemented standardised rules and procedures for the maintenance and use of our personal credit files and related records.

We have implemented standardised collection, recovery and disposal procedures and measures for our personal NPLs throughout the Bank. When necessary, we initiate legal proceedings to recover NPLs and seek the enforcement of relevant guarantee or insurance obligations.

Credit Risk Management for Credit Cards

We have adopted an applicant scoring mechanism for evaluating and approving our credit card applications, applied the scoring model to credit card approval procedures and set out minimum criteria for application risk control scoring. We have implemented various control strategies, taking into account the risk management capabilities of the institution issuing the credit cards, product feature and actual risk control situation, and we have consistently enhanced the robustness of our internal rating approach in credit card businesses. In evaluating credit card applications, we give full consideration to our CIIS system as well as the credit data provided by the PBOC and those made available by China Unionpay.

Our head office oversees all credit card-related transactions on a Bank-wide basis. We routinely monitor and analyse unusual credit card transactions to reduce credit card fraud and intentional default.

Credit Risk Management for Treasury Operations

Our treasury operations are subject to credit risk as a result of our investment activities and inter-bank lending activities. Our RMB-denominated investment portfolio primarily consists of debt securities issued by the PRC government and other domestic issuers. The amount of the debt securities of any domestic or foreign entity (except the PRC government) that we purchase or our interbank lending to any domestic or foreign entity is limited to the total credit lines that we have approved for that entity. Our foreign currency-denominated investment portfolio primarily consists of investment-grade bonds.

Achievements in Risk Management in Recent Years

In recent years, in response to the changes in the macroeconomic environment and financial regulatory requirements, we have endeavoured to drive the real economy by financial services and proactively adjusted and improved various credit policies according to the changes in the economic environment and industrial development trends. We have expedited product innovation, optimised credit business procedures, supported the development of the real economy, made greater efforts in credit restructuring and continued the building of the credit system in the PRC. We strictly controlled our credit risks in certain key areas, strengthened credit limit management by industries, standardised the credit operation process and strengthened the construction of credit risk monitoring, verification and supervision. Furthermore, we achieved centralised monitoring of credit risk for customers, institutions, products and processes of the Group and enhanced risk control and prevention. As a result, our credit risk management has been enhanced.

We have adopted an internal rating system for retail and non-retail businesses to conduct customer rating, pricing, supervision and analysis and have strengthened our credit risk management. We implemented a continuous monitoring mechanism and re-assessment mechanism for our internal rating system, adopted a strict approval and re-assessment management policy and made use of the internal rating results to effect risk alerts. Based on the latest business operational data, we have optimised our customer and debt rating model and enhanced the accuracy of the model in measuring default rates and loss rates. We have also utilised the measurement results to improve our economic capital management and have achieved a balance between risks and returns by adopting the risk adjusted return on capital measurement. Furthermore, we have reinforced our credit card rating management and risk control policy, increased the management requirement of cross- default customers and further enhanced the effectiveness of rating results as a risk management tool.

We continue to advance the development of the credit system in the PRC and have further optimised our credit management system. We improved the management rules regarding loan guarantee and classification of credit risk exposure of our banking book, promoted reform of our credit business process and optimised parallel solutions of sub-processes, including credit granting, rating, approval and collateral assessment. We expedited the integrated construction of our GCMS and launched functions such as the integrated management of Group customer information and uniform credit rating and granting.

We have also improved industry credit policies and enhanced industry risk management. Based on macroeconomic policy, the orientation of industrial policy and the characteristics of industrial operation, we have continuously adjusted and improved the credit policy for each industry and further expanded the coverage of industrial credit policies. We actively supported the advanced manufacturing, modern services and culture industries and strategic emerging sectors, in line with the country's economic restructuring orientation, and continued to promote the "green credit". By scientifically navigating the direction of granting credit and structural adjustment, we have implemented strict quota management on industries with over- capacity, improved credit limit management and operation procedures and enhanced the control and withdrawal mechanism for business with potential risks. Consequently, the total amount of financing for industries with over-capacity has been reduced and the financing structure has been improved.

We strengthened risk management of loans to LGFVs. We followed the relevant policies and regulatory requirements of the State Council and CBRC, strictly controlled new financing for LGFVs, timely adjusted policies on loans to LGFVs and accelerated the rectification and credit enhancement of existing loans to LGFVs to optimise the credit structure of the financial vehicles.

We strengthened risk management of the real estate industry. We implemented the country's macro-control policy, continued to implement industrial limit management, strictly controlled the direction of real estate loans and further optimised the structure of loan customers. We also strengthened off-site monitoring and analysis of real estate loans and actively implemented risk prevention and control measures.

We strengthened risk management in relation to trade finance. In light of the complex external environment, we have regulated our level of commodity financing, defined stricter access standards for logistic monitoring enterprises and strengthened the supervision of cooperative institutions. We have explored a work mechanism for supply chain financing on our own initiative, developed our off-site monitoring of trade finance, strengthened trade background authenticity verification and improved our system capability in preventing and combating fraudulent transactions.

We enhanced risk management of personal loans. We steadily developed our personal loan business, actively adjusted the structure of personal credit products and optimised the allocation of personal credit resources. In respect of personal housing loans, we continued to implement a differentiated housing credit policy and actively promoted the innovation of personal consumption loans. We also set higher access standards for borrowers, pushed forward the management of personal customer credit limits and effectively controlled the overall risk of personal customer financing. We strengthened compliance management of personal loans to ensure business operations comply with laws and regulations. We also improved disposal and recovery mechanisms for personal NPLs.

We enhanced credit risk management of small and micro enterprises. We strengthened the examination of small enterprise credit risks and sought to prevent cross-default risks of small enterprise loans, personal loans and credit cards. We set stricter access standards for small enterprise trade financing, improved small enterprise credit management and enhanced on-site inspection and off-site monitoring and management. We also improved guarantee methods with a view to mitigate credit risks and ensure the steady and healthy development of credit business of small enterprises.

The risk management process of our credit card business was also enhanced. We have improved our credit card risk management systems, actively pushed forward credit policy adjustments, strengthened credit card approval management, utilised quantitative risk evaluation technology to enhance automatic risk identification and risk control functions of our systems and strengthened the dynamic management of credit lines. We established a multi-dimensional asset quality supervision mechanism, intensified the collection of credit card NPLs and improved the uniform system platform for risk management before, during and after credit card lending.

Our credit risk management of our treasury operations was improved. We have improved the risk monitoring and analysis mechanism and, on our own initiative, improved the structure of our bond investment portfolio according to the trend of domestic and international financial markets, effectively mitigating the credit risk of our investment portfolios. We took various risk management measures to strengthen the credit risk management of our treasury operations, including defining customers' access standards, controlling credit limits, controlling investment limits, controlling margin proportions, rating management and controlling authority limits for single transactions.

We strengthened the quality management of credit assets to guarantee the stable quality of such assets. We improved our NPL forecasting and alert mechanism to facilitate timely risk response measures. We strengthened the management of NPLs in key areas and large-amount NPLs and enhanced the management, collection and disposal of NPLs. We also strengthened write-off management and carried out bad debt write-offs in an orderly manner. In addition, we proactively disposed of NPLs through bulk transfer, interest-free repayment, payment-in-kind, loss-free transfer and other means and broadened the channels for NPL disposal.

MARKET RISK

Market Risk Management

Market risk refers to the risk of loss in the on and off-balance sheet businesses of a bank as a result of adverse changes in market prices (interest rates, exchange rates, stock prices and commodity prices). Our market risk is primarily associated with interest rate risk, exchange rate risk and gold price risk.

Our market risk management refers to the whole process of identification, measurement, monitoring, control and reporting of market risk. We aim to improve our market risk management system by delineating the allocation of responsibilities and procedures for the management of market risk and determining and standardising measurement methods, management criteria and market risk reporting in order to control and prevent market risk and increase our market risk management capability. Based on our overall risk preference, we target to control the market risk at an acceptable level and achieve an optimised risk-adjusted rate of return.

We have adopted an independent, centralised and consolidated market risk management process. In strict compliance with the relevant requirements of the CBRC and under the leadership of our Board and senior management, we have established an organisational management structure of our financial market business with functions segregated into front, middle and back offices. The Board is ultimately responsible for the monitoring of market risk management. Senior management is responsible for implementing the strategies, general policies and systems of market risk management approved by the Board. The market risk management committee under our senior management is also our decision-making body with respect to market risk management related issues. It is responsible for reviewing any important and significant matters relating to market risk management and carries out its work in accordance with its working rules. The risk management departments at various levels are responsible for managing market risk at their respective levels, and the business departments implement the market risk management policies and standards for their respective business areas based on their own functions.

In recent years, we have continued to strengthen our consolidated management of market risk and comprehensively enhanced the management and measurement of market risk at the Group level. We have further promoted the adoption of our advanced capital management methods and our IMA, continued to improve our market risk management system and enhanced our ability to independently develop our IMA. We optimised our market risk measurement methods, established a unified market risk data management platform at the Group level and expedited the extension of the global market risk management system abroad. In addition, we actively carried out testing of our IMA and continued to promote the application of our IMA in core areas such as limit management, risk reporting, stress testing and capital measurement. In 2014, the CBRC officially approved our implementation of the IMA for capital measurement and management.

Market Risk Management of the Banking Book

We have actively improved the market risk management system of our banking book, further enhanced measurement of interest rate and exchange rate risks and strengthened our capability in managing interest rate and exchange rate risks at the Group level. We have also upgraded our interest rate management system and improved the accuracy of system measurement, laying a solid foundation for refined management of interest rate risk.

Market Risk Management of the Trading Book

We continued to strengthen and improve risk measurement and product control of our trading book by adopting multiple risk management methods, including “Value at Risk”, sensitivity analysis and exposure analysis to measure and manage products in the trading book. We also optimised our market risk limit management system based on trading portfolios, included overseas institutions into the market risk limit management of the Group, refined management of limit indicators and realised dynamic monitoring and management with the help of our global market risk management system. Relying on our global market risk management systems, we consistently conduct market risk stress tests and scenario analysis.

LIQUIDITY RISK

Liquidity Risk Management

Liquidity risk refers to the risk that the Bank is unable to raise funds on a timely basis or at a reasonable cost to pay debts as they become due, to perform other payment liabilities or to meet other requirements of capital to carry out its normal business.

Taking into consideration changes in the macroeconomic environment and financial regulatory policies, we continue to strengthen the development of our liquidity risk management system and improve the management of our liquidity risk. In light of the regulatory requirements of the Regulations Governing the Liquidity Risk of Commercial Banks (Provisional) and relevant requirements, we have implemented liquidity risk management related policies, revised our emergency measures for liquidity risks and further improved our liquidity risk management systems. We also coordinated the management of on and off-balance sheet liquidity risk and provided guidance for overseas institutions to adjust their assets and liabilities structure. Furthermore, we optimised the management model for our treasury businesses and continued to enhance our liquidity risk management capabilities on a consolidated basis.

Liquidity Risk Management System and Governance Structure

Our liquidity risk management system is in line with our overall development strategy and overall risk management system and is appropriate for, among others, the size, nature and complexity of our business. Our liquidity risk management system includes the following features: efficient supervision by the Board and senior management; sound liquidity risk management strategy, policies and procedures; sound detection, measurement, monitoring and control procedures of liquidity risks; a sound internal control and effective supervision mechanism; a comprehensive management information system; and an effective crisis management mechanism.

The governance structure of our liquidity risk management includes the decision-making system (consisting of the Board and its special committees, the assets and liabilities management committee of the head office and the risk management committee of the head office), the supervision system (consisting of the board of supervisors, the internal audit office and the internal control and compliance department) and the enforcement system (consisting of the assets and liabilities management department of the head office, various business departments and operation and management departments). These systems perform the respective functions of decision-making, supervision or enforcement in relation to liquidity risk management.

Objectives, strategies and major policies for liquidity risk management

Liquidity risk management strategies, policies and procedures are devised according to liquidity risk preferences. We take into consideration on and off-balance sheet businesses as well as domestic and overseas business departments, branches and subsidiaries that could have a material effect on liquidity risks. In addition, our strategies, policies and procedures also take into account liquidity risk management under normal and stressed scenarios.

Liquidity risk management model

Our liquidity risk management department at the head office level manages the liquidity risk of the Group on a consolidated basis. The business departments that manage the on and off-balance sheet businesses at the head office, domestic and overseas branches and institutions effectively implement the requirements of the Group's liquidity management policies. Furthermore, they cooperate with the departments in charge of liquidity management in terms of risk detection, measurement, monitoring and reporting.

Stress testing

The purpose of the liquidity risk stress test is to ascertain key risks and weaknesses from the stress test results and to apply such results in the decision-making process of the Board and senior management. Stress test analysis mainly includes scenario analysis and sensitivity analysis. We set stress test scenarios cautiously, taking into account the combined effect of idiosyncratic factors that affect us in particular and systemic shocks that affect the whole market. We also consider low, medium and high stress levels. Generally, stress tests are conducted on a quarterly basis, and we can increase the frequency of stress tests according to external conditions, regulatory requirements or management requirements.

OPERATIONAL RISK

Operational Risk Management

Operational risk is defined as the risk of loss resulting from insufficient or problematic internal processes, employees and IT systems or from external events, including legal risk, but excluding strategic and reputational risk. There are seven major types of operational risks that we face, including risks associated with internal fraud, external fraud, employment system and workplace safety, customers, products and business activities, damage to physical assets, IT system events and execution, delivery and process management. In accordance with the latest regulatory requirements on and the trend of changes in operational risk management in the PRC banking industry, we have further improved our operational risk management mechanism, implemented operational risk management rules, implemented three lines of defence in operational risk management and further promoted the application of our advanced measurement approach (**AMA**). We have improved the key risk indicator system of operational risk and amended the criteria for identifying operational risk loss events. We have promoted self-assessment on operational risk and risk control throughout all of our business lines, which makes the operational risk management more predictive. We upgraded the internal control functions of our asset business processes and relevant management system to realise the pre-event control of compliance problems in our credit business. We have strengthened our operational risk monitoring by applying risk models to our business operation systems. We monitor fraudulent transactions on a round-the-clock basis through relying on the credit card risk monitoring system and have established a forged card inspection and handling mechanism to prevent credit card fraud risk. We have also continuously strengthened our operational risk management and control of our overseas institutions and promoted the application of operational risk management instruments and our AMA in our overseas institutions, thereby enhancing our overseas institutions' operational risk management. In 2013, our operational risk management continuously improved, and our risk prevention and control capability were further enhanced.

Legal Risk

We have continued to strengthen our Group's legal risk control system to increase legal support in the ordinary course of business and have sought to ensure the Group's operations are compliant with all relevant regulations and to ensure sound development of business. We have also enhanced our legal services and pre-incident legal risk control to support our internationalised and diversified operations as well as the development and innovation of various business lines. In the process of legal consultation and inspection, we added the perspective of consumer protection to ensure the fairness and reasonableness of relevant legal documents and business arrangements. We actively resorted to legal means to collect on NPLs and to improve the efficiency of collection. We strengthened the monitoring and management of legal proceedings, in particular where we were the defendant, thereby preventing or mitigating the risks in such legal proceedings, and improved our lawsuit management capabilities.

Anti-money Laundering

In strict compliance with applicable laws and regulations concerning anti-money laundering in countries and regions where we operate, we actively implemented the "risk-based" regulatory requirements in respect of anti-money laundering and continued to improve our management standard, working mechanism and compliance measures. We have implemented ten anti-money laundering measures such as "Anti-money Laundering Provisions" and have established unified anti-money laundering risk control principles at the Group level as well as an anti-money laundering internal control system. In addition, we have developed and continued to optimise anti-money laundering systems such as an anti-money laundering monitoring system, customer risk categorisation, a global specially designated nationals list processing system, an overseas anti-money laundering monitoring platform and a comprehensive anti-money laundering management system, thus establishing an information technology infrastructure and standardised management in this respect. Furthermore, we have enhanced the internal audit, compliance checks and on-site verification functions of overseas institutions in respect of anti-money laundering, and we are promptly informed of relevant regulatory and policy changes. We have also improved our anti-money laundering systems according to the specific demands of our overseas institutions, carried out projects on client information management and completed money laundering risk assessment for existing products. In addition, we have enhanced risk monitoring and process control for sensitive businesses, internet banking, bank card and other businesses that are exposed to higher risks to implement effectively the "risk-based" regulatory requirements. We have established a system whereby we conduct off-site sampling of suspicious trades from time to time and collect suspicious trades from the entire Group on a quarterly basis and actively cooperate with anti-money laundering regulators and other authorities in their investigations. We also hold anti-money laundering trainings, have formed a team of experts and have organised employees to participate in the "Certified Anti-Money Laundering Specialist" qualification certification to enhance their awareness and skills in anti-money laundering risk prevention. No domestic or overseas institution or any employee was found to be or was suspected of being involved in money laundering or terrorist financing activities.

Reputational Risk

We have continued to strengthen our reputational risk management and to promote the development of a reputational risk management system and work mechanism. We have carried out work relating to the identification, assessment, monitoring, control, mitigation and evaluation of reputational risk and have strengthened the consolidated management of reputational risk. Targeted at protection of consumers' rights and improvement of service quality and internal management, we carried out our reputational risk management work and made plans to control potential risk factors in advance. We paid attention to the influence of Weibo and other new media on reputational risk and studied the new changes in reputational risk transmission and corresponding countermeasures for reputational risk management.

Country Risk

We continue to strengthen country risk management and improve our country risk management system. We have closely monitored changes in risk exposures, constantly tracked, monitored and reported country risk, timely updated and adjusted the country risk rating and limits, actively conducted stress testing on country risk, further strengthened the pre-warning mechanism for country risk, improved relevant contingency plans and effectively controlled country risk while furthering our internationalisation strategy.

INTERNAL CONTROL SYSTEM

Our internal control system aims to establish standardised operation, efficient management and systematic monitoring within our Bank. Our Board is responsible for the establishment and implementation of an effective internal control system for the Bank to ensure that the Bank operates within applicable legal and regulatory frameworks. The audit committee, risk management committee and related party transaction control committee under the Board perform their corresponding internal control management duties and assess the effectiveness of internal control. We have an internal audit office and several internal audit sub-offices that are subject to vertical management and report to the Board. There are internal control and compliance departments at both the head office level and the branch level, which are responsible for organisation, promotion and coordination of internal control works within the Bank and perform the functions of operating risk management, compliance management, regular inspections and operational risk assessment. Additionally, we engage an accounting firm to audit the effectiveness of internal control on our financial statements every year.

We regularly seek to improve and further develop our internal control systems. We have streamlined our internal control rules and strengthened our proposal and approval processes as well as overall management mechanism of such rules within the Group. We also comply with external laws and regulations and coordinate the monitoring and inspection of our key risk areas. In addition, we have fully implemented our internal control monitoring and analysis platform, have strengthened offsite supervision and management and have utilised the monitoring results of our information system to improve internal control assessment measures and the quality of internal control assessment.

ASSETS AND LIABILITIES

Prospective investors should read the discussion and analysis of our financial condition and results of operations together with our audited consolidated financial statements as at and for the years ended 31 December 2013 and 2014, together with the related notes thereto, incorporated by reference in this Base Prospectus. The consolidated financial information has been prepared in accordance with applicable CBRC guidelines and IFRS. Unless otherwise stated, all financial data discussed in this section are consolidated financial data.

ASSETS

As at 31 December 2012, 2013 and 2014, our total assets amounted to RMB17,542,217 million, RMB18,917,752 million and RMB20,609,953 million, respectively. Our assets primarily comprise (i) loans and advances to customers, (ii) investment, (iii) cash and balances with central banks, (iv) due from banks and other financial institutions and (v) reverse repurchase agreements.

The following table sets forth, as at 31 December 2013 and 2014, the components of our total assets.

	As at 31 December			
	2013		2014	
	Amount	% of total	Amount	% of total
	(in RMB millions, except percentages)			
Loans and advances to customers, gross	9,922,374	—	11,026,331	—
Less: Allowance for impairment losses	(240,959)	—	(257,581)	—
Loans and advances to customers, net	9,681,415	51.2%	10,768,750	52.2%
Investment[1]	4,322,244	22.8%	4,433,237	21.5%
Cash and balances with central banks	3,294,007	17.4%	3,523,622	17.1%
Due from banks and other financial institutions[2]	717,984	3.8%	782,776	3.8%
Reverse repurchase agreements	331,903	1.8%	468,462	2.3%
Other assets[3]	570,199	3.0%	633,106	3.1%
Total assets	18,917,752	100.0%	20,609,953	100.0%

Notes:

(1) Investment includes receivables, held-to-maturity investments, available-for-sale financial assets, financial assets designated at fair value through profit or loss and financial assets held for trading. As at 31 December 2013 and 2014, allowances for impairment losses of held-to-maturity investments amounted to RMB142 million and RMB142 million, respectively. As at 31 December 2013 and 2014, allowances for impairment losses of available-for-sale financial assets amounted to RMB803 million and RMB670 million, respectively.

(2) Due from banks and other financial institutions are net of the allowances for impairment losses as at 31 December 2013 and 2014 of RMB249 million and RMB257 million, respectively.

(3) Other assets include investments in associates and joint ventures, property and equipment, deferred income tax assets, derivative financial assets and other assets.

Our total assets increased by 7.8% from RMB17,542,217 million as at 31 December 2012 to RMB18,917,752 million as at 31 December 2013, and further increased by 8.9% to RMB20,609,953 million as at 31 December 2014. The increase in our total assets from 31 December 2012 to 31 December 2014 was mainly due to increases in our loans and advances to customers, cash and balances with central banks, investment and due from banks and other financial institutions.

As at 31 December 2014, loans and advances to customers, net, increased by RMB1,087,335 million, or 11.2%; investment increased by RMB110,993 million, or 2.6%; and cash and balances with central banks increased by RMB229,615 million, or 7.0%. In terms of structure, loans and advances to customers, net, accounted for 52.2% of total assets as at 31 December 2014, representing an increase of 1.0% from 31 December 2013; investment accounted for 21.5% of total assets, representing a decrease of 1.3% from 31 December 2013; cash and balances with central banks accounted for 17.1% of total assets, representing a decrease of 0.3% from 31 December 2013;

due from banks and other financial institutions, net, accounted for 3.8% of total assets, consistent with its relative contribution as at 31 December 2013; reverse repurchase agreements accounted for 2.3% of total assets, representing an increase of 0.5% from 31 December 2013; and other assets accounted for 3.1% of total assets, representing an increase of 0.1% from 31 December 2013.

Loans and Advances to Customers

We provide a broad range of loan products to our customers, the majority of which are denominated in Renminbi. Loans and advances to customers are the largest component of our assets. As at 31 December 2013 and 2014, our loans and advances to customers, net of allowances for impairment losses, accounted for 51.2% and 52.2%, respectively, of our total assets. For a description of the loan products we offer, see "*Description of the Bank — Our Business Operations*".

Unless otherwise indicated in this Base Prospectus, the following discussion is based on our gross loans and advances to customers, before taking into account the related allowance for impairment losses, rather than our net loans and advances to customers. Our loans and advances to customers are reported net of the allowance for impairment losses on our consolidated statement of financial position.

Our gross loans and advances to customers increased by 12.7% from RMB8,803,692 million as at 31 December 2012 to RMB9,922,374 million as at 31 December 2013. As at 31 December 2014, our gross loans and advances to customers amounted to RMB11,026,331 million, representing an increase of 11.1% compared to 31 December 2013. The increases in our gross loans and advances to customers from 31 December 2012 to 31 December 2014 were mainly due to our ongoing adjustments to our credit structure, optimisation of our credit resource allocation and promotion of the coordinated development of regional credit in accordance with changes in the macroeconomic environment and financial regulatory requirements as well as development needs of the real economy. During the process, we have focused on the development of advanced manufacturing, modern services, cultural industries and strategic emerging sectors, improved our financial services offerings to small (micro) and medium-sized enterprises and strengthened our credit support for trade finance and the reasonable credit demands of individuals while also seeking to maintain a stable and appropriate level of lending.

Distribution of Gross Loans and Advances to Customers by Business Line

The following table sets forth, as at the dates indicated, a breakdown of our gross loans and advances to customers by business line as at the dates indicated.

	As at 31 December					
	2012		2013		2014	
	Amount	% of total	Amount	% of total	Amount	% of total
	(in RMB millions, except percentages)					
Corporate loans	6,332,578	71.9%	7,046,515	71.0%	7,612,592	69.0%
Personal loans	2,287,103	26.0%	2,727,601	27.5%	3,063,465	27.8%
Discounted bills	184,011	2.1%	148,258	1.5%	350,274	3.2%
Total	8,803,692	100.0%	9,922,374	100.0%	11,026,331	100.0%

As at 31 December 2013 and 2014, our corporate loans accounted for 71.0% and 69.0%, respectively, of our gross loans and advances to customers and our personal loans accounted for 27.5% and 27.8%, respectively, of our gross loans and advances to customers.

Although the total size of our corporate loan portfolio has continued to grow during the period under review, both the rate of growth in corporate loans and the portion of our gross loans and advances to customers represented by corporate loans declined from 31 December 2012 to 31 December 2014. Our corporate loans increased by 11.3% from RMB6,332,578 million as at 31 December 2012 to RMB7,046,515 million as at 31 December 2013, and further increased by 8.0% to RMB7,612,592 million as at 31 December 2014. The decreased rate of growth from 31 December 2012 to 31 December 2014 was largely due to our proactive efforts to adjust the loan portfolio and the product structure.

Our total personal loans increased by 19.3% from RMB2,287,103 million as at 31 December 2012 to RMB2,727,601 million as at 31 December 2013, and further increased by 12.3% to RMB3,063,465 million as at 31 December 2014. The rate of growth of our total personal loans from 31 December 2012 to 31 December 2013 was mainly attributable to significant increases in personal housing loans and, to a lesser extent, increases in credit card overdrafts and personal business loans. The decreased rate of growth as at 31 December 2014 of our total personal loans primarily resulted from decreases in personal consumption loans and personal business loans, which were partially offset by increases in residential mortgages and credit card overdrafts.

As at 31 December 2013 and 2014, our total discounted bills accounted for 1.5% and 3.2% respectively, of our gross loans and advances to customers. As at 31 December 2014, the balance of our discounted bills increased by 136.3% to RMB350,274 million from RMB148,258 million as at 31 December 2013, and as a percentage of our gross loans and advances to customers, our discounted bills increased 1.7% relative to their contribution as at 31 December 2013. During the year ended 31 December 2014, we moderately increased our supply of discounted bills based on the pace of bank-wide credit granting to satisfy management needs of our asset-liability portfolios.

Corporate Loans

Distribution of corporate loans by product line

The following table sets forth, as at the dates indicated, our corporate loans by product line.

	As at 31 December			
	2013		**2014**	
	Amount	**% of total**	**Amount**	**% of total**
	(in RMB millions, except percentages)			
Working capital loans	3,227,142	45.8 %	3,411,064	44.8 %
of which:				
Trade finance	1,110,219	15.8 %	982,384	12.9 %
Project loans	3,302,809	46.9 %	3,711,715	48.8 %
Property loans	516,564	7.3 %	489,813	6.4 %
Total corporate loans	7,046,515	100.0 %	7,612,592	100.0 %

Our project loans were RMB3,302,809 million as at 31 December 2013, and increased by 12.4% to RMB3,711,715 million as at 31 December 2014. The increases in our project loans during the period under review were mainly attributable to loans for national key projects under construction and continuing projects. As at 31 December 2013 and 2014, our project loans accounted for 46.9% and 48.8%, respectively, of our total corporate loans.

During the period under review, our working capital loans grew more quickly than our project loans, representing an increasing portion of our total corporate loans. In addition, in 2013, we also experienced an increase in working capital loans to large enterprises. Working capital loans were RMB3,227,142 million as at 31 December 2013, and increased by 5.7% to RMB3,411,064 million as at 31 December 2014. As at 31 December 2013 and 2014, our working capital loans accounted for 45.8% and 44.8%, respectively, of our total corporate loans. The increases in our working capital loans during the period under review were principally because we proactively optimised our credit portfolio, enhanced our support to the real economy and increased the granting of working capital loans.

Our trade finance was RMB1,110,219 million as at 31 December 2013, and decreased by 11.5% to RMB982,384 million as at 31 December 2014. As at 31 December 2013 and 2014 our trade finance accounted for 34.4% and 28.8%, respectively, of our total working capital loans and for 15.8% and 12.9%, respectively, of our total corporate loans.

Our property loans were RMB516,564 million as at 31 December 2013 and decreased by 5.18% to RMB489,813 million as at 31 December 2014. The decreases in our property loans during the period under review were mainly because we prudently granted property loans in line with the change of the risk status in the real estate market. As at 31 December 2013 and 2014, our property loans accounted for 7.3% and 6.4%, respectively, of our total corporate loans.

Distribution of corporate loans by maturity

The following table sets forth, as at the dates indicated, our corporate loans by maturity.

	As at 31 December			
	2013		2014	
	Amount	% of total	Amount	% of total
	(in RMB millions, except percentages)			
Short-term corporate loans[1]	2,871,038	40.7%	2,982,425	39.2%
Medium to long-term corporate loans[2]	4,175,477	59.3%	4,630,167	60.8%
Total corporate loans	7,046,515	100.0%	7,612,592	100.0%

Notes:

(1) Short-term corporate loans represent our corporate loans that have a maturity of 12 months or less according to the respective loan contracts.

(2) Medium to long-term corporate loans represent our corporate loans that have a maturity of more than 12 months according to the respective loan contracts.

Medium to long-term corporate loans constitute a relatively larger proportion in our corporate loans during the period under review. Our medium to long-term corporate loans were RMB4,175,477 million as at 31 December 2013 and increased by 10.9% to RMB4,630,167 million as at 31 December 2014. As at 31 December 2013 and 2014, our medium to long-term corporate loans accounted for 59.3% and 60.8%, respectively, of our total corporate loans.

During the period under review, our short-term corporate loans grew more quickly than our medium to long-term corporate loans, representing an increasing portion of our total corporate loans. From 2012 to 2014, we focused on restructuring our corporate loan portfolio toward shorter-term products in connection with our risk management initiative. Our short-term corporate loans were RMB2,871,038 million as at 31 December 2013 and increased by 3.9% to RMB2,982,425 million as at 31 December 2014. As at 31 December 2013 and 2014, our short-term corporate loans accounted for 40.7% and 39.2%, respectively, of our total corporate loans.

Distribution of corporate loans by industry

The following table sets forth, as at the dates indicated, the distribution of domestic branches corporate loans by industry.

	As at 31 December			
	2013		2014	
	Amount	% of total	Amount	% of total
	(in RMB millions, except percentages)			

	As at 31 December			
	2013		2014	
	Amount	% of total	Amount	% of total
	(in RMB millions, except percentages)			
Manufacturing				
Chemical industry	237,524	3.7%	256,186	3.8%
Machinery	232,245	3.7%	238,857	3.5%
Metal processing	180,786	2.9%	175,163	2.6%
Textiles and apparels	141,603	2.2%	139,117	2.1%
Iron and steel	120,375	1.9%	111,892	1.7%
Computer, telecommunications equipment and other electronic equipment	99,701	1.6%	121,013	1.8%
Transportation equipment	88,098	1.4%	98,443	1.5%
Non-metallic mineral	67,942	1.1%	70,236	1.0%
Petroleum processing, coking and nuclear fuel	58,267	0.9%	51,951	0.8%
Others	262,053	4.1%	270,089	3.9%
Subtotal	1,488,594	23.5%	1,532,947	22.7%
Transportation, storage and postal services	1,219,345	19.2%	1,335,127	19.8%
Wholesale and retail	786,202	12.4%	772,536	11.5%
Production and supply of electricity, heat, gas and water	618,246	9.8%	699,649	10.4%
Leasing and commercial services	456,519	7.2%	575,469	8.5%
Water, environment and public utility management	465,037	7.3%	470,014	7.0%
Real estate	463,585	7.3%	443,471	6.6%
Mining	245,930	3.9%	262,338	3.9%
Construction	181,605	2.9%	205,881	3.1%
Accommodation and catering	146,625	2.3%	159,469	2.4%
Science, education, culture and sanitation	100,878	1.6%	114,012	1.7%
Others	166,154	2.6%	172,986	2.4%
Total corporate loans	6,338,720	100.0%	6,743,899	100.0%

As at 31 December 2014, a majority of our corporate loan customers operated in the (i) manufacturing, (ii) transportation, storage and postal services and (iii) wholesale and retail sectors, which accounted for 22.7%, 19.8% and 11.5%, respectively, of our total corporate loans as at that date. As at 31 December 2013 and 2014, the balance of our corporate loans in these three industries in aggregate accounted for 55.1% and 54.0%, respectively, of our total corporate loans.

Corporate loans to the manufacturing sector constituted the largest portion of our corporate loans during the period under review and as at 31 December 2013 and 2014 accounted for 23.5% and 22.7%, respectively, of our total corporate loans.

Corporate loans to the transportation, storage and postal services sector constituted the second largest portion of our corporate loans during the period under review and as at 31 December 2013 and 2014, accounted for 19.2% and 19.8%, respectively, of our total corporate loans.

In the year ended 31 December 2014, we further adjusted our credit structure, and endeavoured to explore eight key target markets including key basic industries and infrastructures, key energy and resource construction projects, new urbanisation and shanty town reconstruction, key projects of energy saving and environmental protection, modern service industry, advanced manufacturing, merger and acquisition, "Going Global" business and modern agriculture. Our loans to the manufacturing industry as at 31 December 2014 increased by RMB44,353 million, or 3.0% as compared to 31 December 2013, which was mainly attributable to increased lending to advanced manufacturing industries, the modern service sector, cultural industries and strategic energy industries. Loans granted to the transportation, storage and postal services industry as at 31 December 2014 increased by RMB115,782 million, or 9.5% as compared to 31 December 2013 mainly to fund high-quality transportation infrastructure projects. Loans granted to the wholesale and retail industry as at 31 December 2014, the largest portion of loans to the service sector, decreased by RMB13,666 million, or 1.7% as compared to 31 December 2013, which was mainly caused by the Bank's proactive adjustment of its commodity financing business. Loans to the real estate industry as at 31 December 2014 decreased by RMB20,114 million, or 4.5% as compared to 31 December 2013 which primarily resulted from continuous strict limit management on the industry.

Personal Loans

The following table sets forth, as at the dates indicated, a breakdown of our personal loans by product.

	As at 31 December			
	2013		2014	
	Amount	% of total	Amount	% of total
	(in RMB millions, except percentages)			
Residential mortgages[(1)]	1,720,535	63.1%	2,070,366	67.6%
Personal consumption loans	371,138	13.6%	309,889	10.1%
Personal business loans	328,793	12.0%	316,965	10.3%
Credit card overdrafts	307,135	11.3%	366,245	12.0%
Total personal loans	2,727,601	100.0%	3,063,465	100.0%

Note:

(1) "Personal housing loans" in prior periods.

Residential mortgages are the largest component of our personal loans. Our residential mortgages were RMB1,720,535 million as at 31 December 2013, and increased by 20.3% to RMB2,070,366 million as at 31 December 2014. The increases in our residential mortgages during the period under review were primarily because we actively developed personal housing loan business on the premise of controllable risks and supported residents in purchasing their first homes, while strictly implementing a differentiated housing credit policy.

Our personal consumption loans were RMB371,138 million as at 31 December 2013, and decreased by 16.5% to RMB309,889 million as at 31 December 2014. During the period under review we intensified our management of personal consumption loans by proactively adjusting our loan product structure.

Our personal business loans were RMB328,793 million as at 31 December 2013, and decreased by 3.6% to RMB316,965 million as at 31 December 2014. The increase in our personal business loans from 2012 to 2013 was primarily the result of our efforts to meet small-amount financing needs of personal business activities and our promotion of personal business loans for key commodity trading markets. The decrease in 2014 was mainly due to the lower willingness of some small and micro business owners to obtain financing, as affected by the decelerated growth of the macroeconomy.

Our credit card overdrafts were RMB307,135 million as at 31 December 2013, and further by 19.2% to RMB366,245 million as at 31 December 2014. The rapid growth in our credit card overdrafts was primarily the result of our ongoing development of the credit card instalment business as well as the stable growth of credit card issuance and consumption volume.

Distribution of Gross Loans and Advances to Customers by Geographic Area

We classify loans and advances to customers geographically based on the location of the branch that originates the loan. There is generally a high correlation between the location of the borrower and the location of the branch that originates the loan, except in the case of our head office. The following table sets forth, as at the dates indicated, the distribution of our total loans to customers by geographic area.

	As at 31 December			
	2013		2014	
	Amount	% of total	Amount	% of total
	(in RMB millions, except percentages)			
Head Office	388,097	3.9%	475,485	4.3%
Yangtze River Delta	2,071,035	20.9%	2,191,188	19.9%
Pearl River Delta	1,319,021	13.3%	1,453,273	13.2%
Bohai Rim	1,731,710	17.5%	1,861,749	16.9%
Central China	1,340,628	13.5%	1,500,909	13.6%
Western China	1,750,714	17.6%	1,988,934	18.0%
Northeastern China	568,511	5.7%	625,457	5.7%
Overseas and others	752,658	7.6%	929,336	8.4%
Gross loans and advances to customers	9,922,374	100.0%	11,026,331	100.0%

Our loan business spans the PRC, with each of the Yangtze River Delta, Pearl River Delta, Bohai Rim, Central China and Western China regions representing more than 10% of our gross loans and advances to customers during the period under review. The Yangtze River Delta region was our largest loan concentration during the period under review, representing 20.9% and 19.9%, respectively, of our gross loans and advances to customers as at 31 December 2013 and 2014. Loans in the Yangtze River Delta region were RMB2,071,035 million as at 31 December 2013, and increased by 5.8% to RMB2,191,188 million as at 31 December 2014. Although still our largest loan concentration, the proportion of our gross loans and advances to customers represented by loans in the Yangtze River Delta has decreased during the period under review, as the slowdown in the PRC economy has had a greater affect on this region resulting in a slowdown in the demand for lending, as well as an increase in our risk control efforts.

Since 2013, the Western China region has been our second largest loan concentration and represented 17.6% and 18.0%, respectively, of our gross loans and advances to customers as at 31 December 2013 and 2014. Loans in the Western China region were RMB1,750,714 million as at 31 December 2013, and increased by 13.6% to RMB1,988,934 million as at 31 December 2014. These increases, and the greater proportion of our gross loans and advances to customers represented by loans in the Western China region during the period under review, were a result of our strategy to support the development of the Western and Central China regions and increased lending in this region.

Since 2013, the Bohai Rim region has been our third largest loan concentration and represented 17.5% and 16.9%, respectively, of our gross loans and advances to customers as at 31 December 2013 and 2014. Loans in the Bohai Rim region were RMB1,731,710 million as at 31 December 2013, and increased by 7.5% to RMB1,861,749 million as at 31 December 2014. Similar to the Yangtze River Delta, the proportion of our gross loans and advances to customers represented by loans in the Bohai Rim has decreased during the period under review, as the slowdown in the PRC economy has had a greater affect on this region, resulting in a slowdown in the demand for lending as well as an increase in our risk control efforts.

As at 31 December 2013 and 2014, the Yangtze River Delta, Western China and Bohai Rim regions collectively represented 56.0% and 54.8%, respectively, of our gross loans and advances to customers. The decline in the relative contribution of these regions was due to a higher growth rate in our gross loans and advances to customers originating from our Head Office and Overseas and others. During the period under review, we have focused on optimising our geographic credit mix, have promoted a balanced allocation of credit resources for different geographic areas and have sought to maintain the stability of our credit quality. We actively supported the development of Central China, Western China and Northeastern China and granted RMB445,447 million in new loans in the three regions during the year ended 31 December 2014, accounting for 41.3% of the total increment of loans. During the same period, our overseas and other loans increased by RMB176,678 million, up 23.5%, accounting for 16.0% of total new loans, which was mainly due to the rapid lending growth of ICBC (Macau), ICBC (Asia) and other overseas institutions, resulting from their stronger support to "Going Global" projects for Chinese-funded enterprises, innovation of cross-border trade finance business and efforts in exploring local businesses.

Borrower Concentration

In accordance with applicable PRC banking laws and regulations, we are subject to a lending limit of 10% of our net capital to any single borrower. The following table sets forth, as at 31 December 2014, our 10 largest single borrowers (excluding group borrowers) in terms of loan balance, none of which was an NPL as at 31 December 2014.

	As at 31 December 2014		
	Amount	**% of total loans[(1)]**	**% of net capital[(2)]**
	(in RMB millions, except percentages)		
Industry			
Borrower A Transportation, storage and postal services	86,304	0.8%	4.8%
Borrower B Transportation, storage and postal services	28,090	0.3%	1.6%
Borrower C Transportation, storage and postal services	26,099	0.2%	1.4%
Borrower D Manufacturing	22,452	0.2%	1.2%
Borrower E Transportation, storage and postal services	20,076	0.2%	1.1%
Borrower F Transportation, storage and postal services	19,263	0.2%	1.1%
Borrower G Transportation, storage and postal services	18,517	0.2%	1.0%
Borrower H Transportation, storage and postal services	16,968	0.2%	0.9%
Borrower I Mining	16,344	0.1%	0.9%
Borrower J Transportation, storage and postal services	16,268	0.1%	0.9%
Total	270,381	2.5%	14.9%

Notes:

(1) Represents loan balances as a percentage of our total loans.

(2) Represents loan balances as a percentage of our net capital. Our net capital as at 31 December 2014 was calculated in accordance with the requirements of Capital Management Rules.

Loan Interest Rate Profile

In recent years, as part of the overall reform of the PRC banking system, the PBOC has implemented a series of initiatives to gradually liberalise interest rates and move towards a more market-based interest rate regime. In July 2013, the PBOC removed the lower limit of the floating range of lending interest rates, providing more flexibility to commercial banks in the PRC to determine their own lending interest rates. To manage interest rate risk, we usually set a floating interest rate for loans with a maturity period of more than one year. We generally set a fixed interest rate for loans with a maturity period equal to or less than one year. For personal loans with floating interest rates, we generally adjust our interest rates on the first day of the year that is subsequent to the year in which the benchmark interest rates are adjusted. For corporate loans with floating interest rates, we generally adjust our interest rates on the anniversary of the date upon which the loan agreement was executed.

Asset Quality of our Loan Portfolio

In determining the classification of our loan portfolio, we assess, on a case-by-case basis, the likelihood of repayment by the borrower and the collectability of principal and interest on the loan. Our assessment is generally based on a series of general principles that are derived from the CBRC and PBOC guidelines. These general principles focus on a number of factors, including (i) the borrower's ability to repay the loan, based on such factors as the borrower's financial condition, its profitability and cash flow; (ii) the borrower's repayment history; (iii) the borrower's willingness to repay; (iv) the level of security provided depending on the type and value of collateral; (v) the prospect for support from any financially responsible guarantor; (vi) the remaining maturity of the loan; (vii) the structure and the seniority of the loan; and (viii) the length of time by which payment of principal or interest on a loan is overdue. The following is a summary of these general principles:

Pass. Loans may be classified as "pass" only if the borrowers are able to honour the terms of their loans and there is no reason to doubt that the principal and interest payments will not be made in full and on a timely basis. Loans in the pass category generally demonstrate one or more of the following characteristics:

- The borrower maintains sound operations and generates adequate cash flows.
- Principal and interest payments on the loan are made on a timely basis.
- The guarantee or collateral securing the loan, if any, is valid, effective and sufficient.

Special mention. Loans may be classified as "special mention" if the borrowers have the current ability to repay principal and interest on the loans but the following adverse circumstances exist:

- A principal or interest payment on the loan is overdue for not more than 30 days.
- The operational and financial status of the borrower has changed.
- The value of collateral has decreased or the operational and financial status of the guarantor has changed.
- Macroeconomic, industry or market conditions have changed.

Substandard. Loans may be classified as "substandard" if the borrowers' inability to repay loans becomes evident to the extent that they are unable to rely solely on their ordinary course of operations to repay principal or interest on the loans and it becomes evident that we will incur certain loan losses even if any collateral or guarantees securing the loans are enforced. Loans in the substandard category generally demonstrate the following characteristics:

- A principal payment or any interest payment on the loan is overdue for more than 30 days.
- The borrower has difficulty in repaying the loan.

- The loan needs to be restructured due to adverse changes in the borrower's financial condition or its inability to make payments.

Doubtful. Loans may be classified as "doubtful" if the borrowers become unable to repay principal and interest on the loans in full and it becomes evident that we will incur significant loan losses even if any collateral or guarantees securing the loans are enforced. Loans in the doubtful category generally demonstrate the following characteristics:

- A principal payment or any interest payment on the loan is overdue for more than 30 days.
- The borrower has completely or partially suspended its operations.
- The project for which the loan was extended has been terminated or suspended due to funding shortages, worsening operating conditions, litigation or other reasons.
- The loan is still overdue or the borrower is still unable to repay the loan in full notwithstanding its restructuring.

Loss. Loans may be classified as a "loss" if none or only a small portion of the principal and interest on the loans can be recovered after exhausting all possible measures and legal remedies.

Distribution of Loans by Five-Category Loan Classification System

The following table sets forth, as at the dates indicated, our loans to customers in each category of our five-category loan classification system. Loans classified as Substandard, Doubtful or Loss are considered NPLs.

	As at 31 December			
	2013		2014	
	Amount	% of total	Amount	% of total
	(*in RMB millions, except percentages*)			
Pass	9,632,523	97.08 %	10,582,050	95.97%
Special mention	196,162	1.98 %	319,784	2.90%
Subtotal	9,828,685	99.06 %	10,901,834	98.87%
Substandard	36,532	0.37 %	66,809	0.60%
Doubtful	43,020	0.43 %	49,359	0.45%
Loss	14,137	0.14 %	8,329	0.08%
Subtotal	93,689	0.94 %	124,497	1.13%
Gross loans and advances to customers	9,922,374	100.0 %	11,026,331	100.0%
NPL ratio(1)		0.94 %		1.13%

Note:

(1) Calculated by dividing the balance of NPL by total balance of gross loans and advances to customers.

As at 31 December 2012, 2013 and 2014, the NPL ratios of our total loan portfolio were 0.85%, 0.94% and 1.13%, respectively. Our NPL ratios were maintained at a relatively low level during the period under review. We strengthened our credit asset quality management to help ensure stable credit asset quality. Specifically, we improved our NPL forecasting mechanism to predict more accurately changes in NPL trends, strengthened management of NPLs in certain key areas including large-amount NPLs and intensified management, collection and disposal of NPLs. We also increased cash recovery efforts to raise the proportion of cash repayment, implemented a batch transfer mechanism for non-performing assets and broadened the channels for disposal of non-performing assets.

Distribution of NPLs by Business Line

The following table sets forth, as at the dates indicated, our NPLs by business line.

	As at 31 December					
	2013			2014		
	Amount	% of total	NPL ratio(1)	Amount	% of total	NPL ratio(1)
	(in RMB millions, except percentages)					
Corporate loans	73,253	78.2%	1.04%	92,277	74.1%	1.21%
Discounted bills	10	0.01%	0.01%	71	0.06%	0.02%
Personal loans	20,426	21.8%	0.75%	32,149	25.8%	1.05%
Total NPLs	93,689	100.0%	0.94%	124,497	100.0%	1.13%

Note:

(1) Calculated by dividing the balance of NPL in each category by total balance of gross loans and advances to customers in that category.

As at 31 December 2013, the balance of non-performing corporate loans was RMB73,253 million, representing an NPL ratio of 1.04%. As at 31 December 2014, the balance of non-performing corporate loans stood at RMB92,277 million, representing an NPL ratio of 1.21%, an increase of RMB19,024 million or 26.0% from RMB73,253 million as at 31 December 2013. The increases in both the amount and ratio of NPLs during the period under review were primarily due to operating difficulties of some enterprises, especially small and medium-sized enterprises, in the face of downward macroeconomic pressure and weak external markets.

As at 31 December 2013, the balance of non-performing personal loans was RMB20,426 million, representing an NPL ratio of 0.75%. As at 31 December 2014, the balance of non-performing personal loans stood at RMB32,149 million, representing an NPL ratio of 1.05% and an increase of RMB11,723 million or 57.4% from RMB20,426 million as at 31 December 2013. The increases in both the amount and ratio of NPLs during the period under review were primarily due to the increase in NPL amount of personal business loans, personal consumption loans and credit card overdrafts, as a result of a decrease of operating income or salaries of some borrowers.

As at 31 December 2013, the balance of non-performing discounted bills was RMB10 million, representing an NPL ratio of 0.01%, which increased to RMB71 million as at 31 December 2014, representing an NPL ratio of 0.02%. Our recent experience of non-performing discounted bills was primarily due to litigation and disputes initiated by the prior holders of our discounted bills, as we classify discounted bills that are subject to a dispute as NPLs.

Distribution of NPLs by Geographic Areas

The following table sets forth, as at the dates indicated, the distribution of our NPLs by geographic areas.

	As at 31 December					
	2013	2014				
	Amount	% of total	NPL ratio(1)	Amount	% of total	NPL ratio(1)
	(in RMB millions, except percentages)					
Head Office	4,069	4.3%	1.05%	5,139	4.3%	1.08%
Yangtze River Delta	22,568	24.1%	1.09%	26,208	19.9%	1.20%
Pearl River Delta	15,507	16.6%	1.18%	23,858	13.2%	1.64%
Bohai Rim	16,626	17.7%	0.96%	20,611	16.9%	1.11%
Central China	14,323	15.3%	1.07%	17,194	13.6%	1.15%
Western China	11,490	12.3%	0.66%	20,701	18.0%	1.04%
Northeastern China	5,443	5.8%	0.96%	6,932	5.7%	1.11%
Overseas and others	3,663	3.9%	0.49%	3,854	8.4%	0.41%

	As at 31 December					
	2013	2014				
	Amount	% of total	NPL ratio(1)	Amount	% of total	NPL ratio(1)
	(in RMB millions, except percentages)					
Total NPLs	93,689	100.0 %	0.94 %	124,497	100.0 %	1.13 %

Note:

(1) Calculated by dividing the balance of NPL from each geographic area by total balance of gross loans and advances to customers in that region.

The proportion of all NPLs from the Yangtze River Delta region was 24.1% of all NPLs as at 31 December 2013 and decreased to 19.9% of all NPLs as at 31 December 2014. The concentration of our loans in the Yangtze River Delta region decreased during the same period. The increase in the ratio of NPLs from the Yangtze River Delta region despite declining loan concentration during the same period was primarily due to weak domestic and overseas demand for products produced in this region, which caused SMEs in the region that rely heavily on exports to suffer declining orders, rising costs and falling profits. The Western China, the Pearl River Delta and the Bohai Rim regions witnessed relatively large increases in NPLs. NPL increase in Western China was mainly caused by loan default of some coal-related enterprises as a result of a fall in the price of coal, as well as NPL increase of several other enterprises. NPL rise in the Pearl River Delta primarily resulted from operating difficulties of some small and medium-sized trade enterprises in the face of weak domestic and overseas demand. NPL rise in the Bohai Rim was largely due to loan default of some enterprises in the manufacturing and wholesale & retail industry afflicted by funds shortage.

Distribution of Non-performing Corporate Loans of Domestic Branches by Industry

The following table sets forth, as at the dates indicated, the distribution of our non-performing corporate loans of domestic branches (excluding discounted bills) by industry.

	As at 31 December					
	2013			2014		
	Amount	% of total	NPL ratio(1)	Amount	% of total	NPL ratio(1)
	(in RMB millions, except percentages)					
Manufacturing						
Chemical industry	3,159	4.5 %	1.33 %	3,637	4.1 %	1.42 %
Machinery	4,482	6.4 %	1.93 %	6,288	7.1 %	2.63 %
Metal processing	3,646	5.2 %	2.02 %	4,819	5.4 %	2.75 %
Textiles and apparels	4,460	6.4 %	3.15 %	4,181	4.7 %	3.01 %
Iron and steel	321	0.5 %	0.27 %	908	1.0 %	0.81 %
Computer, telecommunications equipment and other electronic equipment	1,000	1.4 %	1.00 %	906	1.0 %	0.75 %
Transportation equipment	1,635	2.3 %	1.86 %	3,569	4.0 %	3.63 %
Non-metallic mineral	1,843	2.6 %	2.71 %	1,980	2.2 %	2.82 %
Petroleum processing, coking and nuclear fuel	399	0.6 %	0.68 %	204	0.2 %	0.39 %
Others	6,109	8.7 %	2.33 %	9,189	10.4 %	3.40 %
Subtotal	27,054	38.6 %	1.82 %	35,681	40.2 %	2.33 %
Transportation, storage and postal services	5,381	7.7 %	0.44 %	4,226	4.8 %	0.32 %
Wholesale and retail	26,739	38.3 %	3.40 %	35,612	40.2 %	4.61 %
Production and supply of electricity, heat, gas and water	1,813	2.6 %	0.29 %	1,353	1.5 %	0.19 %
Water, environment and public utility management	114	0.2 %	0.02 %	56	0.1 %	0.01 %

	As at 31 December					
	2013			2014		
	Amount	% of total	NPL ratio[1]	Amount	% of total	NPL ratio[1]
	(in RMB millions, except percentages)					
Real estate	4,029	5.8 %	0.87 %	3,713	4.2 %	0.84 %
Leasing and commercial services	867	1.2 %	0.19 %	2,164	2.4 %	0.38 %
Mining	629	0.9 %	0.26 %	1,576	1.8 %	0.60 %
Construction	881	1.3 %	0.49 %	1,242	1.4 %	0.60 %
Lodging and catering industry	739	1.1 %	0.50 %	1,312	1.5 %	0.82 %
Science, education, culture and sanitation	535	0.8 %	0.53 %	429	0.5 %	0.38 %
Others	1,061	1.5 %	0.64 %	1,306	1.5 %	0.75 %
Total non-performing corporate loans	69,842	100.0 %	1.10 %	88,670	100.0 %	1.31 %

Note:

(1) Calculated by dividing the balance of NPL from each category by the total balance of gross loans and advances to customers in that category.

The NPL ratio of our loans in the manufacturing sector was 1.82% as at 31 December 2013. As at 31 December 2014, our NPL ratio of loans extended to the manufacturing sector was 2.33%, which represented 40.2% of our total non-performing corporate loans (excluding discounted bills). The increases in NPLs to the manufacturing industry during the period under review were mainly due to more operating pressure on metal processing, electrical machinery, textile and other industries, which were affected by slower domestic investment and export growth, increasing overcapacity pressure, falling market demand and other factors. In 2013, however, these factors were partially offset by the decrease in the NPLs of the chemical industry, iron and steel and computer, telecommunications equipment and other electronic equipment sectors.

The NPL ratio of our loans in the wholesale and retail sector was 3.40% as at 31 December 2013 mainly because of intensity of funds of some wholesale enterprises and declining revenue and profits of retail enterprises affected by the macroeconomic environment and downward fluctuation of bulk commodity prices. For similar reasons, as at 31 December 2014, the NPL ratio of our loans in the wholesale and retail sector increased to 4.61% and represented 40.2% of our total non-performing corporate loans (excluding discounted bills).

The NPL ratio of our loans in the transportation, storage and postal services sector was 0.44% as at 31 December 2013 and decreased to 0.32% as at 31 December 2014 representing 4.8% of our total non-performing corporate loans (excluding discounted bills). The decrease in the NPL ratio of our loans in the transportation, storage and postal services sector during the period under review was primarily because the NPLs from the secondary toll roads have been gradually reduced after the government granted fuel tax and vehicle purchase tax subsidies. In addition, the financial positions of privately run toll roads have also ameliorated, thus enhancing our asset quality in the transportation, warehousing and post services sector.

The NPL ratio of our loans in the real estate sector was 0.87% as at 31 December 2013 and decreased to 0.84% as at 31 December 2014, representing 4.2% of our total non-performing corporate loans (excluding discounted bills). The NPL ratio in the real estate sector has been relatively low, primarily because we have further improved our credit management in the real estate sector, by implementing borrower selection criteria focusing on large and high quality property developers with extensive experience. We also focused on supporting commodity houses and affordable housing projects in line with government policies. Furthermore, we strengthened project risk monitoring, and adopted specific measures to mitigate potential risks in a timely manner.

Loan Aging Schedule

The following table sets forth, as at the dates indicated, our loan aging schedule for our gross loans and advances to customers.

	As at 31 December							
	2013				2014			
	Amount	% of total			Amount	% of total		
	(in RMB millions, except percentages)							
Current loans	9,788,743	98.7	%		10,815,753	98.1	%	
Loans past due[1] for:								
1 to 90 days	53,868	0.5	%		95,410	0.9	%	
91 days to 1 year	36,230	0.4	%		65,134	0.6	%	
1 to 3 years	20,848	0.2	%		35,152	0.3	%	
Over 3 years	22,685	0.2	%		14,882	0.1	%	
Subtotal	133,631	1.3	%		210,578	1.9	%	
Gross loans and advances to customers	9,922,374	100.0	%		11,026,331	100.0	%	

Note:

(1) Loans and advances to customers are deemed overdue when either the principal or interest is overdue. For loans and advances to customers repayable by instalments, the total amount of loans is deemed overdue if part of the instalments is overdue.

The proportion of our loans and advances to customers that were deemed overdue was 1.3% in 2013, and increased to 1.9% in 2014. The increase in 2014 was driven primarily by increasing NPL ratio in the manufacturing and wholesale and retail industries as a result of slower macroeconomic growth, falling market demand and other factors.

Allowance for Impairment Losses on Loans and Advances to Customers

We assess our loans and advances to customers for impairment, determine the level of allowance for impairment losses and recognise any related provisions made in a period based on the guidelines for impairment under IAS 39. Our loans and advances to customers are reported net of the allowance for impairment losses on our consolidated balance sheet. With respect to corporate loans, where there is objective evidence of possible impairment as a result of events occurring after the initial recognition of loans that may affect the estimated future cash flows of the loans, we perform assessments on such loans to determine the allowance for impairment losses. The allowance for impairment losses of each of the loans is measured as the difference between the carrying value and the estimated recoverable amounts of the loans. The estimated recoverable amounts represent the present value of the estimated future cash flows of the loans, including, among others, the recoverable value of the collateral.

Corporate and personal loans classified as pass and special mention, for which no evidence of impairment has been identified, are assessed collectively for the purpose of determining the allowance for impairment losses. The allowance for impairment losses of collectively assessed loans is determined primarily based on our historical loss experience in similar portfolios and the prevailing economic conditions.

For a description of our methods in calculating the estimated recoverable amount of loans, see Note 26 to the audited consolidated financial statements of the Bank for the years ended 31 December 2013 and 2014 incorporated by reference in this Base Prospectus.

Distribution of Allowance for Impairment Losses on Corporate Loans by Industry

The following table sets forth, as at the dates indicated, the distribution of our allowance for impairment losses for our corporate loans (excluding discounted bills) by industry.

	As at 31 December	
	2013	2014

	Amount	% of total	NPL ratio(1)	Amount	% of total	NPL ratio(1)
	(in RMB millions, except percentages)					
Manufacturing	44,779	26.4 %	2.83%	44,497	26.0 %	2.71 %
Transportation, storage and postal services	28,321	16.7 %	2.18%	26,850	15.7 %	1.87 %
Wholesale and retail	28,880	17.0 %	3.16%	30,048	17.6 %	3.26 %
Production and supply of electricity, heat, gas and water	13,433	7.9 %	2.02%	14,035	8.2 %	1.87 %
Water, environment and public utility management	8,945	5.3 %	1.89%	8,267	4.8 %	1.73 %
Real estate	12,679	7.5 %	2.39%	11,224	6.6 %	2.12 %
Leasing and commercial services	9,296	5.5 %	1.93%	11,465	6.7 %	1.84 %
Mining	5,363	3.2 %	1.96%	6,149	3.6 %	2.04 %
Construction	4,081	2.4 %	2.11%	4,341	2.5 %	1.97 %
Lodging and catering industry	4,615	2.7 %	2.27%	4,648	2.7 %	2.07 %
Science, education, culture and sanitation	2,356	1.4 %	2.25%	2,451	1.4 %	1.99 %
Others	6,886	4.0 %	2.13%	6,881	4.0 %	1.94 %
Total allowance for impairment losses of corporate loans	169,634	100.0 %	2.41%	170,856	100.0 %	2.24 %

Note:
(1) Calculated by dividing the amount of the allowance for impairment losses in each category by the total balance of gross loans and advances to customers in that category.

Changes to the Allowance for Impairment Losses

The following table sets forth, for the years/periods indicated, the changes to our allowance for impairment losses on loans and advances to customers.

	Amount
	(in RMB millions)
As at 31 December 2012	220,403
Charge for the year	38,098
of which:	
Impairment allowances charged	143,853
Reversal of impairment allowances	(105,755)
Accreted interest on impaired loans(1)	(2,019)
Write-offs	(16,500)
Recoveries of loans and advances previously written off	977
As at 31 December 2013	240,959
Charge for the year	56,267
of which:	
Impairment allowances charged	193,927
Reversal of impairment allowances	(137,660)
Accrued interest on impaired loans(1)	(2,779)
Write-offs	(38,364)
Recoveries of loans and advances previously written off	1,498
As at 31 December 2014	257,581

Note:
(1) Represents the increase in the present value of loans after impairment that is due to the passage of time, which we recognise as interest income.

Our allowance for impairment losses as at 31 December 2013 was RMB240,959 million, an increase of RMB20,556 million, or 9.3%, from RMB220,403 million as at 31 December 2012. This increase was primarily due to

RMB143,853 million in impairment allowances charged as a result of increases in the total size of our loan portfolio, requiring greater provisions for potential impairment losses, which was partially offset by RMB105,755 million of reversals of impairment allowances in previous years.

Our allowance for impairment losses as at 31 December 2014 amounted to RMB257,581 million, an increase of RMB16,622 million or 6.9% from RMB240,959 million as at 31 December 2013. This increase was primarily due to RMB193,927 million in impairment allowances charged as a result of increases in the total size of our loan portfolio, requiring greater provisions for potential impairment losses. Our greater provisions were partially offset by RMB137,660 million of reversals of impairment allowances in previous years.

Investment

Our investment portfolio consists of listed and unlisted Renminbi-denominated and foreign currency-denominated securities and other financial assets. Investment, net of allowance for impairment losses, represented 22.8% and 21.5%, of our total assets as at 31 December 2013 and 2014, respectively. We classify our investment into (i) receivables, (ii) held-to-maturity investments, (iii) available-for-sale financial assets, (iv) financial assets designated at fair value through profit or loss and (v) financial assets held for trading, primarily based on our intentions with respect to these assets and pursuant to the requirements of IAS 39.

Our investment portfolio increased by 2.6% from RMB4,322,244 million as at 31 December 2013 to RMB4,433,237 million as at 31 December 2014, primarily due to the increase in our financial investments as a result of the increase in our available-for-sale financial assets.

Distribution of Our Investment by Investment Category

The following table sets forth, as at the dates indicated, the distribution of our investment by bond investments and equity investments.

	As at 31 December			
	2013		2014	
	Amount	% of total	Amount	% of total
	(in RMB millions, except percentages)			
Debt instruments				
of which:				
Investment in bonds not related to restructuring	3,836,995	88.8 %	3,978,565	89.7%
Investment in bonds related to restructuring	231,046	5.3 %	197,128	4.4%
Other debt instruments	76,909	1.8 %	92,867	2.2%
Subtotal	4,144,950	95.9 %	4,268,560	96.3%
Equity instruments and others	177,294	4.1 %	164,677	3.7%
Total investment	4,322,244	100.0 %	4,433,237	100.0%

Debt Instruments

Our debt instruments consist of debt securities issued primarily by governments, central banks, policy banks and other institutions. Our debt instruments represented 95.9% and 96.3% of our total investment as at 31 December 2013 and 2014, respectively. The following table sets forth, as at the dates indicated, the distribution of our investment in bonds not related to restructuring by issuer type.

	As at 31 December			
	2013		2014	
	Amount	% of total	Amount	% of total

	Amount	% of total	Amount	% of total
	(in RMB millions, except percentages)			
Government bonds	976,351	25.4 %	1,026,985	25.8%
Central bank bills	389,662	10.2 %	346,154	8.7%
Policy bank bonds	1,682,619	43.9 %	1,687,791	42.4%
Other bonds(1)	788,363	20.5 %	917,635	23.1%
Total investment in bonds not related to restructuring	3,836,995	100.0 %	3,978,565	100.0%

Note:
(1) Consists of debt instruments issued by other financial institutions, corporate bonds and debt instruments issued by public entities.

Our investment in bonds not related to restructuring increased by 3.7% to RMB3,978,565 million as at 31 December 2014 from RMB3,836,995 million as at 31 December 2013. The increase in our investment in bonds not related to restructuring during the period under review was primarily due to our moderately increased investments in policy bank bonds and municipal government bonds with relatively higher yields. The effect of these increases was partially offset by a decrease in central bank bills.

Distribution of investment in bonds not related to restructuring by remaining maturity

The following table sets forth, as at the dates indicated, the distribution of our investment in bonds not related to restructuring by remaining maturity.

	As at 31 December			
	2013		2014	
	Amount	**% of total**	**Amount**	**% of total**
	(in RMB millions, except percentages)			
Undated(1)	77	0.0%	126	0.0%
Less than three months	148,963	3.9%	180,728	4.5%
Three to 12 months	522,375	13.6%	444,672	11.2%
One to 5 years	2,129,398	55.5%	2,370,831	59.6%
Over 5 years	1,036,182	27.0%	982,208	24.7%
Total investment in bonds not related to restructuring	3,836,995	100.0%	3,978,565	100.0%

Note:
(1) Refers to impaired bonds.

As at 31 December 2014, the balance of bonds not related to restructuring due within 12 months decreased by 6.8% to RMB625,449 million from RMB671,338 million as at 31 December 2013. This decrease was mainly due to our effort to achieve higher returns by reducing investment in short term bonds with lower yield. Bonds not related to restructuring with 1- to 5-year maturity increased by RMB241,433 million or 11.3%, primarily due to our effort to achieve higher returns and capitalise on the higher interest rate environment by increasing investment in medium term bonds with controllable risks and higher yield.

Distribution of investment in bonds not related to restructuring by currency

The following table sets forth, as at the dates indicated, the distribution of our investment in bonds not related to restructuring by currency.

	As at 31 December			
	2013		2014	
	Amount	**% of total**	**Amount**	**% of total**

	(in RMB millions, except percentages)			
RMB-denominated bonds	3,734,780	97.3%	3,829,614	96.3 %
U.S. dollar-denominated bonds	75,556	2.0%	98,593	2.5 %
Other foreign currency bonds	26,659	0.7%	50,358	1.2 %
Total investment in bonds not related to restructuring	3,836,995	100.0%	3,978,565	100.0 %

As at 31 December 2014, RMB-denominated bonds increased by RMB94,834 million, or 2.5%, U.S. dollar-denominated bonds increased by the equivalent of RMB23,037 million, or 30.5%, and other foreign currency bonds increased by the equivalent of RMB23,699 million, or 88.9%, as compared to 31 December 2013. These increases were mainly due to increased investment in foreign currency bonds by overseas institutions.

Investment in bonds related to restructuring

During the period from 1999 to 2001, we disposed of non-performing assets with a book value of RMB407.7 billion to Huarong and received 10-year non-transferrable bonds issued by Huarong with a nominal value of RMB313.0 billion as well as RMB94.7 billion in cash as consideration. Huarong is a wholly state-owned non-bank financial institution that has been approved by the State Council, and was established in October 1999 primarily to acquire and manage non-performing assets from large commercial banks, including our Bank. The Huarong Bonds have a fixed interest rate of 2.25% per annum.

During the period from 2010 to 2011, the Huarong Bonds held by us matured. In accordance with the "Letter from MOF in Respect of the Bonds Issued by Huarong held by Industrial and Commercial Bank of China" (Cai Jin Han [2010] No. 105), the MOF agreed that the term of the Huarong Bonds held by us would be extended for 10 years after their expiration, the terms of the bonds such as the interest rate would remain unchanged and the MOF would continue its support for the principal and interest payments in relation to the Huarong Bonds held by us. During the years ended 31 December 2012 and 2013, we received early repayment of RMB137,900 million and RMB29,050 million, respectively, under the Huarong Bonds. As at 31 December 2014, we held a series of long term bonds issued by Huarong with an aggregate amount of RMB112,128 million.

Equity Instruments and Others

As at 31 December 2014, equity instruments and others amounted to RMB164,677 million, representing a decrease of 7.1% as compared to RMB177,294 million as at 31 December 2013, primarily attributable to the decrease in other investments of financial assets designated at fair value through profit or loss and changes in our investment portfolio of principal-guaranteed wealth management products.

Carrying Value and Fair Value

The following table sets forth, at the dates indicated, the carrying value and the fair value of the receivables and held-to-maturity securities in our investment portfolio.

	As at 31 December					
	2012		**2013**		**2014**	
	Carrying value	**Fair value**	**Carrying value**	**Fair value**	**Carrying value**	**Fair value**
	(in RMB millions, except percentages)					
Held-to-maturity investments	2,576,562	2,566,959	2,624,400	2,498,557	2,566,390	2,568,458
Receivables	364,715	364,669	324,488	322,825	331,731	331,582

Other Components of Our Assets

Other components of our assets primarily consist of (i) cash and balances with central banks, (ii) due from banks and other financial institutions, net and (iii) reverse repurchase agreements.

Cash and balances with central banks primarily consist of cash on hand, mandatory reserve deposits, which consist of statutory reserve deposits with the PBOC, surplus reserve deposits and other restricted deposits. The amount of cash and balances with central banks increased by 3.8% from RMB3,174,943 million as at 31 December 2012 to RMB3,294,007 million as at 31 December 2013, and by a further 7.0% to RMB3,523,622 million as at 31 December 2014. These increases were primarily due to increases in our customer deposits, which resulted in corresponding rises in our statutory deposit reserves.

Due from banks and other financial institutions consists primarily of Renminbi-denominated and foreign currency-denominated inter-bank deposits and money-market placements with banks and other financial institutions. Due from banks and other financial institutions, net of allowances for impairment losses, increased by 12.8% as compared to 31 December 2012 to RMB717,984 million as at 31 December 2013, and by a further 9.0% to RMB782,776 million as at 31 December 2014. These increases in our due from banks and other financial institutions in 2013 were primarily due to our efforts to develop greater inter-bank business to increase the efficiency of our use of funds.

Amounts due under reverse repurchase agreements are purchases of assets under agreements to resell equivalent assets. Our financial assets held under reverse repurchase agreements decreased by 39.1% from RMB544,579 million as at 31 December 2012 to RMB331,903 million as at 31 December 2013. This decrease was mainly because we proactively adjusted the structure of our financing business based on our business development needs. Our financial assets held under reverse repurchase agreements increased by 41.1% to RMB468,462 million as at 31 December 2014. The increase in these financial assets as at 31 December 2014 compared to 31 December 2013 was mainly because our fund position at the end of the reporting period was sufficient, thus we lent funds to the market through buying bonds under reverse repurchase agreements.

LIABILITIES AND SOURCES OF FUNDS

Our total liabilities as at 31 December 2012, 2013 and 2014 amounted to RMB16,413,758 million, RMB17,639,289 million and RMB19,072,649 million, respectively. Our liabilities comprise primarily (i) due to customers, (ii) due to banks and other financial institutions, (iii) repurchase agreements, (iv) debt securities issued and (v) other liabilities.

The following table sets forth, as at the dates indicated, the components of our total liabilities.

	As at 31 December					
	2012		2013		2014	
	Amount	% of total	Amount	% of total	Amount	% of total
	(in RMB millions, except percentages)					
Due to customers	13,642,910	83.1 %	14,620,825	82.9 %	15,556,601	81.6 %
Due to banks and other financial institutions	1,486,805	9.1 %	1,269,255	7.2 %	1,539,239	8.1 %
Repurchase agreements	237,764	1.4 %	299,304	1.7 %	380,957	2.0 %
Debt securities issued	232,186	1.4 %	253,018	1.4 %	279,590	1.4 %
Others[(1)]	814,093	5.0 %	1,196,887	6.8 %	1,316,262	6.9 %
Total liabilities	16,413,758	100.0 %	17,639,289	100.0 %	19,072,649	100.0 %

Note:
(1) Others primarily consist of financial liabilities designated at fair value through profit or loss, other liabilities, income tax payable, certificates of deposit, derivative financial liabilities, due to central banks and deferred income tax liabilities.

Our total liabilities increased by 7.5% from RMB16,413,758 million as at 31 December 2012 to RMB17,639,289 million as at 31 December 2013. The increase in our liabilities in 2013 was mainly attributable to increases in due to customers and in others, which were offset by a decrease in our due to banks and other financial institutions.

Our total liabilities increased by 8.1% from RMB17,639,289 million as at 31 December 2013 to RMB19,072,649 million as at 31 December 2014. The increase was primarily due to continuing increases in due to customers and others, which were partially offset by a decrease in repurchase agreements.

Due to customers is our primary source of funding and represented 82.9% and 81.6% of our total liabilities as at 31 December 2013 and 2014, respectively.

Due to Customers

We provide demand and time deposit products to corporate and personal customers. The following table sets forth, as at the dates indicated, our deposits from customers by business line and deposit type

	As at 31 December					
	2012		2013		2014	
	Amount	% of total	Amount	% of total	Amount	% of total
	(in RMB millions, except percentages)					
Corporate deposits						
Time deposits	2,915,072	21.4 %	3,464,625	23.7 %	3,902,305	25.1 %
Demand deposits	3,993,173	29.3 %	4,038,872	27.6 %	4,134,828	26.6 %
Subtotal	6,908,245	50.7 %	7,503,497	51.3 %	8,037,133	51.7 %
Personal deposits						
Time deposits	3,754,118	27.5 %	3,901,098	26.7 %	4,034,790	25.9 %
Demand deposits	2,800,169	20.5 %	2,994,741	20.5 %	3,153,817	20.3 %
Subtotal	6,554,287	48.0 %	6,895,839	47.2 %	7,188,607	46.2 %
Other deposits(1)	180,378	1.3 %	221,489	1.5 %	330,861	2.1 %
Total due to customers	13,642,910	100.0 %	14,620,825	100.0 %	15,556,601	100.0 %

Note:

(1) Includes outward remittance and remittance payables.

Due to customers increased by 7.2% from RMB13,642,910 million as at 31 December 2012 to RMB14,620,825 million as at 31 December 2013. As at 31 December 2014, due to customers totalled RMB15,556,601 million, representing an increase of 6.4% compared to 31 December 2013. In the period under review, a greater proportion of our corporate deposits consisted of demand deposits, primarily because our corporate customers often maintain demand deposit accounts to meet their potential liquidity requirements, notwithstanding the lower interest yields. In addition, a greater portion of our personal deposits consisted of time deposits, which bear higher interest rates than demand deposits.

As at 31 December 2014, our corporate deposits represented 51.7% of our total due to customers, and our personal deposits represented 46.2% of our total due to customers. The proportion of corporate deposits increased slightly from 51.3% as at 31 December 2013 to 51.7% as at 31 December 2014.

As at 31 December 2014, our time deposits represented 25.1% of our total due to customers, and our demand deposits represented 26.6% of our total due to customers. The proportion of demand deposits decreased slightly from 27.6% as at 31 December 2013 to 26.6% as at 31 December 2014. These decreases were primarily attributable to the liberalisation of interest rates, which resulted in the availability of new investment instruments.

Distribution of Due to Customers by Geographic Area

We classify deposits geographically based on the location of the branch taking the deposit. There is generally a high correlation between the location of the depositor and the location of the branch taking the deposit. The following table sets forth our due to customers by geographic area as at the dates indicated.

	As at 31 December			
	2013		2014	
	Amount	% of total	Amount	% of total
	(in RMB millions, except percentages)			
Head Office	128,631	0.9 %	76,972	0.5 %
Yangtze River Delta	2,961,946	20.2 %	3,078,463	19.8 %
Pearl River Delta	1,903,961	13.0 %	2,001,180	12.8 %
Bohai Rim	3,783,427	25.9 %	4,163,766	26.8 %
Central China	2,070,744	14.2 %	2,189,392	14.1 %
Western China	2,432,806	16.6 %	2,572,310	16.5 %
Northeastern China	886,193	6.1 %	901,068	5.8 %
Overseas and others	453,117	3.1 %	573,450	3.7 %
Total due to customers	14,620,825	100.0 %	15,556,601	100.0 %

Distribution of Due to Customers by Remaining Maturity

The following table sets forth, as at the dates indicated, the distribution of our due to customers by remaining maturity.

	As at 31 December			
	2013		2014	
	Amount	% of total	Amount	% of total
	(in RMB millions, except percentages)			
Demand deposits[(1)]	7,602,977	52.0%	7,908,683	50.8%
Less than three months	2,112,169	14.5%	2,290,971	14.7%
Three to 12 months	3,237,621	22.1%	3,361,635	21.6%
One to 5 years	1,610,908	11.0%	1,958,020	12.6%
Over 5 years	57,150	0.4%	37,292	0.3%
Total due to customers	14,620,825	100.0%	15,556,601	100.0%

Note:

(1) Includes time deposits payable on demand.

Other Components of Our Liabilities

Other components of our liabilities primarily include (i) due to banks and other financial institutions, (ii) repurchase agreements and (iii) debt securities issued.

As at 31 December 2014, our amounts due to banks and other financial institutions increased by 21.3% to RMB1,539,239 million from RMB1,269,255 million as at 31 December 2013, primarily attributed to our effort to optimise our liabilities structure and to increase deposits from banks and other financial institutions according to changes of the market and the changes of our capital positions.

Amounts due on repurchase agreements consist primarily of sales of assets under agreements to repurchase equivalent assets. Amounts due on repurchase agreements increased by 25.9% from RMB237,764 million as at 31 December 2012 to RMB299,304 million as at 31 December 2013, and by a further 27.3% to RMB380,957 million as at 31 December 2014. The increases reflected our efforts to adjust the structure of our financing business and to satisfy overseas business development needs of the Bank.

Debt securities issued consists of subordinated bonds, convertible bonds and other debt securities. Debt securities issued increased by 9.0% to RMB253,018 million as at 31 December 2013 from RMB232,186 million as at 31

December 2012, primarily due to the issuance by ICBC (Asia) of a subordinated bond with an aggregate nominal amount of U.S.$500 million as well as issuances of other debt securities by our Sydney Branch amounting to RMB4,562 million denominated in AUD, Hong Kong dollars and JPY, by our Singapore Branch amounting to RMB2,000 million denominated in Renminbi, and by ICBC Thai amounting to RMB3,630 million denominated in THB. Debt securities issued increased by 10.5%, as at 31 December 2014 to RMB279,590 million from RMB253,018 million as at 31 December 2013, primarily due to the issuance of a subordinated bond by Industrial and Commercial Bank of China Limited, with an aggregate nominal amount of RMB20 billion.

DIRECTORS AND SENIOR MANAGEMENT

The table below sets forth the particulars of our directors, supervisors and senior management:

Name	Position	Business Address	Gender	Age
Jiang Jianqing	Chairman of the Board of Directors, Executive Director	No. 55 Fuxingmennei Avenue, Xicheng District, Beijing, PRC, 100140	Male	61
Yi Huiman	Vice Chairman, Executive Director, President	No. 55 Fuxingmennei Avenue, Xicheng District, Beijing, PRC, 100140	Male	50
Zhao Lin	Chairman of the Board of Supervisors	No. 55 Fuxingmennei Avenue, Xicheng District, Beijing, PRC, 100140	Male	60
Wang Xiaoya	Non-executive Director	No. 55 Fuxingmennei Avenue, Xicheng District, Beijing, PRC, 100140	Female	50
Ge Rongrong	Non-executive Director	No. 55 Fuxingmennei Avenue, Xicheng District, Beijing, PRC, 100140	Female	46
Fu Zhongjun	Non-executive Director	No. 55 Fuxingmennei Avenue, Xicheng District, Beijing, PRC, 100140	Male	57
Zheng Fuqing	Non-executive Director	No. 55 Fuxingmennei Avenue, Xicheng District, Beijing, PRC, 100140	Male	51
Fei Zhoulin	Non-executive Director	No. 55 Fuxingmennei Avenue, Xicheng District, Beijing, PRC, 100140	Male	56
Cheng Fengchao	Non-executive Director	No. 55 Fuxingmennei Avenue, Xicheng District, Beijing, PRC, 100140	Male	55
Anthony Francis Neoh	Independent Non-executive Director	No. 55 Fuxingmennei Avenue, Xicheng District, Beijing, PRC, 100140	Male	68
Malcolm Christopher McCarthy	Independent Non-executive Director	No. 55 Fuxingmennei Avenue, Xicheng District, Beijing, PRC, 100140	Male	70
Kenneth Patrick Chung	Independent Non-executive Director	No. 55 Fuxingmennei Avenue, Xicheng District, Beijing, PRC, 100140	Male	57
Or Ching Fai	Independent Non-executive Director	No. 55 Fuxingmennei Avenue, Xicheng	Male	65

		District, Beijing, PRC, 100140		
Hong Yongmiao	Independent Non-executive Director	No. 55 Fuxingmennei Avenue, Xicheng District, Beijing, PRC, 100140	Male	50
Yi Xiqun	Independent Non-executive Director	No. 55 Fuxingmennei Avenue, Xicheng District, Beijing, PRC, 100140	Male	67
Wang Chixi	Shareholder Supervisor	No. 55 Fuxingmennei Avenue, Xicheng District, Beijing, PRC, 100140	Female	59
Dong Juan	External Supervisor	No. 55 Fuxingmennei Avenue, Xicheng District, Beijing, PRC, 100140	Female	62
Meng Yan	External Supervisor	No. 55 Fuxingmennei Avenue, Xicheng District, Beijing, PRC, 100140	Male	59
Zhang Wei	Employee Supervisor	No. 55 Fuxingmennei Avenue, Xicheng District, Beijing, PRC, 100140	Male	52
Li Mingtian	Employee Supervisor	No. 55 Fuxingmennei Avenue, Xicheng District, Beijing, PRC, 100140	Male	58
Zhang Hongli	Senior Executive Vice President	No. 55 Fuxingmennei Avenue, Xicheng District, Beijing, PRC, 100140	Male	49
Wang Xiquan	Senior Executive Vice President	No. 55 Fuxingmennei Avenue, Xicheng District, Beijing, PRC, 100140	Male	54
Zheng Wanchun	Senior Executive Vice President	No. 55 Fuxingmennei Avenue, Xicheng District, Beijing, PRC, 100140	Male	59
Gu Shu	Senior Executive Vice President	No. 55 Fuxingmennei Avenue, Xicheng District, Beijing, PRC, 100140	Male	47
Wang Jingdong	Senior Executive Vice President	No. 55 Fuxingmennei Avenue, Xicheng District, Beijing, PRC, 100140	Male	52
Wei Guoxiong	Chief Risk Officer	No. 55 Fuxingmennei Avenue, Xicheng District, Beijing, PRC, 100140	Male	59
Lin Xiaoxuan	Chief Information Officer	No. 55 Fuxingmennei Avenue, Xicheng District, Beijing, PRC, 100140	Male	49

Hu Hao	Board Secretary	No. 55 Fuxingmennei Avenue, Xicheng District, Beijing, PRC, 100140	Male	52

Ms. Wang Xiaoya, Ms. Ge Rongrong, Mr. Fu Zhongjun, Mr. Zheng Fuqing, Mr. Fei Zhoulin and Mr. Cheng Fengchao were recommended by Huijin to serve as Non-executive Directors of the Bank. Huijin holds interests in shares of the Bank.

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Jiang Jianqing, Chairman, Executive Director

Mr. Jiang has served as Chairman of the Board of Directors and Executive Director of Industrial and Commercial Bank of China Limited since October 2005. He joined ICBC in 1984 and was appointed President in February 2000. Mr. Jiang previously served in several positions including Deputy Head of ICBC Shanghai Branch, President of Shanghai Urban Cooperation Commercial Bank (now known as Bank of Shanghai), Head of ICBC Shanghai Branch and Senior Executive Vice President of ICBC. At present, he is concurrently Vice Chairman of China Society for Finance and Banking and a Tutor to PhD students of Shanghai Jiao Tong University. He graduated from Shanghai University of Finance and Economics and Shanghai Jiao Tong University and received a Master's degree in Engineering and a Doctorate degree in Management from Shanghai Jiao Tong University.

Yi Huiman, Vice Chairman, Executive Director, President

Mr. Yi has served as Vice Chairman and Executive Director of Industrial and Commercial Bank of China Limited since July 2013 and has served as President of Industrial and Commercial Bank of China Limited since May 2013. He joined ICBC in 1985 and has served as a member of senior management of ICBC since October 2005. He had previously served in several positions including Deputy Head of ICBC Zhejiang Branch, Head of ICBC Jiangsu Branch and ICBC Beijing Branch and Senior Executive Vice President of ICBC. He obtained a Master's degree in Executive Business Administration from Guanghua School of Management of Peking University.

Zhao Lin, Chairman of the Board of Supervisors

Mr. Zhao has served as Chairman of the Board of Supervisors of Industrial and Commercial Bank of China Limited since June 2008. He was appointed Executive Director and Senior Executive Vice President of China Construction Bank in September 2004 and previously was Deputy Head of Hubei Branch, Deputy General Manager and General Manager of the Executive Office of the Head Office, Chief Auditor and Senior Executive Vice President of China Construction Bank. He graduated from Zhongnan University of Economics and Law and received an Executive Master of Business Administration degree from Tsinghua University. He is a senior economist.

Wang Xiaoya, Non-executive Director

Ms. Wang has served as Non-executive Director of Industrial and Commercial Bank of China Limited since January 2012. She joined Central Huijin Investment Ltd. in 2012. She previously taught at Central China Normal University, where she served as Assistant Lecturer and Lecturer. She joined the Research Bureau of the PBOC in 1997, where she served as Deputy Chief of Division, Chief of Division and Deputy Director and served as Deputy Mayor of Tongliao City in Inner Mongolia Autonomous Region at the same time. Ms. Wang graduated from the Graduate School of Chinese Academy of Social Sciences and received a Doctorate degree in Economics. Ms. Wang is a researcher and is currently a member of the Post-Doctoral Academic Committee and a Post-Doctoral Co-mentor at the Research Institute of Finance of the PBOC.

Ge Rongrong, Non-executive Director

Ms. Ge has served as Non-executive Director of Industrial and Commercial Bank of China Limited since January 2012. She has worked at Huijin since 2005 and had served as Deputy Officer and Officer of the Construction Bank Share Management Division of the Banking Department at Huijin and an Employee Supervisor of Huijin. Ms. Ge previously served as Lecturer at the Economics Management College of Beijing University of Industry in 1994 and subsequently served as Assistant Researcher at China Eagle Securities Company and a staff member of the Department of Public Offering and Supervision at the CSRC. Ms. Ge graduated from China University of Technology and received a Doctorate degree in Management. Ms. Ge also received a Bachelor's degree in Engineering from Zhejiang University and a Master's degree in Economics from Beijing Normal University. She is a senior economist.

Fu Zhongjun, Non-executive Director

Mr. Fu has served as Non-executive Director of Industrial and Commercial Bank of China Limited since December 2013. He joined the MOF in 1983 and once served as Secretary of Organisational Communist Youth League of the MOF, Deputy Chief and Chief of the Business and Finance Department, Finance Supervision Department and Inspection and Supervision Department of the MOF, Vice Ombudsman of Shanghai Finance Ombudsman Office of the MOF, Vice Ombudsman (person-in-charge) of Anhui Finance Ombudsman Office of the MOF and Associate Counsel and Counsel of Beijing Finance Ombudsman Office of the MOF. He served as Non-executive Director of Industrial and Commercial Bank of China Limited and China Everbright Industry Group Limited. He graduated from Sichuan University and obtained a Bachelor's degree in Philosophy.

Zheng Fuqing, Non-executive Director

Mr. Zheng has served as Non-executive Director of Industrial and Commercial Bank of China Limited since February 2015. He joined MOF in 1989, and once served as Deputy Head and Head of Shanxi Finance Ombudsman Office of MOF, and Assistant Ombudsman and Associate Counsel of Shanxi Finance Ombudsman Office of MOF. Mr. Zheng graduated from the Party School of the Central Committee of C.P.C. majoring in legal theory. He is an economist.

Fei Zhoulin, Non-executive Director

Mr. Fei has served as Non-executive Director of Industrial and Commercial Bank of China Limited since March 2015. He joined MOF in 1995, and previously served as Deputy Head of General Section and Head of Business Section II of Shaanxi Finance Ombudsman Office of MOF, Assistant Ombudsman and Vice Ombudsman of Shaanxi Finance Ombudsman Office of MOF and Ombudsman of Ningxia Finance Ombudsman Office of MOF. Mr. Fei graduated from the Correspondence Institute of the Party School of the Central Committee of C.P.C. in economic management.

Cheng Fangchao

Mr. Cheng has served as Non-executive Director of Industrial and Commercial Bank of China Limited since March 2015. He joined Huijin in 2009, and served as Deputy Director of Finance Bureau of Pingquan County in Hebei Province, Deputy Director of Finance Office of Hebei Province, Head of Hebei Certified Public Accountants, Vice Chairman and Secretary of Hebei Institute of Certified Public Accountants, Deputy General Manager of Shijiazhuang Office, General Manager of Evaluation Management Department, General Manager of Tianjin Office and General Manager of Development Research Department of China Great Wall Asset Management Corporation, and a Non-executive Director of Agricultural Bank of China Limited. Currently, he also acts as guest professor of Peking University HSBC Business School, tutor to PhD students of Hunan University, graduate supervisor for Graduate School of Chinese Academy of Social Sciences, Central University of Finance and Economics and Capital University of Economics and Business and member of the Expert Advisory Committee for Mergers, Acquisitions and Restructurings of CSRC. He obtained Doctorate degree in management from Hunan University. Now, he is a senior accountant, PRC Certified Public Accountant and China's Certified Public Valuer.

Anthony Francis Neoh, Independent Non-executive Director

Mr. Anthony Francis Neoh currently serves as a member of the International Consultation Committee of the China Securities Regulatory Commission (the **CSRC**) and an Independent Non-executive Director of China Life Insurance Company Limited. He previously served as Chief Advisor to the CSRC, a member of the Basic Law Committee of the Hong Kong Special Administrative Region under the Standing Committee of the National People's Congress of People's Republic of China, and Chairman of the Hong Kong Securities and Futures Commission. From 1996 to 1998, he was Chairman of the Technical Committee of the International Organization of Securities Commissions. Mr. Anthony Francis Neoh was a Non-executive Director of Global Digital Creations Holdings Limited from November 2002 to December 2005, and an Independent Non-executive Director of the Link Management Limited, Manager of Link Real Estate Investment Trust from September 2004 to March 2006. He was an Independent Non-executive Director of China Shenhua Energy Company Limited from November 2004 to June 2010. He served as an Independent Non-executive Director of Bank of China Limited from August 2004 to September 2013. Mr. Anthony Francis Neoh was appointed as Queen's Counsel (now retitled as Senior Counsel) in Hong Kong in 1990. He graduated from the University of London with a bachelor's degree in Law in 1976. He is a barrister of England and Wales. He was admitted to the State Bar of California in 1984. In 2003, he was conferred the degree of Doctor of Laws, honor is cause by the Chinese University of Hong Kong. In 2013, he was conferred the degree of Doctor of Laws, honor is cause by the Open University of Hong Kong. He was elected Honorary Fellow of the Hong Kong Securities Institute and Academician of the International Euro-Asian Academy of Sciences in 2009.

Malcolm Christopher McCarthy, Independent Non-executive Director

Sir M.C. McCarthy has served as Independent Non-executive Director of Industrial and Commercial Bank of China Limited since December 2009. He worked first as an economist for ICI before joining the UK Department of Trade and Industry, where he held various posts from economic adviser to undersecretary. He subsequently worked as a senior executive of Barclays Bank, first in Japan and then North America. He served as Chairman and Chief Executive of the Office of Gas and Electricity Markets, Chairman of the Financial Services Authority, a Non-executive Director of HM Treasury, Chairman of the Board of Directors of J.C. Flowers & Co. UK Ltd, a Non-executive Director of NIBC Holding N.V and NIBC Bank N.V and a Non-executive Director of OneSavings Bank plc. Currently Sir M.C. McCarthy serves as a Non-executive Director of Intercontinental Exchange and Castle Trust Capital plc, a Trustee of the Said Business School of Oxford University and IFRS Foundation and Chairman in the United Kingdom of Promontory Financial Group. He is an Honorary Fellow of Merton College, an Honorary Doctorate of the University of Stirling and the Cass Business School and a Freeman of the City of London. He has a Master's degree in History from Merton College of Oxford University, a Doctorate degree in Economics from Stirling University and a Master's degree from the Graduate School of Business of Stanford University.

Kenneth Patrick Chung, Independent Non-executive Director

Mr. Chung has served as Independent Non-executive Director of Industrial and Commercial Bank of China Limited since December 2009. Mr. Chung joined Deloitte Haskins and Sells London Office in 1980. He became a partner of PricewaterhouseCoopers in 1992 and has been a financial service specialist of PricewaterhouseCoopers (Hong Kong and China) since 1996. Previously, he was the human resources partner of PricewaterhouseCoopers (Hong Kong), the responsible partner of the audit department of PricewaterhouseCoopers (Hong Kong and China), the global lead partner of the audit engagement team for Bank of China Limited, the honorary treasurer of The Community Chest of Hong Kong and a member of the Ethics Committee, Limitation of Professional Liability Committee, Communications Committee and the Investigation Panel of the Hong Kong Society of Accountants. Mr. Chung has also served as the audit partner for the restructurings and initial public offerings of Bank of China Limited, Bank of China (Hong Kong) Limited and Bank of Communications Co. Ltd and as Chairman of the Audit Committee of Harvest Real Estate Investments (Cayman) Limited. Currently, Mr. Chung serves as the Vice Chairman of International Social Service Hong Kong Branch. He is a member of the Institute of Chartered Accountants in

England and Wales, a member of the Hong Kong Institute of Certified Public Accountants and a member of the Macau Society of Certified Practising Accountants. Mr. Chung received a Bachelor's degree in Economics from the University of Durham.

Or Ching Fai, Independent Non-executive Director

Mr. Or has served as Independent Non-executive Director of Industrial and Commercial Bank of China Limited since May 2012. Mr. Or previously served as General Manager and a Director of The Hongkong and Shanghai Banking Corporation Limited, Chairman of HSBC Insurance Limited, Chief Executive and Vice Chairman of Hang Seng Bank Limited, Chairman of Hang Seng Insurance Company Limited and Hang Seng Bank (China) Limited, a Director of Cathay Pacific Airways Limited and a Director of Hutchison Whampoa Limited. He was Chairman of the Hong Kong Association of Banks, Vice President and a Council Member of the Hong Kong Institute of Bankers, Chairman of the Financial Services Advisory Committee and a member of the Services Promotion Programme Committee of the Hong Kong Trade Development Council, a member of the Risk Management Committee of the Hong Kong Exchanges and Clearing Limited, a member of the Aviation Development Advisory Committee, Chairman of the Executive and Campaign Committee of the Community Chest of Hong Kong, Acting Chairman of the Council of City University of Hong Kong, a Council Member of The University of Hong Kong and an Adviser of the Employers' Federation of Hong Kong. Mr. Or currently acts as Chairman, CEO and Executive Director of China Strategic Holdings Limited, Chairman and Independent Non-executive Director of Esprit Holdings Limited, Vice Chairman and an Independent Non-executive Director of G-Resources Group Limited, an Independent Non-executive Director of Chow Tai Fook Jewellery Group Limited and Television Broadcasts Limited and a Vice Patron of the Board of the Community Chest of Hong Kong. Mr. Or graduated from The University of Hong Kong with a Bachelor's degree in Economics and Psychology. He was awarded a Silver Bauhinia Star from the Hong Kong Special Administrative Region and Honorary University Fellowships from The University of Hong Kong in 2009. He is a Justice of the Peace.

Hong Yongmiao, Independent Non-executive Director

Mr. Hong has served as Independent Non-executive Director of Industrial and Commercial Bank of China Ltd. since August 2012. Mr. Hong was previously in charge of the National Science Fund for Distinguished Overseas Young Scholars supported by the National Natural Science Foundation of China and has acted as President of the Chinese Economists Society in North America and as editor for journals such as the Journal of Econometrics and Econometric Theory. He is currently a Professor of Economics and International Studies at Cornell University in the United States and Dean of the School of Economics and the Wang Yanan Institute for Studies in Economics at Xiamen University. He has been enrolled as one of the first participants of the "Thousand Talents Plan" and serves as a lecture professor of the "Changjiang Scholars" launched by the Ministry of Education and a part-time professor in some scientific and research institutions and colleges, including Tsinghua University, Chinese Academy of Sciences and Shandong University. He is also a committee member of the Academic Board of the Economic Research Journal of the Chinese Academy of Social Sciences and China Economic Quarterly published by Peking University. Mr. Hong graduated from Xiamen University with a Bachelor of Science degree and a Master's degree in Economics and obtained his Doctorate degree in Economics from the University of California San Diego.

Yi Xiqun, Independent Non-executive Director

Mr. Yi has served as Independent Non-executive Director of Industrial and Commercial Bank of China Limited since December 2013. He has served as Deputy General Manager of Beijing Second Light Industry Company, Deputy Director of Beijing Municipal Restructuring Economic System Office, Head of Xicheng District of Beijing, Assistant to the Mayor of Beijing and concurrently Director of the Foreign Economy and Trade Committee, Director of the Administrative Committee of Beijing Economic and Technological Development Zone, a member of the Chinese People's Political Consultative Committee Beijing Committee and Chairman of the Board of Directors of Beijing Holdings Limited. He had been Chairman of the Board of Directors of Beijing Enterprises Holdings Limited, Chairman of the Board of Directors of Beijing Enterprises Holdings Group Company Limited, Chairman of the Board of Directors of Beijing Private Equity Investment & Development Fund Management Co., Ltd., Chairman of Bowei Capital and an Independent Non-executive Director of China Merchants Bank. He concurrently acts as Vice President of China Association of Private Equity, an Independent Non-executive Director of China Merchants Securities Co., Ltd., SOHO China Ltd., Zheshang Jinhui Trust Co., Ltd. and Asian Capital Holdings Limited and a member of Zhong Guancun Advisory Committee. He graduated from Tsinghua University and obtained a Master's degree in Economics Management Engineering.

Wang Chixi, Shareholder Supervisor

Ms. Wang has served as Shareholder Supervisor of Industrial and Commercial Bank of China Limited since October 2005. In 2003, she was appointed as full-time Supervisor (at the rank of Director-General) and General Manager of the Board of Supervisors' Office of ICBC as designated by the State Council. She joined ICBC in 2005. She had taken several positions including Deputy Director-General of the Financial Audit Department of the National Audit Office and Deputy Director-General of the Agricultural, Forestry and Sea Products Audit Bureau of the National Audit Office and was appointed as full-time Supervisor (at the rank of Director-General) and General Manager of the Board of Supervisors' Office of Agricultural Bank of China as designated by the State Council. She graduated from Shenyang Agricultural College and is a PRC Certified Public Accountant (as a non-practising member).

Dong Juan, External Supervisor

Ms. Dong has served as External Supervisor of Industrial and Commercial Bank of China Limited since May 2009. She is currently Chairperson of the Board of Directors of Grandchina International Consulting Co., Ltd. and an External Supervisor of China Cinda Asset Management Corporation. She previously served as Deputy Chief and Chief of the Foreign Trade Division of the Commerce and Trade Department of the MOF, Director-General of the Enterprise Affairs Department of the State-owned Assets Supervision and Administration Commission, Director-General of the Evaluation Department of the MOF and an Independent Non-executive Director of Shanghai Qiangsheng Holding Co., Ltd., Baocheng Investment Co., Ltd. and Sinotex Investment & Development Co., Ltd. Ms. Dong graduated from Shanxi Finance and Economics Institute and from Dongbei University of Finance and Economics with a Master's degree in Economics. Ms. Dong is also a PRC Certified Public Accountant (as a non-practising member).

Meng Yan, External Supervisor

Mr. Meng has served as External Supervisor of Industrial and Commercial Bank of China Limited since May 2009. Currently he is Dean, Professor and Tutor to PhD students in the School of Accountancy of Central University of Finance and Economics. He is also an Executive Council Member of the Accounting Society of China, a Council Member of the China Audit Society, an Executive Council Member of the Banking Accounting Society of China, a member of the Steering Committee on Teaching and Learning of Business Administration Disciplines of Higher Education Institutions under the Ministry of Education and a member of the National Accounting Master Education Steering Committee. Mr. Meng served as Head of the Department of Accountancy of Central University of Finance and Economics. He was also an Expert Consultant to the Accounting Standards Committee of the MOF for accounting standards, an Expert Consultant to the MOF for independent auditing standards, an Expert Consultant to the MOF for enterprise performance evaluation and an Independent Non-executive Director of Beijing North Star Company Limited, China Merchants Property Development Company and Beijing Bashi Media Co., Ltd. At present, he concurrently serves as an Independent Supervisor of China COSCO Holdings Company Limited and an Independent Non-executive Director of Wanhua Chemical Group Co., Ltd., Jolimark Holdings Limited and COFCO Property (Group) Co., Ltd. Mr. Meng obtained his Doctorate degree in Economics from the Research Institute for Fiscal Science of the MOF.

Zhang Wei, Employee Supervisor

Mr. Zhang has served as Employee Supervisor of Industrial and Commercial Bank of China Limited since August 2006. He joined ICBC in 1994 and has served as General Manager of the Legal Affairs Department since 2004. Currently he is also Vice Chairman of the Banking Law Research Institute, a Council Member of the China Legal

Aid Foundation and Executive Vice Director of the Legal Works Committee of the China Banking Association. He graduated from Peking University with a Doctorate degree in Law and is a research fellow.

Li Mingtian, Employee Supervisor

Mr. Li has served as Employee Supervisor of Industrial and Commercial Bank of China Limited since July 2012. He joined ICBC in 1984 and has served as Deputy Secretary of the Party Discipline Committee since 2001 and concurrently as Director of the Discipline Enforcement Department since 2004. He had previously served as Deputy Director of the Human Resources Department, Deputy General Manager of the Banking Department and Deputy Head and CPC Committee member of Shaanxi Branch. He graduated from Hunan University of Finance and Economics with a Master's degree in Economics. He is a senior economist.

Zhang Hongli, Senior Executive Vice President

Mr. Zhang has served as Senior Executive Vice President of Industrial and Commercial Bank of China Limited since May 2010. Previously, he had served as a member of the Global Banking Management Committee and as Head of Asia-Pacific of Deutsche Bank Global Banking and Chairman of Deutsche Bank (China) Co., Ltd. since October 2004. He worked as Financial Manager at the headquarters of Hewlett-Packard starting in July 1991, a Director and Head of the China operations of Schroders PLC starting in July 1994, an Executive Director of Goldman Sachs Asia and the Chief Representative of Goldman Sachs (China) LLC Beijing Representative Office starting in June 1998 and Head of Deutsche Bank Investment Banking Greater China, Vice Chairman of Deutsche Bank Asia and Chairman of Deutsche Bank China from March 2001 to September 2004. He once served as Chairman of ICBC International Holdings Limited, Vice Chairman of Standard Bank Group Limited and Chairman of Industrial and Commercial Bank of China (USA) NA. and Chairman of Industrial and Commercial Bank of China (Brazil) S.A.. Mr. Zhang received a Bachelor's degree from Heilongjiang Bayi Agricultural University, a Master's degree in Genetics from the University of Alberta, a Master's degree in Business Administration from the Santa Clara University in California and a Doctorate degree in Management Science and Engineering from the Chinese Academy of Social Sciences.

Wang Xiquan, Senior Executive Vice President

Mr. Wang has served as Senior Executive Vice President of Industrial and Commercial Bank of China Limited since September 2012. He joined ICBC in 1985 and has served as a member of senior management of ICBC since April 2010. He previously served in several positions at ICBC, including Head of Yangquan Branch in Shanxi Province, Deputy Head of Hebei Branch, General Manager of the Asset Risk Management Department, Director-General of the Internal Audit Bureau and General Manager of the Human Resources Department of Head Office. He graduated from Nanjing University and received a Doctorate degree in Management.

Zheng Wanchun, Senior Executive Vice President

Mr. Zheng has served as Senior Executive Vice President of Industrial and Commercial Bank of China Limited since October 2013. He joined ICBC in 1991 and once served as Assistant to Head and General Manager of Banking Department of Hainan Branch of ICBC, Deputy General Manager of Industrial and Commercial Credit Department of ICBC, Vice President of China Huarong Asset Management Corporation and President of China Great Wall Asset Management Corporation. He currently serves concurrently as Vice Chairperson of National Debt Association of China. Mr. Zheng graduated from Renmin University of China and obtained a Doctorate degree in Economics. He is a senior economist.

Gu Shu, Senior Executive Vice President

Mr. Gu has served as Senior Executive Vice President of Industrial and Commercial Bank of China Limited since October 2013. He joined ICBC in 1998 and served as Deputy General Manager of Accounting and Settlement Department, Deputy General Manager of the Planning and Finance Department, General Manager of Finance and

Accounting Department, Board Secretary, General Manager of Corporate Strategy and Investor Relations Department and Head of Shandong Branch of ICBC. Mr. Gu obtained a Doctorate degree in Economics from Shanghai University of Finance and Economics, a Master's degree in Economics from Dongbei University of Finance and Economics and a Bachelor's degree in Engineering from Shanghai Jiaotong University. He is a senior accountant.

Wang Jingdong, Senior Executive Vice President

Mr. Wang has served as Senior Executive Vice President of Industrial and Commercial Bank of China Limited since December 2013. He joined China Development Bank in 1994 and served as Deputy Head of Harbin Branch, Deputy Director of the Human Resources Department of the Head Office, Head of Project Appraisal Department III of the Head Office, Head of Beijing Branch and Head of Human Resources Department of the Head Office of China Development Bank. He graduated from Huazhong Agricultural University and obtained a Bachelor's degree in Agronomy. He is a senior engineer.

Wei Guoxiong, Chief Risk Officer

Mr. Wei has served as Chief Risk Officer of Industrial and Commercial Bank of China Limited since August 2006. He joined ICBC in 1987 and previously served in several positions at ICBC including Acting Head of Wenzhou Branch, Deputy Head of Zhejiang Branch and General Manager of the Industrial and Commercial Credit Department and the Credit Management Department of the Head Office. He graduated from Tianjin University of Finance and Economics and received a Master's degree in Economics. He is a research fellow.

Lin Xiaoxuan, Chief Information Officer

Mr. Lin has served as Chief Information Officer of Industrial and Commercial Bank of China Limited since November 2010. Mr. Lin joined ICBC in 1989 and has served as General Manager of the Information and Technology Department of ICBC since 2001 and concurrently as Chief Officer of Information and Technology and General Manager of Information and Technology Department of ICBC since July 2009. He also served as Chief of Technology Protection Section and Head of Software Development and Operation Centre of ICBC Fujian Branch, Deputy General Manager of Technology Protection Department of the Head Office and later General Manager of Information and Technology Department of ICBC and, for a period of time, concurrently served as General Manager of Data Centre of ICBC. He graduated from East China Normal University and received a Master's degree in Engineering. He is a research fellow and has been granted the special governmental allowance by the State Council since 2001.

Hu Hao, Board Secretary and Company Secretary

Mr. Hu has served as Board Secretary of Industrial and Commercial Bank of China Limited since December 2010. Mr. Hu joined ICBC in 1984, serving successively as Deputy General Manager of the Industrial and Commercial Credit Department, Deputy General Manager of the Credit Management Department, General Manager of the Institutional Banking Department and General Manager of the International Banking Department. He previously served as President of Chinese Mercantile Bank, Chairman of Industrial and Commercial Bank of China Luxembourg S.A., Deputy Director-General of Construction and Administration Bureau of South-to-North Water Diversion Middle Route Project, a Director of Taiping General Insurance Company Limited and Taiping Life Insurance Co., Ltd. and a Director of Xiamen International Bank. Currently, Mr. Hu is also General Manager of Corporate Strategy and Investor Relations Department of ICBC. Mr. Hu graduated from Hunan University and received a Doctorate degree in Economics from the Graduate School of the Chinese Academy of Social Sciences. He is a senior economist.

CORPORATE GOVERNANCE

We have made consistent efforts to improve our corporate governance and checks and balances mechanisms, which comprise the Shareholders' general meeting, the Board, the board of supervisors and the senior management, by clearly defining responsibilities and accountability, coordinating effective checks and balances and optimising responsibilities of the authority, decision-making, supervisory and executive bodies within the Bank. As a result of these efforts, we have established a corporate governance operation mechanism featuring a scientific decision-making process, effective supervision and steady operation.

Shareholders' General Meeting

The Shareholders' general meeting is responsible for, among others, deciding on business policies and material investment plans of the Bank; considering and approving the proposals on the annual financial budget, final accounts, profit distribution plans and loss recovery plans; electing and changing directors, shareholder supervisors and external supervisors; considering and approving the work report of the Board and the work report of the board of supervisors; adopting resolutions on merger, division, dissolution, liquidation, change of corporate form, increase or decrease of registered capital, issuance and listing of corporate bonds or other negotiable securities and repurchase of stocks; and amending the Articles of Association of the Bank.

Board of Directors

Responsibilities of the Board of Directors

As the decision-making body of the Bank, the Board is accountable to, and shall report to, the Shareholders' general meeting. The Board is responsible for, among others, convening the Shareholders' general meeting; implementing resolutions of the Shareholders' general meeting; deciding on business plans, investment plans and development strategies of the Bank; formulating annual financial budgets and final accounts of the Bank; formulating profit distribution plans and loss recovery plans; formulating proposals on the increase or decrease of registered capital of the Bank; formulating fundamental management rules on risk management and internal control and supervising the implementation of these rules; appointing or removing the president and the Board secretary, based on the president's nomination, appointing or removing senior executive vice presidents and other senior management members (except the Board secretary) and deciding on their remuneration, rewards and sanctions; deciding or authorising the president to set up relevant internal institutions of the Bank; regularly evaluating and improving corporate governance of the Bank; managing information disclosure matters of the Bank; and supervising and ensuring effective performance of management responsibilities of the president and other senior management members.

Board Committees

Our Board delegates certain responsibilities to various committees. In accordance with relevant PRC laws and regulations, we have formed strategy, audit, risk management, nomination and compensation committees and a related party transactions control committee.

Strategy Committee

The strategy committee is mainly responsible for considering our strategic development plan, business and institutional development plan, major investment and financing plan and other major matters critical to our development and for making recommendations to the Board and examining and assessing the soundness of our corporate governance framework to ensure financial reporting, risk management and internal control are compliant with our corporate governance criteria. Our strategy committee consists of eight directors, including Executive Directors Mr. Jiang Jianqing and Mr. Yi Huiman; Independent Non-executive Directors Sir Malcolm Christopher McCarthy, Mr. Or Ching Fai and Mr. Hong Yongmiao; and Non-executive Directors Ms. Wang Xiaoya and Mr. Fu

Zhongjun. The Chairman of the Board of Directors Mr. Jiang Jianqing and Independent Non-executive Director Sir Malcolm Christopher McCarthy are the chairman and vice chairman of the committee, respectively.

Audit Committee

The audit committee is mainly responsible for supervising, inspecting and evaluating internal control, financial information and internal audit and assessing mechanisms for our staff to report misconduct in the preparation of financial statements and internal controls to enable us to make independent and fair investigations and take appropriate actions. Our audit committee consists of seven directors, including Independent Non-executive Directors Mr. Kenneth Patrick Chung, Mr. Or Ching Fai, Mr. Hong Yongmiao and Mr. Yi Xiqun and Non-executive Directors Mr. Li Jun and Mr. Wang Xiaolan.

Risk Management Committee

The risk management committee is primarily responsible for reviewing and revising our risk management strategies, policies, procedures and internal control processes. In addition, it is also responsible for supervising and evaluating the performance of senior management members and the risk management department in respect of risk management. Our risk management committee consists of seven directors, including Independent Non-executive Directors Mr. Or Ching Fai, Sir Malcolm Christopher McCarthy, Mr. Kenneth Patrick Chung and Mr. Hong Yongmiao and Non-executive Directors Ms. Ge Rongrong, Mr. Li Jun and Mr. Wang Xiaolan. Independent Non-executive Director Mr. Or Ching Fai is the chairman of the committee.

Nomination Committee

The nomination committee is mainly responsible for making recommendations to the Board on candidates for director and senior management positions, nominating candidates for chairmen and members of special committees of the Board and formulating the standards and procedures for selection and appointment of directors and senior management members as well as the training and development plans for senior management members and key reserved talents. The nomination committee is also responsible for assessing the structure, size and composition of the Board on a yearly basis and making recommendations to the Board based on our development strategy. Our nomination committee consists of eight directors, including Executive Director Mr. Yi Huiman; Independent Non-executive Directors Sir Malcolm Christopher McCarthy, Mr. Or Ching Fai, Mr. Hong Yongmiao and Mr. Yi Xiqun; and Non-executive Directors Ms. Ge Rongrong and Mr. Wang Xiaolan.

Compensation Committee

The compensation committee is mainly responsible for formulating assessment measures on the performance of duties for directors, organising the assessment of the performance of duties of directors, putting forth proposals on remuneration distribution for directors, putting forth proposals on remuneration distribution for supervisors based on the performance assessment of supervisors carried out by the board of supervisors, formulating and reviewing the assessment measures and compensation plans for senior management members and evaluating the performance and behaviours of senior management members. Our compensation committee consists of eight directors, including Executive Director Mr. Yi Huiman; Independent Non-executive Directors Mr. Or Ching Fai, Sir Malcolm Christopher McCarthy, Mr. Kenneth Patrick Chung and Mr. Yi Xiqun; and Non-executive Directors Ms. Wang Xiaoya and Mr. Fu Zhongjun. Independent Non-executive Director Or Ching Fai is the chairman of the committee.

Related Party Transactions Control Committee

We established our related party transactions control committee in accordance with applicable PRC laws, regulations and rules. The related party transactions control committee is mainly responsible for identifying related parties, reviewing major related party transactions, receiving related party transaction statistics and reporting information of general related party transactions. Our related party transactions control committee consists of five directors, including Executive Director Mr. Liu Lixian and Independent Non-executive Directors Mr. Kenneth

Patrick Chung, Mr. Hong Yongmiao and Mr. Yi Xiqun. Independent Non-executive Director Mr. Kenneth Patrick Chung is the chairman of the committee.

Board of Supervisors

Responsibilities of the Board of Supervisors

As the supervisory body of the Bank, the board of supervisors is accountable to, and shall report to, the Shareholders' general meeting. The board of supervisors is responsible for, among others, supervising the performance and due diligence of directors and senior management members; supervising the performance of duties of the Board and the senior management; conducting audits on retiring or resigning directors and senior management members where appropriate; examining and supervising the Bank's financial activities; examining financial information such as financial reports, business reports and profit distribution plans to be submitted to the Shareholders' general meeting by the Board; examining and supervising business decisions, risk management and internal control of the Bank and providing guidance for the internal audit departments of the Bank; formulating performance assessment measures for supervisors, assessing the performance and conduct of supervisors and reporting to the Shareholders' general meeting for approval; presenting proposals to the Shareholders' general meeting; proposing to convene extraordinary general meetings and convening and presiding over such meetings in case the Board fails to perform its duty of convening Shareholders' general meeting; and proposing to convene interim meetings of the Board.

Operation of the Board of Supervisors

The board of supervisors convenes regular and special meetings to discuss official matters. Regular meetings shall be held at least four times a year. There is a supervisory board office under our board of supervisors that functions in accordance with authorisation from our board of supervisors and reports to our board of supervisors. The supervisory board office under the board of supervisors is its day-to-day administrative organ. It is responsible for supervising and scrutinising matters such as corporate governance, financial activities, risk management and internal control of the Bank; for organising meetings of the board of supervisors and its special committee; and for preparing meeting documents and minutes for the meetings.

Supervision Committee

As the special committee of the board of supervisors established pursuant to the Articles of the Bank, the supervision committee operates in accordance with the authorisation of the board of supervisors and is accountable to the board of supervisors. The supervision committee is mainly responsible for formulating plans for, among others, the inspection and supervision of financial activities of the Bank; the audits on retiring or resigning directors, presidents and other senior management members; and the audits on business policies, risk management and internal control of the Bank when necessary. Our supervision committee consists of four supervisors, including Ms. Dong Juan, Ms. Wang Chixi, Mr. Meng Yan and Mr. Zhang Wei. Ms. Dong Juan serves as the head member of the supervision committee.

PRINCIPAL SHAREHOLDERS

As at 31 December 2014, the authorised share capital of the Bank, which is issued and fully paid, is RMB353,494,213,820 (comprising of RMB86,794,044,550 in relation to H Shares and RMB266,700,169,270 in relation to A Shares), divided into 86,794,044,550 H Shares and 266,700,169,270 A Shares of RMB1.00 each.

As at 31 December 2014, the total number of our Shareholders (number of holders of A Shares and H Shares on the register of shareholders as at 31 December 2014) was 827,567, of which there were 143,131 H Shareholders and 684,436 A Shareholders.

The table below sets out the particulars of our top 10 Shareholders as at 31 December 2014.

Name of Shareholder	Nature of Shareholder	Types of shares	Shareholding percentage (%)	Total number of Ordinary Shares held	Number of Ordinary Shares subject to restrictions on sales	Number of pledged or locked-up Ordinary Shares
Central Huijin Investment Ltd.	State-owned	A Shares	35.12	124,155,852,951	—	None
Ministry of Finance of the People's Republic of China	State-owned	A Shares	34.88	123,316,451,864	—	None
Hong Kong Securities Clearing Company Limited/ HKSCC Nominees Limited	Foreign legal person	A Shares H Shares	0.18 24.33	625,028,761 86,021,039,918	— —	None Unknown
Ping An Life Insurance Company of China Ltd. — Traditional — Ordinary insurance products	Other domestic entities	A Shares	1.27	4,503,771,410	—	None
ICBC Credit Suisse Asset Management Co., Ltd — Assets management for specific customers	Other domestic entities	A Shares	0.30	1,053,190,083	—	None
China Life Insurance Company Limited — Traditional-Ordinary insurance products — 005L — CT001 Hu	Other domestic entities	A Shares	0.09	317,038,827	—	None
TEMASEK FULLERTON ALPHA PTE LTD	Foreign legal person	A Shares	0.07	255,422,003	—	None
China Securities Finance Co. Limited	Other domestic entities	A Shares	0.06	203,612,909	—	None
Guarantee securities accounts for customer unsecured transactions of	Other domestic entities	A Shares	0.06	196,865,702	—	None

Guotai Junan Investment Management Co., Ltd						
China Foreign Economy and Trade Trust Co., Ltd. – Yun Feng Securities Investment Collective Fund Trust Plan	Other domestic entities	A Shares	0.05	188,007,006	—	None

Notes:

(1) Particulars of shareholding of H Shareholders were based on the number of H Shares set out in our register of Shareholders maintained at the H Share registrar.

(2) The Bank is not aware of any connected relations or concert party action among the aforementioned Shareholders.

(3) Hong Kong Securities Clearing Company Limited held 625,028,761 A Shares and HKSCC Nominees Limited held 86,021,039,918 H Shares.

Particulars of Controlling Shareholders

The largest single Shareholder of the Bank is Huijin. Incorporated on 16 December 2003, Huijin is a state-owned company founded by the state in accordance with the Company Law. Both of its registered capital and paid-in capital are RMB828,209 million. Its registered address is New Poly Plaza, 1 Chaoyangmen North Street, Dongcheng District, Beijing. Huijin's organisational code is 71093296-1 and its legal representative is Ding Xuedong. Huijin, a wholly-owned subsidiary of China Investment Corporation, makes equity investments in state-owned key financial institutions as authorised by the state and exercises the shareholder's rights and obligations in such financial institutions under its shareholding on behalf of the state to achieve the preservation and appreciation of state-owned financial assets. Huijin does not engage in any other commercial activities nor does it intervene in the daily operation of those state-owned financial institutions in which it holds shares. As at 31 December 2014, it held approximately 35.12% of the Ordinary Shares of the Bank. From 10 October 2012 to 9 April 2013, Huijin increased its holding by 211,717,258 A Shares of the Bank accumulatively through market purchases on the Shanghai Stock Exchange, accounting for 0.06% of the total Ordinary Shares issued by the Bank as at 31 December 2013. On 14 June 2013, the Bank was notified by Huijin that Huijin intended to continue to increase, in its own capacity, its shareholding in the Bank by acquiring A Shares from the secondary market within six months from 13 June 2013. From 13 June 2013 to 31 December 2013, Huijin increased its holding by 175,445,497 A Shares of the Bank accumulatively, accounting for 0.05% of the total Ordinary Shares issued by the Bank as at 31 December 2013. During the period from 31 December 2013 to 31 December 2014, the number of Ordinary Shares of the Bank held by Huijin did not change.

The second largest single Shareholder of the Bank is MOF, which held approximately 34.88% of the Ordinary Shares of the Bank as at 31 December 2014. MOF is a constituent part of the State Council and is responsible for overseeing the state's fiscal revenue and expenditure, formulating the financial and taxation policies and supervising state finance at a macro level.

TAXATION

The information provided below does not purport to be a complete summary of PRC, UAE or DIFC laws and practice currently applicable. It does not purport to be comprehensive and does not constitute legal or tax advice. It does not consider any investor's particular circumstances.

Prospective purchasers should consult their own professional advisors concerning the application of PRC, UAE and DIFC tax laws to their particular situations as well as any tax consequences arising under the laws of any other jurisdiction.

PRC Taxation

The following summary describes the principal PRC tax consequences of ownership of the Notes by beneficial owners who, or which, are not residents of mainland China for PRC tax purposes. These beneficial owners are referred to as non-PRC Noteholders in this section. In considering whether to invest in the Notes, potential purchasers should consult their individual tax advisors with regard to the application of PRC tax laws to their particular situations as well as any tax consequences arising under the laws of any other tax jurisdiction.

According to the PRC Enterprise Income Tax Law and the relevant implementation rules, non-PRC resident enterprises will not be subject to the PRC income tax in respect of the interest income borne and paid by an enterprise, organisation or establishment located outside the PRC. However, pursuant to the IIT and the relevant implementation rules, it remains uncertain as to whether non-PRC resident individuals shall be subject to the PRC income tax in respect of the interest income from the Notes. Should the PRC tax authority deem the interest income from the Notes of the non-PRC residents individuals as income sourced within the PRC referred to in Regulations on the Implementation of the IIT, the non-PRC resident individuals Noteholders may be subject to the individual income tax at 20 per cent., unless otherwise provided in preferential taxation policies under special taxation arrangements.

According to the arrangement for avoidance of double taxation between the PRC and Hong Kong, both Hong Kong resident enterprises and Hong Kong resident individuals will not be subject to the PRC income tax in respect of the revenue from the sale or exchange of the Notes. However, pursuant to the PRC Enterprise Income Tax Law and the IIT and the relevant implementation rules, it remains uncertain as to whether other non-PRC resident Noteholders shall be subject to the PRC income tax in respect of the revenue from the sale or exchange of the Notes. Should the PRC tax authority deem the gains of the non-PRC residents generated from the sale or exchange of the Notes as income sourced within the PRC, the non-PRC resident Noteholders other than Hong Kong residents may be subject to the enterprise income tax at rate of 10 per cent. for non-PRC resident enterprises, or individual income tax at 20 per cent. for non-PRC resident individuals, respectively, unless otherwise provided in other preferential taxation policies under special taxation arrangements.

No PRC stamp duty will be chargeable upon the issue or transfer (for so long as the register of Noteholders is maintained outside the PRC) of a Note.

United Arab Emirates (excluding the Dubai International Financial Centre)

Under current legislation, there is no requirement for withholding or deduction for or on account of United Arab Emirates or Dubai taxation in respect of payments made by the Issuer under the Notes.

The Constitution of the United Arab Emirates specifically reserves to the Federal Government of the United Arab Emirates the right to raise taxes on a federal basis for purposes of funding its budget. It is not known whether this right will be exercised in the future.

Dubai International Financial Centre

Pursuant to Article 14 of Law No. (9) of 2004 in respect of the Dubai International Financial Centre (the **DIFC Law**), entities licensed, registered or otherwise authorised to carry on financial services in the DIFC and their employees shall be subject to a zero rate of tax for a period of 50 years from September 13, 2004. This zero rate of tax applies to income, corporation and capital gains tax. In addition, this zero rate of tax will also extend to repatriation of capital and to transfers of assets or profits or salaries to any party outside the DIFC. Article 14 of the DIFC Law also provides that it is possible to renew the 50-year period to a similar period upon issuance of a resolution by the Ruler of the Emirate of Dubai. As a result no payments by the Issuer under the Notes are subject to any DIFC tax, whether by withholding or otherwise.

EU Savings Directive

Under Council Directive 2003/48/EC on the taxation of savings income, (the **Savings Directive**), Member States are required to provide to the tax authorities of other Member States details of certain payments of interest or similar income paid or secured by a person established in a Member State to or for the benefit of an individual resident in another Member State or certain limited types of entities established in another Member State.

For a transitional period, Austria is required (unless during that period it elects otherwise) to operate a withholding system in relation to such payments. The end of the transitional period is dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

On 24 March 2014, the Council of the European Union adopted a Council Directive (the **Amending Directive**) amending and broadening the scope of the requirements described above. The Amending Directive requires Member States to apply these new requirements from 1 January 2017, and if they were to take effect the changes would expand the range of payments covered by the Savings Directive, in particular to include additional types of income payable on securities. They would also expand the circumstances in which payments that indirectly benefit an individual resident in a Member State must be reported or subject to withholding. This approach would apply to payments made to, or secured for, persons, entities or legal arrangements (including trusts) where certain conditions are satisfied, and may in some cases apply where the person, entity or arrangement is established or effectively managed outside of the European Union.

However, the European Commission has proposed the repeal of the Savings Directive from 1 January 2017 in the case of Austria and from 1 January 2016 in the case of all other Member States (subject to on-going requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates). This is to prevent overlap between the Savings Directive and a new automatic exchange of information regime to be implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU). The proposal also provides that, if it proceeds, Member States will not be required to apply the new requirements of the Amending Directive.

Foreign Account Tax Compliance Act

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (**FATCA**) impose a new reporting regime and potentially a 30 per cent. withholding tax with respect to certain payments to (i) any non-U.S. financial institution (a "foreign financial institution", or **FFI** (as defined by FATCA)) that does not become a **Participating FFI** by entering into an agreement with the U.S. Internal Revenue Service (**IRS**) to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA and (ii) any investor (unless otherwise exempt from FATCA) that does not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States Account" of the Issuer. The Issuer is classified as an FFI.

The new withholding regime is now in effect for payments from sources within the United States and will apply to **foreign passthru payments** (a term not yet defined) no earlier than 1 January 2017. This withholding would potentially apply to payments in respect of (i) any Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued after the **grandfathering date**, which is the date that is six months after the date on which final U.S. Treasury regulations defining the term foreign passthru payment are filed with the Federal Register, or which are materially modified after the grandfathering date and (ii) any Notes characterised as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued. If Notes are issued on or before the grandfathering date, and additional Notes of the same series are issued after that date, the additional Notes may not be treated as grandfathered, which may have negative consequences for the existing Notes, including a negative impact on market price.

The United States and a number of other jurisdictions have entered into intergovernmental agreements to facilitate the implementation of FATCA (each, an **IGA**). Pursuant to FATCA and the "Model 1" and "Model 2" IGAs released by the United States, an FFI in an IGA signatory country could be treated as a **Reporting FI** not subject to withholding under FATCA on any payments it receives. Further, an FFI in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being **FATCA Withholding**) from payments it makes. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the IRS. The United States and the United Arab Emirates have reached an agreement in substance on the terms of an IGA based largely on the Model 1 IGA. Until the United States and the United Arab Emirates sign an IGA (the **US-UAE IGA**), the United Arab Emirates will be treated as having a Model 1 IGA in effect provided that it remains on the IRS list of jurisdictions that have reached an agreement in substance on the terms of an IGA. The U.S. Treasury will review this list on a monthly basis to determine whether each jurisdiction will continue to be treated as having an IGA in effect.

If the Issuer is treated as a Reporting FI pursuant to the US-UAE IGA it does not anticipate that it will be obliged to deduct any FATCA Withholding on payments it makes. There can be no assurances, however, that the Issuer will be treated as a Reporting FI or that it would in the future not be required to deduct FATCA Withholding from payments it makes. The Issuer and financial institutions through which payments on the Notes are made may be required to withhold FATCA Withholding if any FFI through or to which payment on such Notes is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA.

Whilst the Notes are in global form and held within the ICSDs, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer, any paying agent and the common depositary, given that each of the entities in the payment chain between the Issuer and the participants in the ICSDs is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Notes. The documentation expressly contemplates the possibility that the Notes may go into definitive form and therefore that they may be taken out of the ICSDs. If this were to happen, then a non-FATCA compliant holder could be subject to FATCA Withholding. However, definitive Notes will only be printed in remote circumstances.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and model IGAs, all of which are subject to change or may be implemented in a materially different form. Prospective investors should consult their tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Notes.

The proposed financial transactions tax (*FTT*)

On 14 February 2013, the European Commission published a proposal (the **Commission's Proposal**) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **participating Member States**).

The Commission's Proposal has a very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

Joint statements by participating Member States indicate an intention to implement the FTT by 1 January 2016.

However, the FTT proposal remains subject to negotiation between the participating Member States and the scope of any such tax is uncertain. Additional EU Member States may decide to participate.

Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

SUBSCRIPTION AND SALE

The Dealers have, in a programme agreement (the **Programme Agreement**) dated 13 May 2015, agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "*Form of the Notes*" and "*Terms and Conditions of the Notes*". The Issuer may pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by such Dealer. The Issuer may also from time to time agree with the relevant Dealer(s) that the Issuer may pay certain third parties commissions (including, without limitation, rebates to private banks). In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S under the Securities Act or pursuant to an exemption from the registration requirements of the Securities Act. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver such Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations promulgated thereunder.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

(a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision:

- the expression **an offer of Notes to the public** in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State; and

- the expression **Prospectus Directive** means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) in relation to any Notes which have a maturity of less than one year: (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (**FSMA**) by the Issuer;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the **FIEA**) and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Hong Kong

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes (except for Notes which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the **SFO**)) other than (i) to "professional investors" as defined in the SFO and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

(b) it has not issued or had in its possession for the purposes of issue and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the SFO and any rules made under the SFO.

Singapore

Each Dealer has acknowledged that this Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Chapter 289 of Singapore (the **SFA**). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold and that it will not offer or sell any Notes or cause such Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of any Notes, whether directly or indirectly, to any persons in Singapore other than (a) to an institutional investor pursuant to Section 274 of the SFA; (b) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), of the SFA, and in accordance with the conditions specified in Section 275 of the SFA; or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(i) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law;

(iv) as specified in Section 276(7) of the SFA; or

(v) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Thailand

No invitation will be made to any person in Thailand to subscribe for any Notes. Notes cannot be offered, sold or transferred in Thailand.

PRC

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that neither it nor any of its affiliates has offered or sold or will offer or sell any of the Notes in the People's Republic of China (excluding Hong Kong, Macau and Taiwan) as part of the initial distribution of the Notes.

United Arab Emirates (excluding the Dubai International Financial Centre)

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes to be issued under the Programme have not been and will not be offered, sold or publicly promoted or advertised by it in the UAE other than in compliance with any laws applicable in the UAE governing the issue, offering and sale of securities.

Dubai International Financial Centre

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered and will not offer the Notes to be issued under the Programme to any person in the Dubai International Financial Centre unless such offer is:

(a) an “Exempt Offer” in accordance with the Markets Rules; and

(b) made only to persons who meet the Professional Client criteria set out in Rule 2.3.2 of the Conduct of Business Module of the DFSA rulebook.

Kingdom of Saudi Arabia

No action has been or will be taken in the Kingdom of Saudi Arabia that would permit a public offering of the Notes. Any investor in the Kingdom of Saudi Arabia or who is a Saudi person (a **Saudi Investor**) who acquires any Notes pursuant to an offering should note that the offer of Notes is a private placement under Article 10 or Article 11 of the “Offers of Securities Regulations” as issued by the Board of the Capital Market Authority resolution number 2-11-2004 dated 4 October 2004 and amended by the Board of the Capital Market Authority resolution number 1-28-2008 dated 18 August 2008 (the **KSA Regulations**) through a person authorised by the Capital Market Authority (**CMA**) to carry on the securities activity of arranging and following a notification to the CMA under the KSA Regulations.

The Notes may not be advertised, offered or sold to any person in the Kingdom of Saudi Arabia other than to “Sophisticated Investors” under Article 10 of the KSA Regulations or by way of a limited offer under Article 11 of the KSA Regulations. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that any offer of Notes will be made in compliance with the relevant KSA Regulations.

Each offer of Notes shall not therefore constitute a “public offer” pursuant to the KSA Regulations, but is subject to the restrictions on secondary market activity under Article 17 of the KSA Regulations. Any Saudi Investor who has acquired Notes pursuant to a private placement under Article 10 and/or Article 11 of the KSA Regulations may not offer or sell those Notes to any person unless the offer or sale is made through an authorised person appropriately licensed by the Saudi Arabian Capital Market Authority and: (a) the Notes are offered or sold to a Sophisticated Investor; (b) the price to be paid for the Notes in any one transaction is equal to or exceeds Saudi Riyal 1 million or an equivalent amount; or (c) the offer or sale is otherwise in compliance with Article 17 of the KSA Regulations.

Kingdom of Bahrain

Each Dealer has represented and agreed, and each Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold, and will not offer or sell, any Notes except on a private placement basis to persons in the Kingdom of Bahrain who are "accredited investors".

For this purpose, an **accredited investor** means:

(a) an individual holding financial assets (either singly or jointly with a spouse) of U.S.$1,000,000 or more;

(b) a company, partnership, trust or other commercial undertaking which has financial assets available for investment of not less than U.S.$1,000,000; or

(c) a government, supranational organisation, central bank or other national monetary authority or a state organisation whose main activity is to invest in financial instruments (such as a state pension fund).

State of Qatar

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or delivered, and will not offer, sell or deliver, directly or indirectly, any Notes in the State of Qatar, including the Qatar Financial Centre, except (a) in compliance with all applicable laws and regulations of the State of Qatar, including the Qatar Financial Centre, and (b) through persons or corporate entities authorised and licensed to provide investment advice and/or engage in brokerage activity and/or trade in respect of foreign securities in the State of Qatar.

General

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any of the other Dealers shall have any responsibility therefor.

None of the Issuer or any of the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating any such sale.

With regard to each Tranche, the relevant Dealer will be required to comply with any additional restrictions agreed between the Issuer and the relevant Dealer and set out in the applicable Final Terms.

GENERAL INFORMATION

Authorisation

The establishment of the Programme and the issue of the Notes thereunder were authorised by Authorisation (2015) No.6 of Industrial and Commercial Bank of China Limited passed on 5 January 2015. The Issuer has obtained, or will obtain from time to time, all necessary consents, approvals and authorisations in connection with the issue of the Notes and the performance of its obligations under the Notes.

Listing of Notes

It is expected that each Tranche of Notes which is to be admitted to listing on the Irish Official List and to trading on the Main Securities Market will be admitted separately as and when issued, subject only to the issue of one or more Global Notes initially representing the Notes of such Tranche.

Application has been made to the Irish Stock Exchange for Notes issued under the Programme during the period of 12 months from the date of this Base Prospectus to be admitted to listing on the Irish Official List and to trading on the Main Securities Market.

Application has also been made to the DFSA for Notes issued under the Programme to be admitted to the DFSA Official List. The Programme is expected to the admitted to the DFSA Official List on or about 13 May 2015. An application may be made for any Tranche of Notes to be admitted to trading on NASDAQ Dubai.

Notes may also be issued on the basis that they will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system or that they will be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer.

Documents Available

For the period of 12 months following the date of this Base Prospectus, copies of the following documents will, when published, be available for inspection at the Issuer's registered office and at the specified offices of the Fiscal Agent for the time being in the Dubai International Financial Centre and London, respectively:

(a) the Memorandum and Articles of Association of the Issuer;

(b) the audited consolidated financial statements of the Group as at and for the financial years ended 31 December 2013 and 31 December 2014, respectively, the unaudited interim condensed consolidated financial statements of the Group as at and for the three months ended 31 March 2015;

(c) copies of the latest annual report and audited annual consolidated financial statements, and any consolidated interim financial statements (whether audited or unaudited) published subsequently to such audited annual financial statements, of the Group;

(d) the Agency Agreement, the Deed of Covenant and the forms of the Global Notes, the Notes in definitive form, the Coupons and the Talons;

(e) a copy of this Base Prospectus together with any supplement to this Base Prospectus; and

(f) any future offering circulars, prospectuses, information memoranda and supplements including Final Terms to this Base Prospectus[8] and any other documents incorporated herein or therein by reference.

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[8] Only in respect of Notes which are to be admitted to listing on the official list, and to trading on the regulated market, of the Irish Stock

This Base Prospectus will be available for viewing on (i) the website of the Central Bank (*http://www.centralbank.ie*) and (ii) the website of NASDAQ Dubai (*http://www.nasdaqdubai.com*).

The Issuer currently prepares audited consolidated and non-consolidated accounts on an annual basis, unaudited reviewed condensed consolidated interim accounts on a semi-annual basis and unaudited un-reviewed consolidated interim accounts on a quarterly basis.

Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate Common Code and the ISIN for each series of Bearer Notes or Registered Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. The Issuer may also apply to have Bearer Notes accepted for clearance through the CMU Service. The relevant CMU instrument number will be specified in the applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system, the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is Euroclear Bank S.A./N.V., 1 Boulevard du Roi Albert II, B-1210 Brussels. The address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of the CMU Service is 55th Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong.

Conditions for Determining Price

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions.

Significant or Material Change

There has been no significant change in the financial or trading position of the Issuer or the Group since 31 March 2015 and there has been no material adverse change in the financial position or prospects of the Issuer or the Group since 31 December 2014.

Litigation and Arbitration Proceedings

Other than as disclosed on page 122 of the Base Prospectus, neither the Issuer nor any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Issuer or the Group.

Auditors

The current auditors of the Group are KPMG and their business address is 8th Floor, Prince's Building, 10 Chater Road, Central, Hong Kong. KPMG is registered as a firm of certified public accountants (practising) by The Hong Kong Institute of Certified Public Accountants.

The Issuer's financial statements for the years ended 31 December 2013 and 31 December 2014, which are incorporated by reference in this Base Prospectus, have been audited in accordance with International Standards on Auditing by KPMG as stated in their unqualified report appearing therein.

Exchange or another regulated market for the purposes of the Prospectus Directive.

Dealers Transacting with the Issuer

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and its affiliates in the ordinary course of business.

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