

Consolidated Statement of Profit or Loss

Year ended 31 December 2016
(In RMB millions, unless otherwise stated)

	Notes	2016	2015
Interest income	6	791,480	871,779
Interest expense	6	(319,634)	(363,912)
NET INTEREST INCOME	6	471,846	507,867
Fee and commission income	7	164,714	161,670
Fee and commission expense	7	(19,741)	(18,279)
NET FEE AND COMMISSION INCOME	7	144,973	143,391
Net trading income	8	6,457	4,227
Net loss on financial assets and liabilities designated at fair value through profit or loss	9	(104)	(5,953)
Net gain on financial investments	10	4,545	4,920
Other operating income, net	11	13,964	14,281
OPERATING INCOME		641,681	668,733
Operating expenses	12	(193,112)	(220,835)
Impairment losses on:			
Loans and advances to customers	26	(86,138)	(86,022)
Others	15	(1,756)	(971)
OPERATING PROFIT		360,675	360,905
Share of profits of associates and joint ventures		2,604	2,330
PROFIT BEFORE TAXATION		363,279	363,235
Income tax expense	16	(84,173)	(85,515)
PROFIT FOR THE YEAR		279,106	277,720
Attributable to:			
Equity holders of the parent company		278,249	277,131
Non-controlling interests		857	589
PROFIT FOR THE YEAR		279,106	277,720
EARNINGS PER SHARE			
— Basic (RMB yuan)	19	0.77	0.77
— Diluted (RMB yuan)	19	0.77	0.77

Details of the dividends declared and paid or proposed are disclosed in note 18 to the financial statements.

The notes on pages 140 to 271 form part of these financial statements.

Consolidated Statement of Financial Position

31 December 2016

(In RMB millions, unless otherwise stated)

	Notes	31 December 2016	31 December 2015
ASSETS			
Cash and balances with central banks	20	3,350,788	3,059,633
Due from banks and other financial institutions	21	797,473	683,793
Financial assets held for trading	22	189,331	132,838
Financial assets designated at fair value through profit or loss	23	285,144	210,434
Derivative financial assets	24	94,452	78,870
Reverse repurchase agreements	25	755,627	996,333
Loans and advances to customers	26	12,767,334	11,652,812
Financial investments	27	5,006,699	4,666,691
Investments in associates and joint ventures	29	30,077	24,185
Property and equipment	30	246,209	224,426
Deferred income tax assets	31	28,398	21,066
Other assets	32	585,733	458,699
TOTAL ASSETS		24,137,265	22,209,780
LIABILITIES			
Due to central banks		545	210
Financial liabilities designated at fair value through profit or loss	33	366,752	303,927
Derivative financial liabilities	24	89,960	76,826
Due to banks and other financial institutions	34	2,016,799	2,265,860
Repurchase agreements	35	589,306	337,191
Certificates of deposit	36	218,427	183,352
Due to customers	37	17,825,302	16,281,939
Income tax payable		52,640	63,266
Deferred income tax liabilities	31	604	995
Debt securities issued	38	357,937	306,622
Other liabilities	39	637,830	589,073
TOTAL LIABILITIES		22,156,102	20,409,261
EQUITY			
Equity attributable to equity holders of the parent company			
Share capital	40	356,407	356,407
Other equity instruments	41	86,051	79,375
Including: Preference shares		79,375	79,375
Perpetual bond		6,676	–
Reserves	42	586,630	571,704
Retained profits		940,663	781,988
		1,969,751	1,789,474
Non-controlling interests		11,412	11,045
TOTAL EQUITY		1,981,163	1,800,519
TOTAL EQUITY AND LIABILITIES		24,137,265	22,209,780

Yi Huiman
Chairman

Gu Shu
Vice Chairman and President

Zhang Wenwu
General Manager of Finance
and Accounting Department

The notes on pages 140 to 271 form part of these financial statements.

Consolidated Cash Flow Statement

Year ended 31 December 2016
(In RMB millions, unless otherwise stated)

	Notes	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		363,279	363,235
Adjustments for:			
Share of profits of associates and joint ventures		(2,604)	(2,330)
Depreciation		19,761	18,049
Amortisation	12	2,059	2,295
Amortisation of financial investments		(2,155)	(1,422)
Impairment losses on loans and advances to customers	26	86,138	86,022
Impairment losses on assets other than loans and advances to customers	15	1,756	971
Gain on unrealised foreign exchange		(9,282)	(7,494)
Interest expense on debt securities issued		14,237	13,349
Accreted interest on impaired loans	6	(5,135)	(4,156)
Gain on disposal of available-for-sale financial assets, net	10	(4,202)	(4,765)
Net trading gain on equity investments	8	(345)	(33)
Net loss on financial assets and liabilities designated at fair value through profit or loss	9	104	5,953
Net gain on disposal and overage of property and equipment and other assets (other than repossessed assets)		(181)	(848)
Dividend income	10	(343)	(155)
		463,087	468,671
Net (increase)/decrease in operating assets:			
Due from central banks		(273,546)	442,973
Due from banks and other financial institutions		(136,134)	(91,173)
Financial assets held for trading		(54,153)	(98,020)
Financial assets designated at fair value through profit or loss		(72,653)	103,856
Reverse repurchase agreements		(6,395)	130,224
Loans and advances to customers		(1,119,674)	(924,231)
Other assets		(132,697)	(774,096)
		(1,795,252)	(1,210,467)
Net increase/(decrease) in operating liabilities:			
Financial liabilities designated at fair value through profit or loss		63,898	(284,962)
Due to central banks		335	(421)
Due to banks and other financial institutions		(290,032)	703,298
Repurchase agreements		252,115	(43,766)
Certificates of deposit		23,938	1,136
Due to customers		1,477,846	688,632
Other liabilities		136,604	896,426
		1,664,704	1,960,343
Net cash flows from operating activities before tax		332,539	1,218,547
Income tax paid		(93,318)	(86,783)
Net cash flows from operating activities		239,221	1,131,764

The notes on pages 140 to 271 form part of these financial statements.

Consolidated Cash Flow Statement

Year ended 31 December 2016

(In RMB millions, unless otherwise stated)

	Notes	2016	2015
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property and equipment and other assets		(39,281)	(42,297)
Proceeds from disposal of property and equipment and other assets (other than repossessed assets)		2,850	3,481
Purchases of financial investments		(2,492,693)	(2,007,160)
Proceeds from sale and redemption of financial investments		2,059,722	1,378,079
Investments in associates and joint ventures		(1,373)	(158)
Proceeds from disposal of associates and joint ventures		487	–
Dividends received		1,356	1,094
Net cash flows from investing activities		(468,932)	(666,961)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of other equity instruments		6,691	45,000
Capital injection by non-controlling shareholders		1,520	323
Proceeds from issuance of debt securities		896,665	116,214
Interest paid on debt securities		(13,979)	(10,325)
Repayment of debt securities		(854,012)	(94,205)
Acquisition of non-controlling interests		–	(374)
Dividends paid on ordinary shares		(83,150)	(91,026)
Dividends paid on preference shares		(4,450)	(2,331)
Dividends paid to non-controlling shareholders		(71)	(8)
Net cash flows from financing activities		(50,786)	(36,732)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of the year		1,441,298	994,264
Effect of exchange rate changes on cash and cash equivalents		28,567	18,963
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	45	1,189,368	1,441,298
NET CASH FLOWS FROM OPERATING ACTIVITIES INCLUDE:			
Interest received		810,718	864,899
Interest paid		(317,533)	(338,014)

The notes on pages 140 to 271 form part of these financial statements.