



INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED

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

Stock Code: 1398

2022 | Interim Report



Company Profile

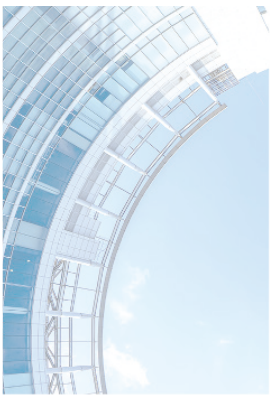
Industrial and Commercial Bank of China was established on 1 January 1984. On 28 October 2005, the Bank was wholly restructured to a joint-stock limited company. On 27 October 2006, the Bank was successfully listed on both Shanghai Stock Exchange and The Stock Exchange of Hong Kong Limited.

Through its continuous endeavor and stable development, the Bank has developed into the leading bank in the world, possessing an excellent customer base, a diversified business structure, strong innovation capabilities and market competitiveness. The Bank regards service as the very foundation to seek further development and adheres to creating value through services while providing a comprehensive range of financial products and services to over 10,287 thousand corporate customers and 712 million personal customers. The Bank has been consciously integrating the social responsibilities with its development strategy and operation and management activities, and gaining wide recognition in the aspects of supporting pandemic containment, promoting inclusive finance, backing rural revitalization, developing green finance and participating in public welfare undertakings.

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

The Bank was ranked the 1st place among the Top 1000 World Banks by *The Banker*, and the 1st place in the list of commercial banks of the Global 500 in *Fortune* for the tenth consecutive year, and took the 1st place among the Top 500 Banking Brands of *Brand Finance* for the sixth consecutive year.





Strategic Objective:

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



Strategic Significance:



Adhere to the guidance of the Party building theory and exercising rigorous corporate governance:

ICBC upholds the Party's leadership over the financial work, and strives to improve the scientific decision-making as well as the effectiveness of corporate governance through enhanced governance system and capacity building.



Adhere to putting the customer first and serving the real economy:

ICBC remains steadfast in serving the real economy and commits to satisfying people's new expectations and demands for financial services, making every effort to build the No.1 Personal Finance Bank.



Adhere to technology-driven development and value creation:

ICBC empowers its business operations and management with FinTech, and creates superior value for the real economy, shareholders, customers, employees and the society as a whole.



Adhere to a broad international vision and globalized operations:

ICBC proactively taps resources from both domestic and overseas markets, and undertakes to constantly promote international development, which well-integrates with China's high-level opening-up.



Adhere to pushing for pragmatic business transformation and progressing through reform:

Keeping pace with changing times, ICBC endeavors to advance reforms in key areas and critical steps, seeking room for development through transformation and vitality for growth through reform.



Adhere to laying a solid foundation for risk control and achieving development through talent cultivation:

ICBC safeguards the lifeline of asset quality by reinforcing bottom-line thinking with a combination of prevention and control measures. Meanwhile, corporate culture formation and caring for staff are strengthened to increase group cohesion.



Mission

Excellence for You

Excellent services for clients
Maximum returns to shareholders
Real success for employees
Great contribution to society



Vision

To build a world-class modern financial institution with Chinese characteristics in all aspects, and become a long-lasting and ever-prosperous bank



Values

Integrity Leads to Prosperity

Integrity
Humanity
Prudence
Innovation
Excellence





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Definitions

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

Articles of Association	The Articles of Association of Industrial and Commercial Bank of China Limited
Bank ICBC (JSC)	Bank ICBC (Joint stock company)
Capital Regulation	Regulation Governing Capital of Commercial Banks (Provisional) promulgated in June 2012
CBIRC	China Banking and Insurance Regulatory Commission
CSRC	China Securities Regulatory Commission
HKEX	Hong Kong Exchanges and Clearing Limited
Hong Kong Listing Rules	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Huijin	Central Huijin Investment Ltd.
ICBC (Almaty)	Industrial and Commercial Bank of China (Almaty) Joint Stock Company
ICBC (Argentina)	Industrial and Commercial Bank of China (Argentina) S.A.
ICBC (Asia)	Industrial and Commercial Bank of China (Asia) Limited
ICBC (Austria)	ICBC Austria Bank GmbH
ICBC (Brasil)	Industrial and Commercial Bank of China (Brasil) S.A.
ICBC (Canada)	Industrial and Commercial Bank of China (Canada)
ICBC (Europe)	Industrial and Commercial Bank of China (Europe) S.A.
ICBC (Indonesia)	PT. Bank ICBC Indonesia
ICBC (London)	ICBC (London) PLC
ICBC (Macau)	Industrial and Commercial Bank of China (Macau) Limited
ICBC (Malaysia)	Industrial and Commercial Bank of China (Malaysia) Berhad
ICBC (Mexico)	Industrial and Commercial Bank of China Mexico S.A.
ICBC (New Zealand)	Industrial and Commercial Bank of China (New Zealand) Limited
ICBC (Peru)	ICBC PERU BANK
ICBC (Thai)	Industrial and Commercial Bank of China (Thai) Public Company Limited
ICBC (Turkey)	ICBC Turkey Bank Anonim Şirketi
ICBC (USA)	Industrial and Commercial Bank of China (USA) NA
ICBC Credit Suisse Asset Management	ICBC Credit Suisse Asset Management Co., Ltd.
ICBC International	ICBC International Holdings Limited
ICBC Investment	ICBC Financial Asset Investment Co., Ltd.
ICBC Investments Argentina	ICBC Investments Argentina S.A. Sociedad Gerente de Fondos Comunes de Inversión
ICBC Leasing	ICBC Financial Leasing Co., Ltd.
ICBC Standard Bank	ICBC Standard Bank PLC
ICBC Technology	ICBC Information and Technology Co., Ltd.
ICBC Wealth Management	ICBC Wealth Management Co., Ltd.
ICBCAMG	ICBC Asset Management (Global) Company Limited
ICBC-AXA	ICBC-AXA Assurance Co., Ltd.
ICBCFS	Industrial and Commercial Bank of China Financial Services LLC
IFRSs	The International Financial Reporting Standards promulgated by the International Accounting Standards Board, which comprise the International Accounting Standards
Inversora Diagonal	Inversora Diagonal S.A.
MOF	Ministry of Finance of the People's Republic of China
PBC	The People's Bank of China
PRC GAAP	Accounting Standards for Business Enterprises promulgated by MOF
Securities and Futures Ordinance of Hong Kong	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
SEHK	The Stock Exchange of Hong Kong Limited
SSE	Shanghai Stock Exchange
SSF	National Council for Social Security Fund
Standard Bank	Standard Bank Group Limited
State Council	The State Council of the People's Republic of China
The Bank/The Group	Industrial and Commercial Bank of China Limited; or Industrial and Commercial Bank of China Limited and its subsidiaries

Important Notice

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

The 2022 Interim Report of the Bank and the results announcement have been considered and approved at the meeting of the Board of Directors of the Bank held on 30 August 2022. There were 13 directors eligible for attending the meeting, of whom 12 directors attended the meeting in person and 1 director by proxy, namely, Mr. Zheng Guoyu appointed Vice Chairman Liao Lin to attend the meeting and exercise the voting right on his behalf.

The 2022 interim financial report prepared by the Bank in accordance with PRC GAAP and IFRSs have been reviewed by Deloitte Touche Tohmatsu Certified Public Accountants LLP and Deloitte Touche Tohmatsu in accordance with Chinese and international standards on review engagements respectively.

Upon the approval at the Annual General Meeting for the Year 2021 held on 23 June 2022, the Bank distributed cash dividends of about RMB104,534 million, or RMB2.933 per ten shares (pre-tax), for the period from 1 January 2021 to 31 December 2021 to the ordinary shareholders whose names appeared on the share register after the close of market on 11 July 2022. The Bank will not declare or distribute interim dividends for 2022, nor will it convert any capital reserves to share capital.

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

30 August 2022

Mr. Chen Siqing, Legal Representative of the Bank, Mr. Liao Lin, President in charge of finance of the Bank, and Mr. Liu Yagan, General Manager of the Finance and Accounting Department of the Bank, hereby warrant that the financial statements contained in the Interim Report are authentic, accurate and complete.

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

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

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

Corporate Information

Legal name in Chinese

中國工商銀行股份有限公司（「中國工商銀行」）

Legal name in English

INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED (“ICBC”)

Legal Representative

Chen Siqing

Registered address and office address

55 Fuxingmennei Avenue, Xicheng District, Beijing, China

Postal code: 100140

Telephone: 86-10-66106114

Business enquiry and complaint hotline: 86-95588

Website: www.icbc.com.cn, www.icbc-ltd.com

Principal place of business in Hong Kong SAR, China

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

Authorized representatives

Liao Lin and Guan Xueqing

Board Secretary and Company Secretary

Guan Xueqing

Address: 55 Fuxingmennei Avenue, Xicheng District, Beijing, China

Telephone: 86-10-66108608

Facsimile: 86-10-66107571

E-mail: ir@icbc.com.cn

Selected newspaper for information disclosure

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

Website of SSE for disclosure of the interim report in respect of A shares

www.sse.com.cn

The “HKEXnews” website of HKEX for disclosure of the interim report in respect of H shares

www.hkexnews.hk

Legal Advisors

Chinese mainland

King & Wood Mallesons

17-18/F, East Tower, World Financial Center, 1 East 3rd Ring Middle Road, Chaoyang District, Beijing, China

Haiwen & Partners

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

Hong Kong SAR, China

Allen & Overy

9/F, Three Exchange Square, Central, Hong Kong SAR, China

Freshfields Bruckhaus Deringer

55th Floor, One Island East, 18 Westlands Road, Quarry Bay, Hong Kong SAR, China

Share Registrars

A Share

China Securities Depository and Clearing Corporation Limited, Shanghai Branch

188 Yanggao South Road, Pudong New Area, Shanghai, China

Telephone: 86-4008058058

H Share

Computershare Hong Kong Investor Services Limited

17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai,

Hong Kong SAR, China

Telephone: 852-28628555

Facsimile: 852-28650990

Location where copies of this interim report are kept

Board of Directors’ Office of the Bank

Place where shares are listed, and their names and codes

A Share

Shanghai Stock Exchange

Stock name: 工商銀行

Stock code: 601398

H Share

The Stock Exchange of Hong Kong Limited

Stock name: ICBC

Stock code: 1398

Domestic Preference Share

Shanghai Stock Exchange

Stock name: 工行優1

Stock code: 360011

Stock name: 工行優2

Stock code: 360036

Offshore Preference Share

The Stock Exchange of Hong Kong Limited

Stock name: ICBC 20USDPRF

Stock code: 4620

Name and office address of Auditors

Domestic Auditor

Deloitte Touche Tohmatsu Certified Public Accountants LLP

30/F, 222 East Yan’an Road, Huangpu District, Shanghai, China

CPAs (Practicing): Wu Weijun and Zeng Hao

International Auditor

Deloitte Touche Tohmatsu

35/F, One Pacific Place, 88 Queensway, Hong Kong SAR, China

Financial Highlights

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

Financial Data

	Six months ended 30 June 2022	Six months ended 30 June 2021	Six months ended 30 June 2020
Operating results (in RMB millions)			
Net interest income	351,425	336,293	319,891
Net fee and commission income	76,017	75,943	75,558
Operating income	443,788	426,406	402,346
Operating expenses	103,173	94,991	87,925
Impairment losses on assets	133,622	124,547	125,456
Operating profit	206,993	206,868	188,965
Profit before taxation	209,145	208,070	189,351
Net profit	172,570	164,509	149,796
Net profit attributable to equity holders of the parent company	171,506	163,473	148,790
Net cash flows from operating activities	1,410,405	377,546	1,873,733
Per share data (in RMB yuan)			
Basic earnings per share	0.47	0.46	0.42
Diluted earnings per share	0.47	0.46	0.42

Financial Highlights

Financial Data (continued)

	30 June 2022	31 December 2021	31 December 2020
Assets and liabilities (in RMB millions)			
Total assets	38,744,376	35,171,383	33,345,058
Total loans and advances to customers	22,341,360	20,667,245	18,624,308
Corporate loans	13,310,401	12,194,706	11,102,733
Personal loans	8,139,397	7,944,781	7,115,279
Discounted bills	891,562	527,758	406,296
Allowance for impairment losses on loans ⁽¹⁾	654,124	603,983	531,161
Investment	10,174,195	9,257,760	8,591,139
Total liabilities	35,411,070	31,896,125	30,435,543
Due to customers	29,272,001	26,441,774	25,134,726
Corporate deposits	14,887,390	13,331,463	12,944,860
Personal deposits	13,701,431	12,497,968	11,660,536
Other deposits	277,723	250,349	261,389
Accrued interest	405,457	361,994	267,941
Due to banks and other financial institutions	3,302,752	2,921,029	2,784,259
Equity attributable to equity holders of the parent company	3,314,198	3,257,755	2,893,502
Share capital	356,407	356,407	356,407
Net asset value per share ⁽²⁾ (in RMB yuan)	8.30	8.15	7.48
Net common equity tier 1 capital ⁽³⁾	2,941,410	2,886,378	2,653,002
Net tier 1 capital ⁽³⁾	3,296,397	3,241,364	2,872,792
Net capital base ⁽³⁾	4,050,292	3,909,669	3,396,186
Risk-weighted assets ⁽³⁾	22,124,301	21,690,349	20,124,139
Credit rating			
S&P ⁽⁴⁾	A	A	A
Moody's ⁽⁴⁾	A1	A1	A1

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

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

(3) Calculated in accordance with the Capital Regulation.

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

Financial Indicators

	Six months ended 30 June 2022	Six months ended 30 June 2021	Six months ended 30 June 2020
Profitability (%)			
Return on average total assets ⁽¹⁾	0.93*	0.96*	0.95*
Return on weighted average equity ⁽²⁾	11.25*	11.90*	11.70*
Net interest spread ⁽³⁾	1.85*	1.93*	2.02*
Net interest margin ⁽⁴⁾	2.03*	2.12*	2.20*
Return on risk-weighted assets ⁽⁵⁾	1.58*	1.60*	1.56*
Ratio of net fee and commission income to operating income	17.13	17.81	18.78
Cost-to-income ratio ⁽⁶⁾	22.14	21.19	20.76
	30 June 2022	31 December 2021	31 December 2020
Asset quality (%)			
Non-performing loans ("NPLs") ratio ⁽⁷⁾	1.41	1.42	1.58
Allowance to NPLs ⁽⁸⁾	207.03	205.84	180.68
Allowance to total loans ratio ⁽⁹⁾	2.93	2.92	2.85
Capital adequacy (%)			
Common equity tier 1 capital adequacy ratio ⁽¹⁰⁾	13.29	13.31	13.18
Tier 1 capital adequacy ratio ⁽¹⁰⁾	14.90	14.94	14.28
Capital adequacy ratio ⁽¹⁰⁾	18.31	18.02	16.88
Total equity to total assets ratio	8.60	9.31	8.73
Risk-weighted assets to total assets ratio	57.10	61.67	60.35

Notes: * indicates annualised ratios.

- (1) Calculated by dividing net profit by the average balance of total assets at the beginning and at the end of the reporting period.
- (2) Calculated in accordance with the Rules for the Compilation and Submission of Information Disclosure by Companies that Offer Securities to the Public No. 9 — Calculation and Disclosure of Return on Net Assets and Earnings per Share (Revision 2010) issued by CSRC.
- (3) Calculated by the spread between yield on average balance of interest-generating assets and cost on average balance of interest-bearing liabilities.
- (4) Calculated by dividing net interest income by the average balance of interest-generating assets.
- (5) Calculated by dividing net profit by the average balance of risk-weighted assets at the beginning and at the end of the reporting period.
- (6) Calculated by dividing operating expense (less taxes and surcharges) by operating income.
- (7) Calculated by dividing the balance of NPLs by total balance of loans and advances to customers.
- (8) Calculated by dividing allowance for impairment losses on loans by total balance of NPLs.
- (9) Calculated by dividing allowance for impairment losses on loans by total balance of loans and advances to customers.
- (10) Calculated in accordance with the Capital Regulation.

Overview of Business Operation

Since the beginning of the year, facing the increasingly complex, severe and uncertain external environment, the Bank followed the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, implemented in depth the important requirements for effective COVID-19 prevention, economic stability, and safe development, and earnestly carried out the decisions and plans made by the Communist Party of China (“CPC” or the “Party”) Central Committee and the State Council. The Bank made stability its top priority and pursued progress while ensuring stability. It followed the 48-character guideline and applied the working method of Three Compares, Three Reviews and Three Improves. It grounded its work in the new stage of development, applied the new development philosophy, served and integrated into the new pattern of development, and promoted high-quality development with high-quality remediation of problems identified in the disciplinary inspection by the CPC Central Committee. The Bank delivered interim results which were not only better than expected, but also better than that of the corresponding period in the past year.

Key operational indicators maintained stable while gaining sound momentum. The “strong” foundation was effectively strengthened. The Group’s capital adequacy ratio was 18.31%, at the forefront among major banks around the globe; allowance to NPLs was 207.03%, indicating sound risk resilience; NPL ratio stood at 1.41%, down 0.01 percentage points from the end of last year. The “excellent” quality and efficiency was retained. While the Bank made more profit concessions to the real economy, return on average total assets and return on weighted average equity maintained at a relatively good level; NIM stayed in a reasonable range. The advantages of being “large” were effectively consolidated. Operating income, profit before provision and net profit all maintained a leading position among peers.

The Bank fulfilled its responsibilities as a large bank to serve the real economy. With a focus on its main responsibilities and principal businesses, the Bank put emphasis on key areas, gave play to the dual functions of increasing volume and structural adjustment of investment and financing, and assisted in maintaining stable macroeconomic performance with optimized financial supply. In the first half of the year, domestic RMB loans increased by RMB1.61 trillion, a record-high growth, ranking first in the market, and the increment was higher than that in the corresponding period of last year month by month. The Bank increased support to key fields and weak areas of the real economy. The growth rates in loans

to manufacturing, sci-tech innovation, inclusive finance, the private sector, green fields and agriculture-related fields were notably higher than the average growth rate of all loans. The growth rates in credit loans to healthcare, transportation and logistics took the lead, which made positive contributions to containing the pandemic and maintaining stable economic growth. Among those loans, loans to manufacturing increased by RMB628.1 billion, 3.5 times of the increment of the corresponding period of the previous year, and the balances of medium to long-term loans and credit loans to manufacturing both exceeded RMB1 trillion for the first time. The aggregate volume and increment of loans to strategic emerging industries ranked first before the Bank’s peers. The Bank issued a carbon neutrality green finance bond, first among domestic commercial banks. The balance of green credits recorded RMB3,499.9 billion. The number of inclusive loan accounts increased by 123 thousand from the beginning of the year, and the balance increased by 27.4% from the beginning of the year, achieving growth in both volume and amount. The Bank implemented “Chunrong Action” in depth and provided targeted support to foreign trade and foreign investment enterprises. Meanwhile, the Bank took solid steps to help enterprises overcome their difficulties. It deferred principal and interest repayments on loans for eligible customers, especially micro and small enterprises and self-employed individuals, effectively supporting the endeavor to keep the operations of market entities stable, ensure employment, and meet basic living needs.

Pragmatic results were achieved in enterprise-wide risk management. The Bank pursued development and safety in a coordinated manner, gave priority to active forestalling and diffusion of financial risks, and strengthened the Five-pronged Risk Management Approach, namely the overall risk management of domestic and overseas institutions, on- and off-balance sheet business, commercial banking and investment banking and other services, online and offline business, and Head Office and subordinate institutions. It checked and sorted latent risks item by item and focused on making risk management more holistic, targeted and effective. The Bank continued to make breakthroughs in asset quality. As a result, key indicators of asset quality maintained stable with sound momentum, the amount of recoveries from written-off loans set a record, and NPL ratio and overdue loan rate maintained stable. The Bank established the joint control and prevention mechanism for market risk in five fields, namely, currency, foreign exchange, bond, stock and commodity and responded to fluctuations in the

global financial market timely and effectively. Market risk was thus kept generally under control. Meanwhile, the Bank steadily promoted the Year for Value Improvement internal control & compliance campaign and continued to deepen internal control and case prevention governance. It also maintained strict measures for epidemic control and production safety, to fully ensure the safety of personnel and operations.

The drive of reform and innovation was effectively unleashed. The Bank refined the strategic plan for the development of the Group, formulated and implemented the plan for deepening comprehensive reform, and put forth effort to solve deep-seated problems through reform. The strategic layout of “leveraging our strengths, tackling areas of weaknesses and solidifying the foundation” was further deepened, and key strategies related to personal banking, foreign exchange business, key regions and urban-rural collaborative development

produced remarkable results. The “GBC+” projects were implemented in depth, and the momentum for high-quality development was further strengthened. At the end of June, the balance of deposits in local and foreign currencies (including interbank deposits) exceeded RMB30 trillion, and its increment exceeded RMB3 trillion for the first time. Those deposits provided a stable source of funds for serving the real economy. The total number of corporate customers surpassed 10 million, and the number of global cash management customers exceeded 10,000. The Bank earnestly performed its duties as the Chair organization of BRICS Business Council Chinese Chapter and promoted the implementation of various pragmatic cooperation results among the industry and commerce sectors in the five BRICS countries. In addition, the Bank launched the new digital brand “D-ICBC”, and it maintained the first place in the industry in terms of IT regulatory rating.

Discussion and Analysis

ECONOMIC, FINANCIAL AND REGULATORY ENVIRONMENTS

In the first half of 2022, the global economic growth slowed down, inflation remained at a high level, geopolitical conflicts continued, and the external environment became more severe and complicated. In such context, the foundation for China's economic recovery needs to be consolidated, and the structural inflation pressure is likely to increase. Generally speaking, the fundamentals of China's long-term economic development remain unchanged with relatively resilient economy and abundant macro-policy adjustment tools, and there are many favorable conditions for promoting the high-quality economic development.

Confronted with a complex and challenging international situation, as well as demanding tasks of advancing reform, promoting development, and maintaining stability at home, China has effectively coordinated epidemic response with economic and social development, and effectively implemented a package of policies to stabilize the economy. As a result, the national economy registered a stable recovery, production and demands saw improving margins, market prices were generally stable, people's livelihood was protected sufficiently with robust steps, and the momentum of high-quality development was sustained. In the first half of 2022, China's gross domestic product (GDP), fixed asset investment (excluding rural households), and total (RMB-denominated) imports and exports of trade in goods rose by 2.5%, 6.1% and 9.4% year on year respectively, while retail sales of consumer goods dropped by 0.7% year on year. The value-added of industrial enterprises above designated size and value added of services increased by 3.4% and 1.8% year on year respectively, and consumer price index (CPI) increased mildly by 1.7% year on year.

Proactive fiscal policy played its role in the early stage. China implemented the large-scale VAT credit refund policy, accelerated the issuance and use of special-purpose bonds, and stepped up efforts to reduce the burden of medium, small and micro enterprises. Besides, China pushed financial resources downward, and firmly secured the bottom line of "ensuring the people's basic livelihood, wages and operation" for the grassroots. The prudent monetary policy was flexible and appropriate. PBC lowered the reserve requirement ratio (RRR), turned over the balance profit to the state, and extended liquidity by relending, rediscounting, medium-term lending facility (MLF), open market operation and other means, to enhance the stability of total credit growth. It increased the credit quota for policy banks, promoted the establishment of policy-based and developmental financial instruments, and supported medium to long-term infrastructure loans. It launched three new structural monetary policy instruments, namely, special central bank lending for sci-tech innovation, inclusive elderly care services and the transport and logistics sector, increased the proportion of incentive funds in support instruments of inclusive micro and small business ("MSBs") loans, provided an additional quota for the special central bank lending supporting the clean and efficient use of coal, and augmented the civil aviation emergency loans, to support the key areas in a targeted way. PBC continuously released the effect of the Loan Prime Rate (LPR) reform, built up a deposit rate market-oriented adjustment mechanism, and promoted a steady decline of overall financing costs of enterprises. It also deepened the market-oriented exchange rate reform and maintained the RMB exchange rate basically stable at an adaptive and equilibrium level.

Regulatory policies took into account promoting development, benefiting people's livelihood and preventing risks. In terms of promoting development, the 14th Five-Year Development Plan for Financial Standardization was issued to promote standardized support for the high-quality development of the financial industry; the pilot scope of pension wealth management products was expanded to regulate and facilitate the development of commercial pension finance; financial institutions were guided to accelerate digital transformation; and the Guidelines on Green Finance in Banking and Insurance Industries was issued, requiring banking and insurance institutions to promote green finance from a strategic perspective. In terms of benefiting people's livelihood, 23 measures were introduced to support the real economy with financial services; a long-lasting mechanism was developed for promoting the confidence, willingness, ability, and professionalism of financial institutions in lending to MSBs; and financial institutions were guided to support the development of affordable rental housing, strengthen financial services for new urban residents and support the key work of rural revitalization. In terms of preventing risks, relevant regulations were introduced, involving such as the issuance of total loss absorbing capacity (TLAC) non-capital bonds by global systemically important banks, the implementation and management of expected credit loss method by commercial banks, and the management of related party transactions of financial institutions, to further regulate internal control and risk management of commercial banks; and public opinions were solicited on the Financial Stability Law etc.

The financial market ran smoothly overall. At the end of June, the balance of broad money supply (M2) was RMB258.15 trillion, up 11.4% year on year. The aggregate financing to the real economy (stock) stood at RMB334.27 trillion, up 10.8% year on year. The outstanding RMB loans reached RMB206.35 trillion, increasing by 11.2%

year on year. The balance of RMB deposits amounted to RMB251.05 trillion, up 10.8% year on year. At the end of June, the cumulative value of bond issuances reached RMB31.51 trillion, up 7.0% year on year. The stock market indices went down, with the Shanghai Composite Index and the Shenzhen Component Index decreasing by 6.6% and 13.2% respectively over the end of last year, the decrease of which was lower than the major global stock indices. The central parity of RMB against the US dollar was 6.7114, which was relatively more stable as compared with the value of major international currencies.

The total assets of commercial banks grew steadily, with basically stable credit asset quality and stronger risk offsetting capacity. At the end of June, the RMB and foreign-currency assets of commercial banks totaled RMB310.47 trillion, up 10.4% year on year. The balance of NPLs reached RMB2.95 trillion, with a NPL ratio of 1.67% and allowance to NPLs of 203.78%. The capital adequacy ratio was 14.87%. Among the Top 1000 World Banks 2022 by *The Banker*, six major state-owned commercial banks ranked in the top 15, and five of them ranked in the top 10.

In the first half of 2022, the Bank earnestly implemented the central government's requirements for "effective COVID-19 prevention, economic stability, and safe development", and improved the quality and efficiency of serving the real economy. It further demonstrated its qualities of being "strong, excellent and large", continued to consolidate its asset quality, and constantly reinforced its risk offsetting capacity. The Bank maintained its advantage in international influence, ranking the 1st place among the Top 1000 World Banks by *The Banker* for the tenth consecutive year.

FINANCIAL STATEMENTS ANALYSIS

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Income Statement Analysis

In the first half of 2022, the Bank spared no effort to serve the real economy, prevent financial risks, deepen the financial reform, and strived to promote its own high-quality development while supporting the high-quality development of the economy and society. The Bank realized a net profit of RMB172,570 million in the first half of 2022, representing an increase of 4.9% as compared to the same period of last year. Annualised return on average total assets stood at 0.93%, and annualised return on weighted average equity was 11.25%. Operating income amounted to RMB443,788 million, recording an increase of 4.1%. Specifically, net interest income was RMB351,425 million, growing by 4.5%. Non-interest income reached RMB92,363 million, rising by 2.5%. Operating expenses amounted to RMB103,173 million, representing an increase of 8.6%, and the cost-to-income ratio was 22.14%. Impairment losses on assets were RMB133,622 million, indicating an increase of 7.3%. Income tax expense decreased by 16.0% to RMB36,575 million.

CHANGES OF KEY INCOME STATEMENT ITEMS

In RMB millions, except for percentages

Item	Six months ended	Six months ended	Increase/ (decrease)	Growth rate (%)
	30 June 2022	30 June 2021		
Net interest income	351,425	336,293	15,132	4.5
Non-interest income	92,363	90,113	2,250	2.5
Operating income	443,788	426,406	17,382	4.1
Less: Operating expenses	103,173	94,991	8,182	8.6
Less: Impairment losses on assets	133,622	124,547	9,075	7.3
Operating profit	206,993	206,868	125	0.1
Share of results of associates and joint ventures	2,152	1,202	950	79.0
Profit before taxation	209,145	208,070	1,075	0.5
Less: Income tax expense	36,575	43,561	(6,986)	(16.0)
Net profit	172,570	164,509	8,061	4.9
Attributable to:				
Equity holders of the parent company	171,506	163,473	8,033	4.9
Non-controlling interests	1,064	1,036	28	2.7

Net Interest Income

In the first half of 2022, net interest income amounted to RMB351,425 million, representing an increase of RMB15,132 million or 4.5% as compared to the same period of last year, mainly because the Bank stepped up investment and financing support for the real economy, resulting in the increase in total interest-generating assets. Interest income amounted to RMB620,023 million, growing by RMB56,221 million or 10.0%, and interest expenses rose by RMB41,089 million or 18.1% to RMB268,598 million. The Bank continued to make profit concessions for the real economy, and further lower the financing costs for enterprises. Annualised net interest spread and net interest margin came at 1.85% and 2.03%, 8 basis points and 9 basis points lower than those of the same period of last year, respectively.

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

In RMB millions, except for percentages

Item	Six months ended 30 June 2022			Six months ended 30 June 2021		
	Average balance	Interest income/expense	Average yield/cost (%)	Average balance	Interest income/expense	Average yield/cost (%)
Assets						
Loans and advances to customers	21,524,527	442,796	4.15	19,500,822	402,959	4.17
Investment	8,664,057	141,578	3.30	7,799,336	127,855	3.31
Due from central banks ⁽²⁾	2,893,046	20,976	1.46	2,882,674	20,917	1.46
Due from banks and other financial institutions ⁽³⁾	1,748,569	14,673	1.69	1,766,713	12,071	1.38
Total interest-generating assets	34,830,199	620,023	3.59	31,949,545	563,802	3.56
Non-interest-generating assets	2,642,283			2,715,566		
Allowance for impairment losses on assets	(674,800)			(565,002)		
Total assets	36,797,682			34,100,109		
Liabilities						
Deposits	26,405,307	223,078	1.70	23,915,026	190,688	1.61
Due to banks and other financial institutions ⁽³⁾	3,652,766	30,057	1.66	3,148,297	21,838	1.40
Debt securities issued and certificates of deposit	1,084,133	15,463	2.88	1,119,835	14,983	2.70
Total interest-bearing liabilities	31,142,206	268,598	1.74	28,183,158	227,509	1.63
Non-interest-bearing liabilities	2,142,212			2,232,788		
Total liabilities	33,284,418			30,415,946		
Net interest income		351,425			336,293	
Net interest spread			1.85			1.93
Net interest margin			2.03			2.12

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

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

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

Discussion and Analysis

ANALYSIS OF CHANGES IN INTEREST INCOME AND EXPENSE

In RMB millions

Item	Comparison between six months ended 30 June 2022 and 30 June 2021		
	Increase/(decrease) due to		Net increase/ (decrease)
	Volume	Interest rate	
Assets			
Loans and advances to customers	41,771	(1,934)	39,837
Investment	14,110	(387)	13,723
Due from central banks	59	0	59
Due from banks and other financial institutions	(114)	2,716	2,602
Changes in interest income	55,826	395	56,221
Liabilities			
Deposits	21,717	10,673	32,390
Due to banks and other financial institutions	4,160	4,059	8,219
Debt securities issued and certificates of deposit	(520)	1,000	480
Changes in interest expenses	25,357	15,732	41,089
Changes in net interest income	30,469	(15,337)	15,132

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

Interest Income

Interest Income on Loans and Advances to Customers

Interest income on loans and advances to customers was RMB442,796 million, RMB39,837 million or 9.9% higher compared to the same period of last year, as mainly affected by the increase of 10.4% in the average balance of loans and advances to customers.

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

In RMB millions, except for percentages

Item	Six months ended 30 June 2022			Six months ended 30 June 2021		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Short-term loans	4,450,319	75,583	3.42	4,006,321	69,190	3.48
Medium to long-term loans	17,074,208	367,213	4.34	15,494,501	333,769	4.34
Total loans and advances to customers	21,524,527	442,796	4.15	19,500,822	402,959	4.17

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

In RMB millions, except for percentages

Item	Six months ended 30 June 2022			Six months ended 30 June 2021		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Corporate loans	11,765,245	232,838	3.99	10,528,639	211,775	4.06
Discounted bills	652,362	6,975	2.16	339,632	4,722	2.80
Personal loans	7,855,651	185,886	4.77	7,225,440	169,404	4.73
Overseas business	1,251,269	17,097	2.76	1,407,111	17,058	2.44
Total loans and advances to customers	21,524,527	442,796	4.15	19,500,822	402,959	4.17

Interest Income on Investment

Interest income on investment amounted to RMB141,578 million, representing an increase of RMB13,723 million or 10.7% as compared to the same period of last year, mainly due to the increase of 11.1% in the average balance of investment.

Interest Income on Due from Banks and Other Financial Institutions

Interest income on due from banks and other financial institutions was RMB14,673 million, representing an increase of RMB2,602 million or 21.6% as compared to the same period of last year, principally due to the increase of average yield year on year as affected by product structure, product maturity and other factors.

Interest Expense

Interest Expense on Deposits

Interest expense on deposits amounted to RMB223,078 million, representing an increase of RMB32,390 million or 17.0% as compared to the same period of last year, mainly due to the increase of 10.4% in the average balance of due to customers and the increase of 9 basis points in the average cost.

ANALYSIS OF AVERAGE DEPOSIT COST BY PRODUCTS

In RMB millions, except for percentages

Item	Six months ended 30 June 2022			Six months ended 30 June 2021		
	Average balance	Interest expense	Average cost (%)	Average balance	Interest expense	Average cost (%)
Corporate deposits						
Time deposits	5,511,411	68,937	2.52	4,822,432	58,206	2.43
Demand deposits	7,190,420	30,852	0.87	6,945,498	27,951	0.81
Subtotal	12,701,831	99,789	1.58	11,767,930	86,157	1.48
Personal deposits						
Time deposits	7,421,324	108,142	2.94	6,136,842	90,529	2.97
Demand deposits	5,317,036	9,014	0.34	5,015,748	8,795	0.35
Subtotal	12,738,360	117,156	1.85	11,152,590	99,324	1.80
Overseas business	965,116	6,133	1.28	994,506	5,207	1.06
Total deposits	26,405,307	223,078	1.70	23,915,026	190,688	1.61

Discussion and Analysis

Interest Expense on Due to Banks and Other Financial Institutions

Interest expense on due to banks and other financial institutions was RMB30,057 million, representing an increase of RMB8,219 million or 37.6% as compared to the same period of last year, principally because the average balance rose by 16.0% and the average cost increased year on year as affected by the currency type, product maturity and other factors.

Interest Expense on Debt Securities Issued and Certificates of Deposit

Interest expense on debt securities issued and certificates of deposit was RMB15,463 million, indicating an increase of RMB480 million or 3.2% over the same period of last year, mainly attributable to the increase in the interest rates of debt securities and certificates of deposit issued by overseas institutions. Please refer to "Note 28. to the Consolidated Financial Statements: Debt Securities Issued" for the debt securities issued by the Bank.

Non-interest Income

In the first half of 2022, non-interest income increased by RMB2,250 million or 2.5% to RMB92,363 million, accounting for 20.8% of the Bank's operating income. Specifically, net fee and commission income grew by RMB74 million or 0.1% to RMB76,017 million, and other non-interest income increased by RMB2,176 million or 15.4% to RMB16,346 million.

NET FEE AND COMMISSION INCOME

In RMB millions, except for percentages

Item	Six months ended 30 June 2022	Six months ended 30 June 2021	Increase/ (decrease)	Growth rate (%)
Settlement, clearing business and cash management	24,186	21,949	2,237	10.2
Personal wealth management and private banking services	15,499	16,354	(855)	(5.2)
Investment banking business	12,983	15,117	(2,134)	(14.1)
Bank card business	8,681	8,020	661	8.2
Corporate wealth management services	8,070	7,238	832	11.5
Guarantee and commitment business	6,664	7,256	(592)	(8.2)
Asset custody business	4,598	4,512	86	1.9
Trust and agency services	1,268	1,196	72	6.0
Other	1,700	1,590	110	6.9
Fee and commission income	83,649	83,232	417	0.5
Less: Fee and commission expense	7,632	7,289	343	4.7
Net fee and commission income	76,017	75,943	74	0.1

In the first half of 2022, the Bank's net fee and commission income hit RMB76,017 million, representing an increase of RMB74 million or 0.1% as compared to the same period of last year. The income from settlement, clearing business and cash management recorded an increase of RMB2,237 million, as mainly benefited from the increase in third-party payment business income. The income from corporate wealth management services recorded an increase of RMB832 million, mainly due to the increase in income from investment management fee of corporate wealth management. Income from bank card business climbed by RMB661 million, principally due to the increase in income from counterparty service and acquiring business. Income from personal wealth management and private banking services decreased by RMB855 million, mainly attributable to the decrease in income from agency personal fund business affected by capital market fluctuation. The Bank adhered to the business transformation and implemented policies relating to fee reduction and profit concessions. As a result, the income from investment banking business, guarantee and commitment business etc. decreased as compared to the same period of last year.

OTHER NON-INTEREST RELATED GAINS

In RMB millions, except for percentages

Item	Six months ended 30 June 2022	Six months ended 30 June 2021	Increase/ (decrease)	Growth rate (%)
Net trading income	4,813	6,047	(1,234)	(20.4)
Net gains on financial investments	6,154	2,952	3,202	108.5
Other operating income, net	5,379	5,171	208	4.0
Total	16,346	14,170	2,176	15.4

Other non-interest related gains amounted to RMB16,346 million, representing an increase of RMB2,176 million or 15.4% as compared to the same period of last year. Among these, the decrease in net trading income was mainly due to the decrease in net income from equity investment; the increase in net gain on financial investments was primarily a result of the decline of expenses on structured deposits.

Operating Expenses

In RMB millions, except for percentages

Item	Six months ended 30 June 2022	Six months ended 30 June 2021	Increase/ (decrease)	Growth rate (%)
Staff costs	63,214	60,179	3,035	5.0
Property and equipment expenses	13,664	13,179	485	3.7
Taxes and surcharges	4,919	4,646	273	5.9
Amortisation	1,651	1,267	384	30.3
Other	19,725	15,720	4,005	25.5
Total	103,173	94,991	8,182	8.6

Impairment Losses on Assets

In the first half of 2022, the Bank set aside the impairment losses on assets of RMB133,622 million, an increase of RMB9,075 million or 7.3% as compared to the same period of last year. Please refer to "Note 9. to the Consolidated Financial Statements: Impairment Losses on Assets" for details.

Income Tax Expense

Income tax expense decreased by RMB6,986 million or 16.0% to RMB36,575 million as compared to the same period of last year. The effective tax rate was 17.49%. The decrease in income tax expense was mainly attributable to the increase in tax exempt income from bond investment business. Please see "Note 10. to the Consolidated Financial Statements: Income Tax Expense" for the reconciliation of income tax expense at the PRC statutory income tax rate and the effective income tax expense.

Discussion and Analysis

Summary Geographical Segment Information

In RMB millions, except for percentages

Item	Six months ended 30 June 2022		Six months ended 30 June 2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Operating income	443,788	100.0	426,406	100.0
Head Office	59,158	13.3	67,251	15.8
Yangtze River Delta	74,762	16.8	68,536	16.1
Pearl River Delta	57,146	12.9	53,468	12.5
Bohai Rim	76,713	17.3	73,048	17.1
Central China	58,086	13.1	52,666	12.4
Western China	66,479	15.0	62,990	14.8
Northeastern China	14,323	3.2	14,630	3.4
Overseas and other	37,121	8.4	33,817	7.9
Profit before taxation	209,145	100.0	208,070	100.0
Head Office	7,296	3.5	19,123	9.2
Yangtze River Delta	40,135	19.2	39,772	19.1
Pearl River Delta	26,699	12.8	27,489	13.2
Bohai Rim	43,017	20.6	39,277	18.9
Central China	30,777	14.7	26,250	12.6
Western China	32,609	15.6	31,891	15.3
Northeastern China	3,345	1.6	3,128	1.5
Overseas and other	25,267	12.0	21,140	10.2

Note: Please see "Note 41. to the Consolidated Financial Statements: Segment Information" for details.

Balance Sheet Analysis

In the first half of 2022, in response to changes in external development trends, the Bank earnestly implemented the macroeconomic and financial policies and regulatory requirements, continued to enhance the foresight, scientificity and initiative of the asset and liability management work, and coordinated and arranged the aggregate amount, structure and pace of assets and liabilities. While maintaining a moderate growth of the total assets and liabilities, the Bank deeply promoted the continuous optimization of the asset and liability structure and coordinated development of quantity and price, in an effort to achieve the high-quality development of assets and liabilities.

Assets Deployment

As at the end of June, total assets of the Bank amounted to RMB38,744,376 million, RMB3,572,993 million or 10.2% higher than that at the end of the prior year. Specifically, total loans and advances to customers (collectively referred to as "total loans") increased by RMB1,674,115 million or 8.1% to RMB22,341,360 million, investment increased by RMB916,435 million or 9.9% to RMB10,174,195 million, and cash and balances with central banks increased by RMB250,036 million or 8.1% to RMB3,348,474 million.

Discussion and Analysis

In RMB millions, except for percentages

Item	At 30 June 2022		At 31 December 2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Total loans and advances to customers	22,341,360	—	20,667,245	—
Add: Accrued interest	49,730	—	45,719	—
Less: Allowance for impairment losses on loans and advances to customers measured at amortised cost	653,669	—	603,764	—
Net loans and advances to customers ⁽¹⁾	21,737,421	56.1	20,109,200	57.2
Investment	10,174,195	26.3	9,257,760	26.3
Cash and balances with central banks	3,348,474	8.6	3,098,438	8.8
Due from banks and other financial institutions	1,009,220	2.6	827,150	2.4
Reverse repurchase agreements	1,178,806	3.0	663,496	1.9
Other	1,296,260	3.4	1,215,339	3.4
Total assets	38,744,376	100.0	35,171,383	100.0

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

Loan

The Bank continued to improve the quality and efficiency of serving the real economy, actively supported the construction of major ongoing projects and projects to make up for deficiencies in new urbanization and transportation areas, and effectively carried out the inclusive and rural revitalization strategies. Besides, it grasped the development opportunities of green finance on all fronts, and continuously increased investment and financing support to intelligent manufacturing, digital economy, optimization and upgrade of manufacturing, and other key areas in the advanced manufacturing industry. As at the end of June, total loans amounted to RMB22,341,360 million, RMB1,674,115 million or 8.1% higher compared with the end of the previous year, of which RMB denominated loans of domestic branches increased by RMB1,606,873 million or 8.5% to RMB20,536,798 million.

DISTRIBUTION OF LOANS BY BUSINESS LINE

In RMB millions, except for percentages

Item	At 30 June 2022		At 31 December 2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Corporate loans	13,310,401	59.6	12,194,706	59.0
Short-term corporate loans	3,176,551	14.2	2,737,742	13.2
Medium to long-term corporate loans	10,133,850	45.4	9,456,964	45.8
Discounted bills	891,562	4.0	527,758	2.6
Personal loans	8,139,397	36.4	7,944,781	38.4
Residential mortgages	6,449,004	28.9	6,362,685	30.8
Personal consumption loans	210,826	0.9	187,316	0.9
Personal business loans	821,430	3.7	702,441	3.4
Credit card overdrafts	658,137	2.9	692,339	3.3
Total	22,341,360	100.0	20,667,245	100.0

Discussion and Analysis

The Bank continued to increase credit allocation to key areas such as manufacturing, strategic emerging industries, inclusive finance, green finance and rural revitalization, and the Bank's corporate loans in key strategic regions such as the Beijing-Tianjin-Hebei region, Yangtze River Delta, Guangdong-Hong Kong-Macao Greater Bay Area, Central China and Chengdu-Chongqing economic circle continued to grow. Corporate loans rose by RMB1,115,695 million or 9.1% from the end of last year. Specifically, short-term corporate loans and medium to long-term corporate loans increased by RMB438,809 million and RMB676,886 million respectively.

The Bank continued to increase the supply of personal loans to help improve the inclusiveness of financial services, meet the reasonable housing demand of residents, and promote the continuous recovery of consumption. Personal loans increased by RMB194,616 million or 2.4% compared with the end of last year. Specifically, personal business loans grew by RMB118,989 million or 16.9%.

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

Investment

The Bank continued to reinforce its financial service capability for the real economy, and scaled up its investment in local government bonds and bonds conducive to the development of strategic industries and the cultivation of new economic drive. As at the end of June, investment amounted to RMB10,174,195 million, representing an increase of RMB916,435 million or 9.9% from the end of the previous year. Among these, bonds rose by RMB894,835 million or 10.1% to RMB9,712,180 million.

In RMB millions, except for percentages

Item	At 30 June 2022		At 31 December 2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Bonds	9,712,180	95.5	8,817,345	95.2
Equity instruments	193,133	1.9	190,186	2.1
Funds and other	155,474	1.5	148,166	1.6
Accrued interest	113,408	1.1	102,063	1.1
Total	10,174,195	100.0	9,257,760	100.0

DISTRIBUTION OF INVESTMENT IN BONDS BY ISSUERS

In RMB millions, except for percentages

Item	At 30 June 2022		At 31 December 2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Government bonds	7,232,440	74.5	6,371,607	72.3
Central bank bonds	35,974	0.4	38,207	0.4
Policy bank bonds	671,663	6.9	754,719	8.6
Other bonds	1,772,103	18.2	1,652,812	18.7
Total	9,712,180	100.0	8,817,345	100.0

In terms of distribution by issuers, government bonds increased by RMB860,833 million or 13.5% over the end of last year; central bank bonds decreased by RMB2,233 million or 5.8%; policy bank bonds went down by RMB83,056 million or 11.0%; and other bonds increased by RMB119,291 million or 7.2%.

DISTRIBUTION OF INVESTMENT IN BONDS BY REMAINING MATURITY

In RMB millions, except for percentages

Remaining maturity	At 30 June 2022		At 31 December 2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Undated ⁽¹⁾	210	0.0	167	0.0
Less than 3 months	806,844	8.3	514,685	5.8
3 to 12 months	1,190,433	12.3	1,228,144	13.9
1 to 5 years	3,506,718	36.1	3,517,415	39.9
Over 5 years	4,207,975	43.3	3,556,934	40.4
Total	9,712,180	100.0	8,817,345	100.0

Note: (1) Refers to overdue bonds.

DISTRIBUTION OF INVESTMENT IN BONDS BY CURRENCY

In RMB millions, except for percentages

Item	At 30 June 2022		At 31 December 2021	
	Amount	Percentage (%)	Amount	Percentage (%)
RMB-denominated bonds	8,927,834	91.9	8,110,061	92.0
USD-denominated bonds	532,054	5.5	450,447	5.1
Other foreign currency bonds	252,292	2.6	256,837	2.9
Total	9,712,180	100.0	8,817,345	100.0

In terms of currency structure, RMB-denominated bonds rose by RMB817,773 million or 10.1% over the end of last year. USD-denominated bonds increased by an equivalent of RMB81,607 million, up 18.1%; other foreign currency bonds decreased by an equivalent of RMB4,545 million or 1.8%. During the reporting period, the Bank improved the investment portfolio structure of foreign currency bonds and properly increased the investment in USD-denominated bonds.

DISTRIBUTION OF INVESTMENT BY MEASURING METHOD

In RMB millions, except for percentages

Item	At 30 June 2022		At 31 December 2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Financial investments measured at fair value through profit or loss	765,787	7.5	623,223	6.7
Financial investments measured at fair value through other comprehensive income	1,729,559	17.0	1,803,604	19.5
Financial investments measured at amortised cost	7,678,849	75.5	6,830,933	73.8
Total	10,174,195	100.0	9,257,760	100.0

Discussion and Analysis

As at the end of June, the Group held RMB1,653,617 million of financial bonds¹, including RMB671,663 million of policy bank bonds and RMB981,954 million of bonds issued by banks and non-bank financial institutions, accounting for 40.6% and 59.4% of financial bonds, respectively.

TOP 10 FINANCIAL BONDS HELD BY THE BANK

In RMB millions, except for percentages

Bond name	Nominal value	Annual interest rate (%)	Maturity date	Allowance for impairment losses ⁽¹⁾
Policy bank bonds 2015	21,810	4.21	13 April 2025	–
Policy bank bonds 2020	19,462	3.23	23 March 2030	–
Policy bank bonds 2020	18,450	2.96	17 April 2030	–
Policy bank bonds 2019	18,258	3.48	8 January 2029	–
Policy bank bonds 2019	17,672	3.45	20 September 2029	–
Policy bank bonds 2015	16,390	4.29	7 April 2025	–
Policy bank bonds 2020	15,135	3.79	26 October 2030	–
Policy bank bonds 2020	14,769	3.70	20 October 2030	–
Policy bank bonds 2020	13,510	3.74	16 November 2030	–
Policy bank bonds 2015	13,435	3.81	5 February 2025	–

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

Reverse Repurchase Agreements

The reverse repurchase agreements were RMB1,178,806 million, an increase of RMB515,310 million or 77.7% compared to the end of last year, mainly because the Bank appropriately arranged fund operation strategy based on the fund changes in the first half of the year, and moderately increased the amount of money lent to the market.

Liabilities

As at the end of June, total liabilities reached RMB35,411,070 million, an increase of RMB3,514,945 million or 11.0% compared with the end of last year.

In RMB millions, except for percentages

Item	At 30 June 2022		At 31 December 2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Due to customers	29,272,001	82.7	26,441,774	82.9
Due to banks and other financial institutions	3,302,752	9.3	2,921,029	9.2
Repurchase agreements	490,885	1.4	365,943	1.1
Debt securities issued	852,124	2.4	791,375	2.5
Other	1,493,308	4.2	1,376,004	4.3
Total liabilities	35,411,070	100.0	31,896,125	100.0

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

Due to Customers

Due to customers is the Bank's main source of funds. As at the end of June, the balance of due to customers was RMB29,272,001 million, RMB2,830,227 million or 10.7% higher than that at the end of the previous year. In terms of customer structure, the balance of corporate deposits grew by RMB1,555,927 million or 11.7%; and the balance of personal deposits increased by RMB1,203,463 million or 9.6%. In terms of maturity structure, the balance of time deposits rose by RMB2,107,832 million or 16.3%, while the balance of demand deposits grew by RMB651,558 million or 5.0%. In terms of currency structure, RMB deposits stood at RMB27,603,758 million, an increase of RMB2,689,234 million or 10.8%. Foreign currency deposits were equivalent to RMB1,668,243 million, an increase of RMB140,993 million or 9.2%.

DISTRIBUTION OF DUE TO CUSTOMERS BY BUSINESS LINE

In RMB millions, except for percentages

Item	At 30 June 2022		At 31 December 2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Corporate deposits				
Time deposits	6,905,845	23.6	5,798,353	21.9
Demand deposits	7,981,545	27.3	7,533,110	28.5
Subtotal	14,887,390	50.9	13,331,463	50.4
Personal deposits				
Time deposits	8,107,726	27.7	7,107,386	26.9
Demand deposits	5,593,705	19.1	5,390,582	20.4
Subtotal	13,701,431	46.8	12,497,968	47.3
Other deposits⁽¹⁾	277,723	0.9	250,349	0.9
Accrued interest	405,457	1.4	361,994	1.4
Total	29,272,001	100.0	26,441,774	100.0

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

DISTRIBUTION OF DUE TO CUSTOMERS BY GEOGRAPHIC AREA

In RMB millions, except for percentages

Item	At 30 June 2022		At 31 December 2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Head Office	34,402	0.1	38,290	0.1
Yangtze River Delta	6,049,758	20.7	5,436,282	20.6
Pearl River Delta	3,975,625	13.6	3,495,325	13.2
Bohai Rim	7,619,449	26.0	6,885,411	26.0
Central China	4,317,738	14.8	3,900,441	14.8
Western China	4,677,529	16.0	4,320,355	16.3
Northeastern China	1,559,741	5.3	1,410,376	5.3
Overseas and other	1,037,759	3.5	955,294	3.7
Total	29,272,001	100.0	26,441,774	100.0

Discussion and Analysis

Repurchase Agreements

The repurchase agreements were RMB490,885 million, an increase of RMB124,942 million or 34.1% compared to the end of last year, mainly because the Bank appropriately absorbed stable funds according to business needs.

Shareholders' Equity

As at the end of June, shareholders' equity amounted to RMB3,333,306 million in aggregate, RMB58,048 million or 1.8% higher than that at the end of the previous year. Equity attributable to equity holders of the parent company recorded an increase of RMB56,443 million or 1.7% to RMB3,314,198 million. Please refer to the "Consolidated Financial Statements: Consolidated Statement of Changes in Equity" for details.

Off-balance Sheet Items

The off-balance sheet items of the Bank mainly include derivative financial instruments, contingencies and commitments. For details on the nominal amount and fair value of derivatives financial instruments, please refer to "Note 15. to the Consolidated Financial Statements: Derivatives Financial Instruments". For details on contingencies and commitments, please refer to "Note 39. to the Consolidated Financial Statements: Commitments and Contingent Liabilities".

Analysis on Statement of Cash Flows

Net cash inflows from operating activities amounted to RMB1,410,405 million, representing an increase of RMB1,032,859 million as compared to the same period of last year, mainly attributable to the year-on-year increase in net increase of due to customers. Specifically, cash outflows of operating assets increased by RMB447,866 million and cash inflows of operating liabilities increased by RMB1,491,385 million.

Net cash outflows from investing activities amounted to RMB681,130 million. Specifically, cash inflows were RMB1,684,517 million, representing an increase of RMB255,878 million as compared to the same period of last year, mainly due to the increased cash proceeds from the sale and redemption of financial investments; and cash outflows were RMB2,365,647 million, representing an increase of RMB720,444 million, mainly due to the increase in cash payment for financial investments.

Net cash inflows from financing activities amounted to RMB30,198 million, of which, cash inflows were RMB496,196 million, representing an increase of RMB8,747 million as compared to the same period of last year, mainly due to the increased cash proceeds from the issuance of debt securities; and cash outflows were RMB465,998 million, representing an increase of RMB18,809 million as compared to the same period of last year, mainly due to the increased cash payment for repayment of debt securities.

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

In respect of the financial statements of the Bank prepared under PRC GAAP and those under IFRSs, net profit attributable to equity holders of the parent company for the six months ended 30 June 2022 and equity attributable to equity holders of the parent company as at the end of the reporting period have no differences.

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SUMMARY OPERATING SEGMENT INFORMATION

In RMB millions, except for percentages

Item	Six months ended 30 June 2022		Six months ended 30 June 2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Operating income	443,788	100.0	426,406	100.0
Corporate banking	208,992	47.1	205,969	48.3
Personal banking	176,839	39.8	169,370	39.7
Treasury operations	54,030	12.2	48,889	11.5
Other	3,927	0.9	2,178	0.5
Profit/(loss) before taxation	209,145	100.0	208,070	100.0
Corporate banking	92,733	44.3	72,846	35.0
Personal banking	97,802	46.8	97,294	46.8
Treasury operations	19,837	9.5	37,627	18.1
Other	(1,227)	(0.6)	303	0.1

Note: Please see “Note 41. to the Consolidated Financial Statements: Segment Information” for details.

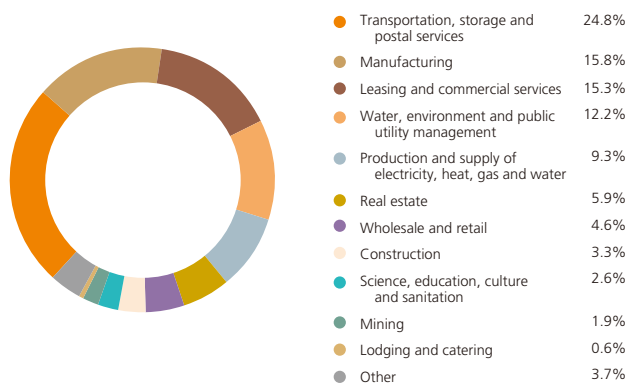
Corporate Banking

Adhering to providing corporate banking services as an important means to boost the high-quality development of the real economy, the Bank increased credit supply with a focus on the key areas and weak links in the real economy and fed sufficient financing into the macro-economy for its stable growth.

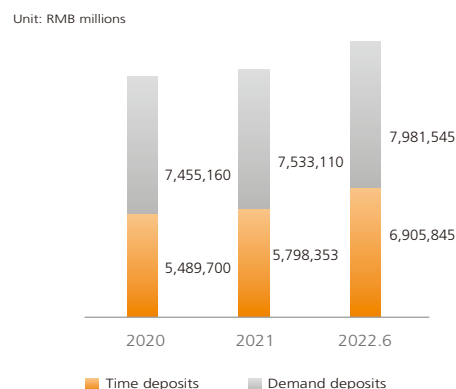
- ✧ Reform and innovation began to yield results. Digital transformation continued to advance. The Bank developed the “ICBC Finance Pool” brand, carried out China’s first construction fund supervision project and central state-owned enterprises’ treasury account control upgrade to ICBC Finance Pool, improved the “Corporate Smart Share” marketing management system and sped up the construction and promotion of the mobile version of Smart Share. The corporate marketing service system was further reformed. The “Net Making and Patching” initiative for corporate customers was deepened, the efforts to expand four high-quality customer groups (namely, central state-owned enterprises, local state-owned enterprises, listed companies and multinational corporations) were accelerated and the focus of services shifted to lower tiers of corporate customers. At the end of June, the number of corporate customers increased by 6.2% over the end of the previous year to 10,287 thousand.

Discussion and Analysis

Corporate loans of domestic branches by industry of loan customers



Corporate Deposits



- ✧ The Bank firmly served the real economy. Sticking to the principle of “quality investing and lending”, the Bank kept up with financing needs of the real economy, successfully held the banker-entrepreneur symposium and the contract signing ceremony for 100 projects. At the end of June, corporate loans rose by RMB1,115,695 million or 9.1% from the end of the previous year to RMB13,310,401 million.
- ✧ The Bank served the high-quality development of manufacturing. The Bank implemented the “Financial Service Quality Enhancement Program for Manufacturing”, making credit supply better targeted at advanced manufacturing and transformation and upgrading of traditional industries. As at the end of June, the balance of manufacturing loans stood at RMB2,792,624 million, representing an increase of RMB628,126 million or 29.0% over the end of the previous year, ranking first among peers in terms of both the balance and the increment.
- ✧ The Bank supported the high-level self-reliance and self-improvement in science and technology. Aiming for a “leading financial service provider for technology and innovation”, the Bank worked hard to provide specialized and professional services focused on high-tech firms, “Specialization, Refinement, Differentiation and Innovation” enterprises and other key customer groups, and carried out the “Chunmiao Action” service campaign. At the end of June, the balance of loans to strategic emerging industries stood at RMB1,423,878 million, up RMB397,267 million or 38.7% over the end of the previous year. The balance of loans to key high-tech fields supported by the State increased by RMB141,740 million or 13.8% to RMB1,172,198 million.
- ✧ The Bank drove green development with green finance. It actively supported green and low-carbon transformation, especially the financial needs of green industries such as clean energy and green transportation. At the end of June, the balance of green loans exceeded RMB3 trillion. In the first half of the year, the Bank, as the lead underwriter, underwrote RMB26,730 million worth of green bonds, up 23.0% year on year.
- ✧ Integrated financial services were provided for private enterprises. With a focus on private tech firms as a key customer group, the Bank launched a campaign in conjunction with the All-China Federation of Industry and Commerce to serve technological innovation of private enterprises, thus further supporting innovative development of private enterprises. At the end of June, the balance of loans to private enterprises stood at RMB3,731,902 million, an increase of RMB339,981 million or 10.0% over the end of the previous year, and 280 thousand private enterprises had outstanding loans with the Bank, up 23.1%.
- ✧ The Bank actively integrated into the regional coordinated development strategy. It stepped up financial support focusing on coordinated development of the Beijing-Tianjin-Hebei region, integrated development of the Yangtze River Delta, the rise of Guangdong-Hong Kong-Macao Greater Bay Area and Central China, and the Chengdu-Chongqing economic circle. At the end of June, RMB corporate loans in key regions reached RMB8,370,529 million, accounting for 71.6% of the balance of RMB corporate loans of domestic branches, representing an increase of RMB828,582 million over the end of the previous year.

- ✧ Corporate deposits made fresh progress in high-quality development. With a focus on weak links of corporate deposits, the Bank worked hard to make short-term breakthroughs while pursuing long-term solid growth. By taking additional deposits externally and tapping the potential internally, the growth room for corporate deposits kept expanding. The Bank kept pace with government policy, strengthened the tripartite connectivity between the Bank, government and enterprises and seized corporate deposit marketing opportunities in tax refunding. At the end of June, corporate deposits were RMB14,887,390 million, representing an increase of RMB1,555,927 million or 11.7%, the strongest increment on record over the same period.

Inclusive Finance

The Bank effectively strengthened inclusive finance services, continuously improved the capability of digital inclusive business and the comprehensive financial service level, and kept fortifying the foundation of risk management foundation to better support small and micro enterprises in distress. At the end of June, the balance of inclusive small and micro enterprise loans amounted to RMB1,400,109 million, representing an increase of RMB301,097 million or 27.4% over the beginning of the year. The number of inclusive small and micro enterprise borrowers was 918 thousand, an increase of 123 thousand. The inclusive small and micro enterprise loans newly issued in the first half of the year carried an average interest rate of 3.90%. At the end of June, the balance of agriculture-related loans was RMB3,080,638 million, representing an increase of RMB429,418 million or 16.2% over the beginning of the year; the Bank had 1,441 thousand agriculture-related loan customers, representing an increase of 259 thousand; the average interest rate of newly granted agriculture-related loans in the first half of the year was 3.95%. At the end of June, the Bank had 354 small and micro enterprise banking centers, an increase of 12 centers over the end of the previous year.

- ✧ The digital operation gained pace. The customer acquisition system for digital inclusive finance was deepened to strengthen financial services for small and long-tail customers and expand business coverage. The Bank further refined the multi-level system of digital inclusive products offering excellent user experience, vigorously developed the Quick Lending for Operation business, increased credit loan support and streamlined the product process for Online Revolving Loan. The digital supply chain business expanded in size and extended further downwards to better cover small and micro customers at the lower end of the industrial chain.

The digital and intensive channel operation system was further refined, with continuous improvements made in on-line and off-line service efficiency of inclusive finance.

- ✧ The Bank provided assistance for enterprises experiencing financial hardships as a responsible large bank. It launched 19 measures to strengthen financial services and relief assistance for small and micro customers, improved the emergency financing service system, strengthened financial support for cities, provinces and industries hit hard by COVID-19 and ensured unimpeded “online, one-stop, non-contact” service channels. The Bank deepened bank-guarantor collaboration, unleashed policy synergies and pooled its own financial services and the National Financing Guarantee Fund to build a financial support ecosphere for small and micro enterprises. Financial supply innovation was promoted through credit information sharing. Financial support was stepped up for small and micro enterprises in manufacturing, technology, innovation and foreign trade. The “Quick Loan for Manufacturing” and “Quick Loan for Technological Innovation” were launched on the national Celloan platform. “ICBC e Credit”, the first local Celloan product, was developed, and the “Cross-border Loan” was continuously optimized and promoted. Dedicated service models were developed for “Specialization, Refinement, Differentiation and Innovation” small and medium enterprises, with a special service scheme covering 10 products rolled out. The financial services for new urban residents and self-employed individuals were enhanced, with “Merchant Loan”, an innovative unsecured loan product, launched with a focus on industries where new urban residents and self-employed individuals are concentrated. The loan products targeting business startups and innovation were optimized, and stronger loan support was provided for flexible employment and self-employment.
- ✧ The comprehensive service capability was further improved. To meet the needs of corporate customers, the Bank continued to improve the comprehensive financial service system featuring a combination of financing, consulting and commercial services. It further advanced a series of activities such as “ICBC Inclusive Finance Travel”, “One Thousand Experts Serving Small and Micro Enterprises”, “Ten Thousand Small and Micro Enterprises Growth Plan” and “Specialization, Refinement, Differentiation and Innovation • Chunfeng Action”. To provide matchmaking services effectively, “ICBC Business Matchmaker”, a cross-border matchmaking platform, served over 100,000 registered enterprises. The “BRICS+” cross-border business matchmaking event series were held, winning the second prize at BRICS Business Council’s BRICS Solutions for SDGs Awards.

Discussion and Analysis

- ✧ Foundation for risk management was further cemented. In an ongoing effort to deepen the FinTech application, the Bank built a full-process risk control system for inclusive finance featuring “digital access”, “smart risk control” and “online and offline cross-validation”. The online-offline coordinated risk control became more efficient to enable earlier risk control, dynamic monitoring, real-time warning and multi-level handling. The asset quality of inclusive loans remained good.
- ✧ The “ICBC Xingnongtong” APP pilot was deepened. To implement the Urban-Rural Collaborative

Development Strategy, the Bank innovatively launched the “ICBC Xingnongtong” APP to extend financial services to counties and rural areas. The Bank created the first service model of “one APP with multiple user identities” in the industry to provide one-stop basic financial services. The “Digital Villages” and “Agricultural Matchmaking” agricultural production and life service scenarios were introduced to create a comprehensive service ecosphere featuring industry-agriculture mutual promotion and urban-rural connectivity. At the end of June, the “ICBC Xingnongtong” APP covered over 1,700 counties nationwide.

“ICBC Xingnongtong” APP Ensures Financial Services Fully Accessible to “Agriculture, Rural Areas and Farmers”

The “ICBC Xingnongtong” APP is one of the Bank’s innovative rural financial service infrastructures built to implement the national strategy of rural revitalization riding on the trends of “Digital Villages” construction and intelligent agriculture development. It also came as an important channel and effective tool for the Bank to reach for customers relating to “agriculture, rural areas and farmers” and serve county areas and rural markets.

Focusing on sore points in “agriculture, farmers and rural areas”, a package of innovative financial services fit for agriculture was launched. Process reengineering was carried out for core financial products to meet inclusive, basic and minimum service needs concerning public wellbeing. One-stop basic financial services including card application, utility bill payment, account opening and inquiry were provided. To solve farmers’ problems such as the “difficulty in financing” and “slow financing”, more than 100 unsecured inclusive credit products have been brought online for many key areas such as production, processing and trade of agricultural products. The Bank created an exclusive application channel for the Direct Credit Access Service launched by the Ministry of Agriculture and Rural Affairs, to carry forward asset-light service for lower-tier customers.

An agriculture-related service ecosphere was created, including digital agricultural production and life scenarios. The Bank developed the “Farmers’ Classroom” offering nearly 1,000 online lessons on rural revitalization, planting and breeding techniques, agricultural supplies, plant protection and marketing and operation management, and providing customers with policy interpretation and agricultural technology guidance free of charge. The “Benefit Farmers” module was launched to connect agricultural B2B internet platforms and display real-time average price movements and place-of-origin market conditions for over 20,000 agricultural products under ten categories. Based on active explorations of local resources, the Bank innovatively introduced distinctive scenarios including farmer subsidy inquiry, migrant worker service platform and integrated social security service platform, enabling online migration and integration of agriculture-related service scenarios.

The Bank developed a comprehensive service ecosphere featuring industry-agriculture mutual promotion and urban-rural connectivity in collaboration with various parties. To address the needs of digital rural governance, the “ICBC Xingnongtong” APP introduced rural features including rural Party building, civilization reward points and public opinions. Now the APP is the digital home to over 2,000 villagers committees and rural collectives in 31 provinces (or equivalent) across the country. To address the needs regarding integrated development of rural industries, the Bank provided nearly 10,000 rural business entities with access to “Agricultural Matchmaking” events. More than 80 matchmaking events were organized, with over 8,000 pieces of agricultural supply and demand information published to effectively break down the information barriers, and help pair the supply and demand sides of agricultural industries and attract investments in rural industries.

Technologies empowered breakthroughs in innovation of service models. The Bank was the first among peers to create a cluster service mode targeting rural households, rural collectives and agriculture-related enterprises. Agricultural assets were monitored through remote sensing satellites and the credit process was streamlined to upgrade risk control. The innovative “blockchain + rural” technological solution was applied to the management of capital, assets and resources, and the 5G digital voice service was introduced into the “rural affairs” modular of the APP to enhance the capability of digital and intelligent services.

Institutional Banking

- ◇ The Bank actively served the major strategies. In serving the reform of fiscal budget management integration, the Bank successfully helped the first batch of pilot institutions launch the system for “integrated central fiscal budget management”, ensuring direct and efficient transfer of treasury funds. In supporting the rural revitalization strategy, the Bank created new financial service models for rural revitalization in reliance on the “Digital Villages” comprehensive service platform, providing quality service to customers concerning “agriculture, rural areas and farmers”. In facilitating the work on “double reduction” policy, the Bank assisted local government agencies in strengthening supervision of off-campus tutoring through the “Education and Training Cloud” fund supervision platform, thus protecting the public interests. In empowering the vocational education development, the “Intelligent Vocational Education” service was created to improve the informatization level of vocational education. Keeping in line with the reform of medical care, medical insurance and pharmaceutical industry, the Bank thoroughly promoted the cooperation in mobile healthcare payment clearing. The Bank created the “Intelligent Healthcare Open Platform” and launched a unified intelligent healthcare brand “ICBC Cloud Healthcare”, providing a “finance + industry” comprehensive intelligent healthcare all-scenario solution with a matrix of intelligent healthcare products and services in 45 sub-categories out of five categories. In serving the financial market reform, the Bank became one of the first batch of designated depository banks for Shanghai Futures Exchange’s commodity swap business. As part of its effort to build a new ecosystem of interbank cooperation in FinTech, the Bank systematically exported its FinTech innovations in four segments, namely “big data-based risk control”, “market risk”, “anti-money laundering” and “credit risk”, supplying a variety of risk control technology products to more than 300 banking customers.
- ◇ The customer base showed good growing momentum, with sound volume-price coordination of deposits. Basic projects focused on “GBC+” made headway, the service and marketing systemization for key customers was stepped up and the “Net Making and Patching” program was fully implemented to compete for target customers. The overall customer base was reinforced by unleashing the G-end catalytic capability to attract B-end and C-end customers and deposits. At the end of June,

both institutional deposits and interbank deposits ranked first in the market.

Settlement and Cash Management

- ◇ Taking the digital transformation of settlement finance as an opportunity and optimizing settlement financial services as a point of breakthrough, the Bank continued to increase the depth and breadth of settlement finance services, boosted the quality and efficiency of serving the real economy and helped improve the business environment. In response to the state’s call, the Bank steadily cut fees and interest rates for small and micro enterprises and self-employed individuals.
- ◇ Always putting customers first, the Bank tapped deep into the corporate treasury field. Solutions were provided for difficulties and pain points in the treasury reform of central state-owned enterprises. The Bank continued to enhance its capability of serving corporate treasury system development and effectively promoted in-depth bank-enterprise cooperation.
- ◇ The transition in settlement finance was furthered. The Bank built a “One Body, Two Wings” digital settlement finance system, promoted the reform for streamlined processes and smart working models and established a new marketing service model to form a settlement finance ecosystem. The Bank broadened and deepened services in explorations for supply chain, industry chain and “financial + non-financial” service models.
- ◇ At the end of June, the Bank maintained 11,841 thousand corporate settlement accounts, representing an increase of 625 thousand over the end of the previous year. It had 1,882 thousand cash management customers, including 10,056 global cash management customers. The volume of corporate settlements reached RMB1,305.30 trillion in the first half of the year.

Investment Banking

- ◇ The Bank focused on key areas such as the reform of state-owned enterprises, capital market, industrial integration, and the Belt and Road Initiative, and, in particular, mainly intensified financing support for M&A deals in the manufacturing industry. A smart marketing system was developed to enhance services for listed companies and other key customers, maintaining a leading share of M&A financing at home and abroad. By number of M&A deals led by

Discussion and Analysis

the Bank, the Bank ranked first in China in Refinitiv's ranking of Any Chinese Involvement Completed and first in the ranking of China Outbound Announced M&A.

- ✧ The Bank actively participated in publicly offered REITs to support infrastructure construction, and strengthened innovative services for sci-tech innovation, advanced manufacturing, green environmental protection and other industries. Equity financing products were innovated to help enterprises optimize their capital structure, revitalize idle assets and provide fund support for major infrastructure and strategic emerging industries. The actively managed asset securitization and asset-backed notes business were expanded to meet the customer needs for comprehensive financial services. The financing rearrangement and enterprise debt restructuring were advanced to mitigate the liquidity pressure and potential risks of customers. The Bank enriched the service scenarios for digital investment banking and upgraded the functions of "ICBC ISP", "ICBC e Intelligence", "ICBC e Security", "ICBC e RM", "ICBC e Confirmation Service" and other products.
- ✧ The Bank remained leading position in the market by the largest scale of bond underwriting. The Bank underwrote 1,740 bonds in the domestic market in the first half of 2022, with a total issuance volume of RMB1,261,359 million. In facilitating the implementation of green development, rural revitalization and other key strategies, the Bank underwrote ESG bonds in total of RMB28,990 million, including green bonds, rural revitalization bonds and other ESG bonds. The Bank actively participated in innovative products underwriting business. It served as the underwriter for the first batch of transition bonds in the inter-bank market, the first technological innovation mid-term note of a private enterprise and the first panda bond with pilot listing information display before issuance on the overseas trading platform.

Discounted Bills

- ✧ The discounted bill business experienced a robust development. Keeping pace with financial innovation trends, the Bank successfully discounted the first supply chain bill accepted by the finance company after the implementation of information disclosure mechanism for commercial acceptance bills in the market, aiming to meet customers' diverse demands effectively. In addition, the Bank launched the "Manufacturing Companionship" innovation

program to solve the pain points and blocking points in business processes and significantly improved the experience of customers in manufacturing industry.

- ✧ In the first half of the year, discounted bills amounted to RMB1,142,383 million, representing an increase of 23.3% year on year, and maintaining the leading position in the market. Discounted bills for small and micro enterprises reached RMB314,218 million, with an increase of 22.5%.

Personal Banking

The Bank adhered to the underlying principle of "finance for people", which means financial business "serving, benefiting and reassuring the people". The philosophy of serving the people and being customer-centric was practiced for all customers, all journeys, all products, all channels, all scenarios and all risk controls. The Bank further advanced the No.1 Personal Bank strategy, accelerated the transition toward digital operation and promoted the high-quality development of personal banking.

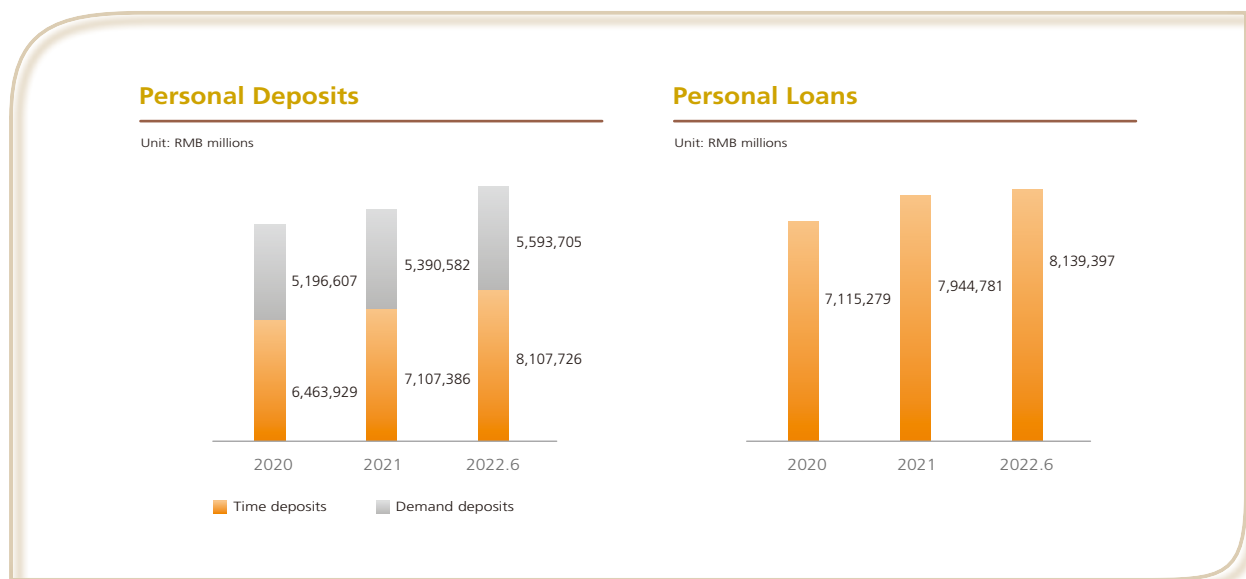
- ✧ The Bank acted on the people-centered development philosophy. In response to national strategies, the Bank facilitated policy implementation with respect to rural revitalization, services for new urban residents and third-pillar pension plans, thereby boosting the inclusiveness of financial services. The Bank developed the customer service ecosystem. Around customers' needs regarding the spending, earning, borrowing and management of money, product and service resources were integrated to build four business systems, namely wealth management, consumer finance, payment settlement, and smart accounts. Focused on key customer groups, the Bank developed new models of differentiated and distinctive customer management. Comprehensive financial service solutions were created to meet core needs of customers relating to housing, business startup, healthcare and social security services. The Bank continued to build customer service brands including "ICBC Aixiangban", "ICBC Aibaobei" and "ICBC Xingnongtong" and boost its ability to serve various customer groups.
- ✧ With a focus on high-frequency and basic consumption scenarios of the general public and mainstream online platforms, the Bank carried out the "ICBC Consumer Joy" series of promotional events to foster non-contact shopping habits of customers, and boost their willingness and scale of spending. To lift small and micro merchants out of difficulties, the Bank gave special offers exclusively

for small and micro merchants in terms of sales and cash withdrawal, thus lowering the operating costs and lessening the burden of these smaller merchants. The Bank assisted local governments in distribution of consumption vouchers. In implementing the policy requirements for fee reduction and profit concessions, the Bank accumulatively reduced RMB0.22 billion of fees on ATM cash withdrawals and UnionPay card users.

- ✧ Investment and financing were persistently ramped up for owners of small and micro enterprises and self-employed individuals. Five personal loan products and services were introduced, namely Considerate Preferential Loan, Revolving e Loan, Ease Long-term Loan, Free Repay and Repay as You Wish. Personal business loans added RMB118,989 million over the end of the previous year.
- ✧ The mega wealth management system was developed at a faster pace. The “Intelligent Brain” central system was further refined. The Bank established an investment research team, enhanced the capability of market analysis and product

selection, and built open product shelves and an open wealth community for higher profits and better service experience of customers. Responding actively to the effect of turbulent capital market on major wealth management products in the first half of the year, the Bank carried out the “Stand Together through Thick and Thin” investor education and marketing events. Investment services were provided in cooperation with scores of fund companies and wealth management firms to encourage long-term investment among customers. The Bank ranked first among peers by the scale of agency sales of funds, bank wealth management, agency distribution of government bonds and third party depository service.

- ✧ At the end of June 2022, the number of personal customers increased by 8.66 million over the end of the previous year to 712 million. There were 51.47 million customers with over RMB50,000 worth of average daily assets in a month, an increase of 2.86 million customers, indicating continued improvements in the customer mix. Personal financial assets totaled RMB17.93 trillion, maintaining the leading position across the industry.



Private Banking

- ✧ The wealth service model was further refined to empower the “No.1 Personal Bank” strategy. The private banking customer service system was continuously improved. The Bank met differentiated needs of customers and enhanced customer service experience through dynamic layering and grouping of customers, making full use of digital tools such

as “Intelligent Brain” and “Intelligent Investment Advisory System”. A leading family trust advisory business management system was launched to provide one-stop, comprehensive solutions to family wealth management. The digital operation capacity was enhanced. Connectivity was established between the corporate and personal ends of private banking customers, empowering the interactions among government, business and consumption

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(GBC). The “Intelligent Investment Advisory System” Version 2.0 was launched to strengthen the upgrading and application of asset allocation tools. To meet customers’ demand for risk-averse, the Bank seized the opportunity in market rebound to increase allocations to robust products and safeguard customers’ assets.

- ✧ A new customer service ecosphere for entrepreneurs was developed faster in an effort to build the preferred brand for entrepreneur services. A total of 227 “Entrepreneurs Service Centers” were established in 140 cities and regions across the country. The Bank launched the “Entrepreneur Service Improvement Project”, set up seven sharing centers covering “events, commerce, finance, exhibition, training, service and community”, held the green financial charity forum and issued the first Non-Fungible Token of “Entrepreneurial Glory Medal” in the industry.
- ✧ The Bank standardized the management of non-financial services for private banking customers and upgraded non-financial supporting services. Online salons and online family physician services were launched in response to COVID-19 developments nationwide. ICBC Private Banking Wealth Forums were held, attended by more than 60,000 customers.
- ✧ The *Professional Wealth Management* (PWM) magazine of the *Financial Times* granted an award of “Best Private Bank for Digital Portfolio Management — Asia” for the Bank. At the end of June, the Bank maintained 216 thousand private banking customers, representing an increase of 16 thousand from the end of the previous year. Assets under management totaled RMB2.47 trillion, an increase of RMB145.7 billion.

Bank Card Business

- ✧ Themed on “Serving Hundreds of Millions Cardholders and Tens of Millions Merchants”, the Bank introduced 23 measures to provide promotional offers, lower merchant commission and offer assistance for people in distress. The pandemic relief policies were actively implemented by providing people affected by COVID-19 with special services such as postponement of repayment, negotiation of repayment, credit standing protection and suspension of debt collection and deduction.

- ✧ The Bank issued the ICBC Peony Super Preferential Credit Card featuring a number of preferential offers and rewards. It carried out “ICBC I GO” campaigns to benefit G, B and C ends. Exclusive credit services were provided for new urban residents and real-time credit service was promoted for college graduates.
- ✧ The life service platform, ICBC e Life, was built for overall individual customers. Targeting at offering credit card services with rewards by your side and as your trust, the Bank was committed to providing convenient, efficient and high-quality service by consistently upgrading the platform.
- ✧ At the end of June, the Bank issued 1,185 million bank cards, which consisted of 1,021 million debit cards and 164 million credit cards. The balance of credit card overdrafts was RMB658,137 million. In the first half of the year, ICBC bank cards registered a spending volume of RMB9.99 trillion, including RMB8.81 trillion from debit cards and RMB1.18 trillion from credit cards.

Asset Management Services

The Bank strictly implemented the regulatory requirements, actively seized development opportunities and comprehensively enhanced investment management capabilities. It established an asset management business system allowing allocation of capital in all markets and value creation across the whole value chain by relying on the strength of the Group’s asset management, custody and pension businesses as well as its comprehensive subsidiaries specialized in fund, insurance, leasing, investment banking and wealth management, to serve direct financing, and provide diversified, integrated and specialized services for customers.

Wealth Management Services

- ✧ The Bank strictly implemented the New Rules on Asset Management and regulatory requirements, proactively seized the market development opportunities to steadily promote the sound development of wealth management business, and effectively protected legitimate rights and interests of wealth management customers. At the end of June, the balance of wealth management products reached RMB2,291.4 billion. Please refer to the section headed “Business Overview — Diversified Operation” for details on the business development of ICBC Wealth Management.

Asset Custody Services

- ✧ The Bank reengineered the system of policies and procedures for asset custody and seized market opportunities to make a foray into key fields. At the end of June, the insurance assets under custody totaled RMB6.2 trillion, the mutual funds under custody amounted to RMB3.7 trillion, the pension funds under custody of the Bank totaled RMB2.5 trillion and outsourcing business amounted to RMB2.5 trillion, all ranking first in the industry.
- ✧ With fruitful innovation, the custody services were extended to include interbank certificate of deposit index fund, carbon neutral ETFs, Shanghai Gold ETF and enhanced index ETFs. The Bank continued to build the custody service system, held the ICBC “Full Custody” service brand launch event and disseminated the service philosophy of “accompanying you all the way with comprehensive and considerate services”. The enterprise-wide risk management of custody services was further strengthened to ensure continuity, safety and stability of custody operations.
- ✧ At the end of June, the size of custody business reached RMB22.5 trillion.

Pension Services

- ✧ The Bank accelerated its push for pension finance and make active explorations for a pension finance ecosphere focused on key scenarios. Solid progress was made in personal pension services, with personal pension investment products developed for in-depth involvement in the building of China’s old-age security system. The annuity business grew stronger and bigger. In the first half of the year, the Bank won the annuity service bids from a number of key customers, attracting close to 1,000 customers for the Ruyi Pension collective plan.
- ✧ The service quality and efficiency were further enhanced by making follow-up visits to customers through various channels, refining the remote customer service capacity, steadily advancing centralized business operations and continuously improving customer satisfaction.
- ✧ At the end of June, the annuity funds under custody amounted to RMB438.4 billion. The Bank managed 12.27 million individual enterprise annuity accounts, and the annuity funds under custody reached RMB1,197.4 billion. The Bank ranked first among peers in terms of the scale of enterprise annuity funds under custody, number of individual enterprise annuity accounts and annuity funds under custody.

Financial Market Business

Money Market Activities

- ✧ In terms of RMB, keeping close track of the macro situation and market trends, the Bank scientifically developed financing strategies, rationally devised financing types and maturities, actively carried out capital operations and improved the operation benefits of financing business. Risks were forestalled by improving the policy framework and system development and rigorously implementing risk control requirements.
- ✧ In terms of foreign currencies, the liquidity reserves were continuously consolidated, with the size and term of money market lending properly controlled and the money market operations flexibly conducted to increase the return on foreign currency management. The money market operations was diversified. The Bank was one of the first to conduct foreign currency C-lending transactions in the interbank market and the foreign currency bilateral repo transactions for bonds under CCDC custody.

Investment

- ✧ In terms of RMB bonds, the Bank persisted in serving the real economy, played out a large bank’s role as a “major channel” and “main force” to transmit macro policies and actively invested in local government bonds in strategic regions in China, special local government bonds earmarked for key fields, green bonds, rural revitalization bonds, and bonds for advanced manufacturers and private enterprises.
- ✧ In terms of foreign-currency bonds, the Bank closely watched the monetary policies of major central banks, reasonably controlled the progress of investing and optimized the portfolio structure to ensure prudent investment in foreign currency bonds.

Treasury Trading Business on Behalf of Customers

- ✧ In terms of foreign exchange settlement and sales on behalf of customers and foreign exchange trading, the Bank strengthened innovation in foreign exchange services and products, continued to optimize trading features and customer experience of online channels, endeavored to build a leading online trading system with a full range of product offerings and provided customers with convenient currency

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risk management services. The Bank innovatively conducted the first Kenyan shilling settlement/sale transaction in China. It kept strengthening dissemination of the risk-neutral philosophy, actively carried out currency risk management services for foreign investors and China's foreign traders and assisted foreign-related entities, especially micro, small and medium-sized enterprises, in enhancing their sense of currency risk hedging and capability of risk management.

- ✧ In terms of corporate commodity derivative trading, the Bank made full use of the Group's strengths to assist enterprises to manage the risk of volatile prices in the global commodity market by actively serving their trading demands.
- ✧ In terms of the over-the-counter ("OTC") bond business, the Bank distributed Agricultural Development Bank of China's first financial bond with theme of major water conservancy projects and the OTC local government bonds in 10 provinces (autonomous regions, municipalities directly under the Central Government, and cities specifically designated in the state plan) to investors in the OTC market, thereby supporting major projects and regional development.
- ✧ In terms of foreign institutional investors trading business in China's inter-bank market, the Bank actively served foreign institutional investors. It won the "Annual Market Influence Awards — Opening-Up Participant" granted by the National Interbank Funding Center and the "Excellent Settlement Agent under Global Connect Business" granted by China Central Depository & Clearing Co., Ltd.

Asset Securitization Business

- ✧ The Bank continued to carry out asset securitization projects to meet business development needs. In the first half of the year, the Bank issued one asset-backed security totaling RMB8,121 million.

Precious Metal Business

- ✧ The Bank promoted the transition of physical precious metal business toward the new retail model. The new products under themes of the "Brightest Chinese New Year" and the "Greatest Chinese Dream" were rolled out to meet the "investment, collection and consumption" needs of customers. Under theme of "Beautiful Villages", the Bank launched the "Guizhou Huangguoshu Falls" and other products embedding regional rural cultures

into precious metal products. "Collection Culture" and "Growth Care" thematic scenarios were set up at over 500 outlets.

- ✧ The Bank provided comprehensive services for enterprises in the precious metal industry chain, maintaining the first place on Shanghai Gold Exchange by size of gold leasing.
- ✧ In the first half of the year, the Bank was reelected "First Prize Winner of the Excellent Financial Member", the "Best Member for International Business Innovation", the "Special Member Contributor to International Business" and the "Best Request-for-Quote Market Maker" by Shanghai Gold Exchange. It was also honored by Shanghai Gold Exchange as the "Best Institutional Contributor to Product Promotion" and the "Best Member in Risk Control".

FinTech

In accordance with its Master Plan for Deepening Digital Transformation and the FinTech Development Plan, the Bank accelerated its pace to promote "D-ICBC", and reinforced the digital reform of all business models and management models for a higher level of digital operation and high-quality development of the Bank. In 2022, the Bank was ranked first again among the banking industry in the national banking IT supervision rating by CBIRC.

Consolidating the Capability to Ensure Production Safety

The foundation for digital transformation was reinforced in response to new challenges facing financial cyber-security. Holding the bottom line for production safety, the Bank further advanced the smart transition of operation and maintenance, sped up upgrading of the security protection system and enhanced its technological capability for data security. The Bank maintained an information system availability rate of more than 99.99%, providing solid groundwork for digital transformation.

- ✧ The security protection system was upgraded. The Bank strengthened analysis of and response to the external cyber-security situation, improved the security situation awareness platform and intensified cyber-security monitoring and defensive measures against attacks. The cyber-security risk screening and internal combat drills were carried out, with the cyber-attack tracking and trapping system deployed. The Bank strengthened efforts to develop a cyber-security talent pool and completed the construction of foundation-level financial cyber-attack and defense ranges.

- ◇ The smart transition of operation and maintenance was promoted. Digital ways of operation and maintenance were created, including cloud maintenance, cloud launch and cloud office. The full-process surveillance system and the fault location system were developed. Smart operation and maintenance capabilities were enhanced in terms of basic technical support, continuous delivery, monitoring and analysis, emergency response, performance and capacity and change risk control.

Deepening the Capability of Innovative Technology-driven Development

The Bank deepened the technological architecture transition with a focus on the needs of bank-wide business transformation, in a bid to foster the technical and business support capacity adaptive to the future digital ecosystem. Artificial intelligence, blockchain and other enterprise-level technological platforms boasting self-dependent innovation reached the highest grade in the financial sector in a number of national tests and certifications. As at the end of June 2022, the Bank had the most newly added and accumulated patents among Chinese banks.

- ◇ The Bank strengthened the operation and maintenance support capacity for the “cloud computing + distributed” core platforms. The cloud platform was further promoted and implemented, maintaining a leading edge over peers in terms of scale. The distributed technology system was further enhanced, with an average daily service invocation of over 15.0 billion times.
- ◇ The Bank enhanced the technical support capacity for enterprise-level new technology platforms. The AI technology platform passed the all-capacity-area testing of “AI development platform application maturity” conducted by China Academy of Information and Communications Technology (CAICT), making the Bank the first and only enterprise in the finance sector pass the test and get certified for the highest grade. The blockchain was integrated with the secure multiparty computation technology to allow safe and trusted circulation of data assets. The Bank was included in the *Forbes* Global Blockchain 50 list for two consecutive years. The “ICBC Anxin Asset Management Blockchain” was named a pilot project for innovative application of blockchain. The “technology in lieu of man” initiative was accelerated to shift cash management at outlets from “management by human” to “control by machine”. The new cash management model was extended to over 100 outlets of 10

branches, representing a substitution rate of more than 70%. The digital vault service was piloted in areas such as Beijing, Shanghai and Guangdong. New technologies including RPA and OCR were further applied to OTC transactions, centralized business processing and other scenarios, handling more than 100 million transactions without use of manpower.

- ◇ The green data center was built. The Guidelines on Construction and Operation of Green Data Centers was released based on the experience in technical research on infrastructures construction of green data centers, providing reference and guidance for other financial institutions to establish green data centers.

Enhancing the Capacity of Financial Service Supply

The Bank endeavored to build digital innovation products, digital cooperation benchmarks and digital operation platforms with a focus on key areas, such as serving the real economy, forestalling and defusing risks and innovating mechanisms and systems. Such endeavors persistently boosted the overall efficiency of financial services, activated the flexible innovation capability of digital genes and drove the Bank’s high-quality development with FinTech innovation.

- ◇ The innovative supply of digital finance was stepped up. The Bank strengthened the digital supply of inclusive finance, comprehensively upgraded and promoted the Digital Villages comprehensive service platform, launched the “ICBC Xingnongtong” APP and increased the supply of digital inclusive products, such as “e-Mortgage Quick Loan”. It created a digital inclusive product featuring integrated lending to both enterprises and people and the UnionPay Merchant Loan, a quick lending facility for individual borrowers, principally to address the shortage of funds for self-employed individuals to reopen business after COVID-19. The digital service for personal banking were deepened. The personalized service system of mobile banking became smarter and made mobile banking more resilient to financial risks leveraging on new technologies. The supply of digital personal loan products was enriched, with the digital service capacity for “ICBC e Loan” expanded. The Bank made focused and proactive efforts to focus on key industries and enhance the digital capacity of corporate banking services. “ICBC Finance Pool” innovatively launched the “Construction Fund Supervision Cloud”, investment and financing view and other cutting-edge services.

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The ICBC Chain Cluster digital supply chain platform was innovated to expand agricultural scenarios for purchasing, sale and supply chains. The Bank introduced the “Secure Payment” prepaid fund supervision platform, the first of its kind in the industry, to empower the “Digital Government” drive and boost the efficiency of IT-assisted supervision. The Bank was also the first among its peers to win the contract for developing the treasury information system of a central state-owned enterprise group. The “ICBC Outlets” integrated platform was built to empower digital transformation and competitiveness enhancement of outlets. Further implementing the Preferred Bank Strategy for Foreign Exchange Business, the “ICBC Global Pay” overseas direct payment service was extended to 15 countries and regions, including Singapore, UAE and Switzerland. The Bank consolidated the digital advantages of comprehensive financial services and leveraged on the new-generation intelligent custody system to continuously improve the capacity of data-empowered services for long-tail customers and digital operation. Relying on the new-generation asset management system, the Bank built a digital all-channel wealth management product sales service system and the quantitative strategy research and analysis capability. Relying on data and technology empowerment, the “digital financial market” system was built in an ongoing push for an intelligent quantitative trading system in the financial market. With more than 100 quantitative analysis and strategy models developed, the Bank became the first member bank to realize program trading in the foreign exchange trading business in the banking matchmaking market. The time interval between foreign exchange trading orders was shortened from minutes to seconds.

- ✧ The Bank forestalled and defused risks to protect the economic and financial security. To make risk management smarter, an intelligent loan approval system was developed to enable automated approval of loans with a low credit risk. The post-lending smart tracking and analysis for funds were strengthened to detect and warn suspected backflows and misappropriation risks of corporate credit across banks. The Bank cooperated with public finance agencies in enhancing security management of government funds. The output of risk control tools were deepened. The “ICBC e” series risk control products accumulatively served more than 300 financial institution customers, helping enhance the overall risk management in the domestic financial industry and shaping a new landscape of joint risk management across the sector.

- ✧ The technology system reform was furthered to unleash vitality in technological innovation at the Bank. Explorations were strengthened for the innovation mechanism reform. The first batch of “Open Competition Mechanism” projects made breakthroughs in innovation of key markets and core technologies. The technological talent team was consolidated. In further implementing the FinTech talent drive program, a professional FinTech team was built through the “Tech Elite”, “Digital Elite”, “Targeted Exchange” and other talent-related projects. The FinTech ecosystem development team was built to promote business ecosystem development via cooperation in technology.

Internet Finance

The Bank deepened implementation of the e-ICBC 4.0 plan across the board. It strengthened innovation in own platforms, cooperation in open banking and digital operation and management, thus empowering the digital transformation of the Bank and digital development of the larger economy and society. In the first half of the year, digital transaction volume hit RMB339.42 trillion, and the digital business accounted for 98.85% of the Bank’s total businesses.

Strengthening Own Platforms as the Online Main Front of Customer Services

- ✧ The “Best Mobile Banking” building was in full swing. The mobile banking APP, as the Bank’s infrastructure and strategic pillar of the “No.1 Personal Bank”, aimed to become the “Best Mobile Banking” through faster innovation in services, scenarios and operations. The Bank served the financial needs of key customer groups, including the young, the aged and payroll service customers. The internet banking was transformed to be adaptive to the elderly and accessible to the disabled, granted the “Information Barrier-Free Mark” by the Ministry of Industry and Information Technology. The Bank was the first to launch the custody accounts for children and upgraded the “ICBC Salary Manager” payroll service section. The financial service scenarios were enriched. Focused on wealth management and other customer demand hotspots, the Bank created an open wealth community and a personal pension zone, and launched the “Students Advisor” and other public wellbeing scenarios. The Bank continued to improve experience and security, streamlined high-frequency transaction processes such as account, ledger, transfer, assets and login,

and established a customer-centered transfer and remittance capping mechanism. In omni-directional customer engagement, over 40 marketing events were carried out for “all customers + key customers” with 520 million participants. A series of periodic brand events were carried out to bring together the hit products and benefits to better meet customers’ financial service needs. At the end of June, personal mobile banking customers recorded 488 million, with more than 160 million monthly active users (“MAU”), both at the top of the industry. The Bank was awarded the “Best Mobile Banking Technology Application in China” by *The Asian Banker*.

- ✧ The corporate internet finance infrastructure service capacity was improved, giving full play to corporate internet banking and mobile banking in reaching customers. The corporate internet banking payroll service zone was built to boost the efficiency of payroll processing, strengthen GBC interactions and accelerate turnover of money across the society. The smart routing service for transfers and remittances was piloted and promoted to ensure secure and smooth movement of funds. The inclusive zone for small-and-micro businesses on corporate mobile banking was upgraded to ensure stronger platform support for digital inclusive finance. In the first half of the year, the Bank had 4.86 million average MAUs of internet banking and 1.93 million average MAUs of corporate mobile banking, maintaining a leading position by customer activity in the industry.
- ✧ Online-offline integrated development gained pace. The Bank innovated the Cloud ICBC non-contact service. The online and offline channels

were connected and man-machine services were coordinated by digitalizing the outlet information display and service processes with “Cloud Outlets”. In the first half of the year, “Cloud Outlets” received 330 million hits. Keeping in line with the changes in customers’ trading habits and the non-contact service requirements during the COVID-19 pandemic, the online-offline integrated operation model has covered 32 categories of personal and corporate banking scenarios. 97% of key scenarios have been moved online.

Optimizing Open Banking to Serve Digital Development of the Economy and Society

- ✧ The “ICBC Ju Fu Tong” brand was fully promoted. The Bank seized the opportunity of platform economy development to further promote bank-government-enterprise cooperation. The “ICBC Ju Fu Tong” brand has pooled nearly 40 products of the Bank to provide scenario-based and customized comprehensive service solutions, and established a link to nearly 700 platform customers relating to government affairs, industry, consumption and agriculture accumulatively. The payment, account and investment/financing product line was improved. Key products including e-CNY, Anxin Account and inclusive financing were optimized to enhance the capability of comprehensive financial services. In the first half of the year, “ICBC Ju Fu Tong” served over 160 G-end government platforms, 35 thousand B-end active users and 5.56 million C-end active users.

Financial Service Practices of the “ICBC Ju Fu Tong” Open Banking Platform

The platform economy has been mushrooming under the government policies encouraging technology-driven development and Digital China. The platform economy is increasingly penetrating into various fields, such as government service, intelligent manufacturing, transportation, healthcare and education. It is a catalyst to reshaping the market competition pattern. To facilitate the implementation of national strategies, including Digital China and rural revitalization, better support the financial supply-side reform and bring financial accounts and payments back to the origin mission of commercial banking, the Bank actively responded to the call of the PBC and developed the “ICBC Ju Fu Tong”, an internet integrated financial service platform that meets the embedded, open, integrated and scenario-based financial needs. “ICBC Ju Fu Tong” was built on the Bank’s strong financial infrastructure capacity supported by a robust technological system, with the aim of supporting quick response to the market and flexibly and efficiently connecting platform enterprises by calling, transforming, combining, optimizing and integrating APIs for various business lines.

“ICBC Ju Fu Tong”, targeted at government platforms, industrial platforms, consumption platforms and agriculture-related platforms, provides these platforms and their users with a wide range of financial services, including user management, account management, payment, clearing and settlement, investment and wealth management, trade finance, compliance management, risk management, data operation and value-added services. It is a leading internet integrated financial service platform capable of scenario-based deployment, integrated services, customized development, full-process risk control and cross-regional and cross-institutional services. “ICBC Ju Fu Tong” is a bank-wide open banking brand following “95588” telephone banking, internet banking and mobile banking. It is a new service model for platform finance in pursuit of digital transformation and open banking.

“ICBC Ju Fu Tong” has the following distinctive features: First, scenario-based deployment. It is seamlessly embedded into the customer platform business processes, taking scenarios as the basis of business innovation, pairing a pool of standard products of the Bank with individual needs of customers and integrating them into the customer’s business ecosystem. Second, integrated services. A variety of online financial products are integrated to meet the customer demand for integrated services, striving for “access to a service package under a single agreement by a single link”. Third, customized development. Relying on its strong FinTech capacity and leading technology architecture, the Bank leverages on the cutting-edge mechanism for in-depth integration of technology and business to quickly connect standard products to individual needs. Fourth, full-process risk control. Customer risks are forestalled through customer onboarding, transaction monitoring and follow-up evaluation.

- ✧ The scenario-based service ecosystem was built. To meet the digital transformation needs regarding people’s wellbeing focusing on areas including education, healthcare and social security, the Bank vigorously promoted the “Campus Affairs Cloud” and “Education and Training Cloud” fund supervision platforms, “Commercial Medical Cloud”, medical insurance E-certificate and social security E-cards and other online convenient financial services, serving 27 thousand educational institutions, more than 150 medical institutions and tens of millions of citizens. The Bank steadily promoted the e-CNY pilot work and pushed for its integration with own platform functions. It contributed more than 20 business scenarios to the e-CNY APP of the PBC and also exported innovative e-CNY payment solutions to over 30 large business conglomerates.
- ✧ The Bank tapped deep into the open internet ecosystem. It continued to build the API open platform and steadily improved the ecosystem link capability. At the end of June, the number of API

open platform partners exceeded 27 thousand and more than 2,700 APIs were callable by partners, with more than 67 million calls on average a day. The WeChat “ICBC Services” applet and the “ICBC Customer Services” official account were linked to mobile banking, remote banking and physical outlets, so as to organically integrate branch office scenarios, online scenarios and outreach scenarios and strengthen the internet business ecosystem.

Refining Operations and Management, Beefing up Support for Digital Operation

- ✧ The digital operation capacity was enhanced. Externally, the Bank developed a matrix of new media outlets including WeChat official account, applet and 5G financial messaging, with 130 million monthly contacts to customers on average. Internally, the online customer management platform capability center was upgraded with better features

- regarding management of customers, events and benefits, enabling smart, automatic and refined operation.
- ◇ Digital operation management was intensified. An all-channel monitoring system covering online and offline operations as well as in-house and open platforms was built, with the “cockpit” for all-channel development improved to create digital and visualized management tools.
 - ◇ Digital risk prevention and control was refined. The Bank improved the real-time risk monitoring system for internet finance transactions, dynamically optimized risk control rules, models and interventions, and boosted the ability to monitor, identify and block fraud risks in online transactions.
 - ◇ Digital tools were used to enhance service quality. The Bank strengthened the customer experience monitoring and problem solving based on the “Feedback of Customers” and “Voice of Employees” systems, further upgraded intelligent customer services and the telephone banking system, accelerated the proactive outreach from digital employees, built the remote banking service capability center and continued to increase the scope and efficiency of services. The number of “Gino (Gong Xiao Zhi)” intelligent service portals has increased to 106, with 310 million intelligent service transactions completed. In the first half of the year, the Bank’s customer satisfaction reached 93.9%, and 93.3% of problems reported via telephone by customers were solved at the first instance.

Outlet Development and Service Improvement

- ◇ The outlet network was streamlined effectively. In the first half year, with the continuous investment in key regions and counties, the Bank relocated 104 outlets and remodeled 490 outlets. The matching degree between outlets and social and economic resources has been continuously strengthened. At the end of June, the Bank had 15,733 outlets, 23,436 self-service banks, 79,229 intelligent devices, and 63,885 ATMs and 2,374 financial inclusion service points in rural area. In the first half of the year, the transaction volume of ATMs reached RMB2,411.5 billion
- ◇ The services benefiting the public were further deepened. With a focus on government and daily-life scenarios, the Bank continuously enriched the features of the services benefiting the public to deepen the “ICBC Sharing Station” service system. Over 30 thousand events were carried out under themes of “Warm Care”, “Growth Care”, etc., serving nearly 16 million customers. The Bank took an active part in developing the national digital government system. The government service features were added to the Bank’s outlets to set up “Government Service Centers” near customers. In the first half of the year, one-stop government services were introduced into 823 outlets. Nearly 11,000 outlets provided government services including social security, housing provident fund, industrial and commercial administration, taxation, public security and judicial services. The design of barrier-free facilities was optimized to provide the elderly customers with targeted, differentiated services, further enhancing the humanistic care for them.

Human Resources Management, Employees and Institutions

Human Resources Management

- ◇ With the focus on high-quality development of operation and areas vital to market competition, the Bank assigned more human resources to strategic areas and improved operation through the transformation and upgrading of human resources. It focused on recruiting four teams of leading personnel, innovative personnel, professional personnel, and young talented personnel. Besides, it trained, recruited, and placed a full spectrum of talents around key areas such as emerging business, international business, risk control & security, and technology & data. It strove to form a workforce of high-caliber financial personnel highly aligned with the requirements in the new era. Meanwhile, the Bank gathered pace in digital transformation, enabled FinTech to play its empowering role better, optimized the settings of institutional functions, increased marketing personnel on the front line, and extended the reach of financial services to lower-tier markets.
- ◇ Under the principle of “giving priority to efficiency while paying attention to equity”, the Bank kept improving the remuneration resource allocation mechanism with value creation at its core to transmit the Group’s strategic goals of operation and management, allocate more remuneration resources to grassroots staff and spark or unleash the vitality of all institutions.
- ◇ In addition to the daily training for managerial personnel, professionals, outlet employees, and other staff groups, the Bank carried out systematically a

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host of key strategic training programs such as “No.1 Personal Bank Strategy”, “Preferred Bank Strategy for Foreign Exchange Business” and “Strategy for Sharpening Competitive Edge in Key Regions”. It continued to push forward training in critical areas including “rural revitalization”, “inclusive finance”, “FinTech”, and “credit operation”; and it worked hard to implement a number of advanced talent training programs such as “Elite Retail Personnel”, “Elite Digitalized Personnel”, “Elite Credit Committee Members”, “International Talent”, and “Orientation for new staff”, to help managers and employees at all levels grow and underpin the Bank’s operation and development intellectually. In the first half of the year, the Bank organized 15 thousand training sessions of all sorts, and training attendances reached 2,734 thousand.

- ✧ To instill into all employees an innovation-oriented culture that would advocate “focusing on the real economy, driving reforms according to changing circumstances, collaborating for innovation, pursuing growth and vitality”, the Bank carried out the third “Innovative ICBC” campaign, where 468 projects recommended by 74 domestic and overseas institutions were presented and 270 thousand employees were involved. The event further created

a climate that would value, encourage, and excel in innovation. Besides, a micro-video display activity called “Enterprising ICBC” was hosted, where employees told inspiring stories around them to boost the morale, improve the market position, and win the respect of the industry.

Basic Information on Employees and Institutions

- ✧ As at the end of June, the Bank had a total of 425 thousand employees. Among them, 402 thousand employees were in domestic branches, 7 thousand in major domestic subsidiaries and 16 thousand employees in overseas institutions. Since a large number of employees retired in the first half of the year and it was too early for the entry of fresh graduates from campus recruitment, the number of employees at the end of the reporting period declined over the end of last year.
- ✧ As at the end of June, the Bank had a total of 16,550 institutions, representing a decrease of 40 as compared with the end of the previous year. Among them, there were 16,129 domestic institutions and 421 overseas ones.

GEOGRAPHIC DISTRIBUTION OF ASSETS, INSTITUTIONS AND EMPLOYEES

Item	Assets		Number of institutions	Percentage (%)	Number of employees	Percentage (%)
	(in RMB millions)	Percentage (%)				
Head Office	8,995,666	23.2	26	0.2	19,566	4.6
Yangtze River Delta	9,170,196	23.7	2,534	15.3	60,090	14.2
Pearl River Delta	5,968,624	15.4	1,981	12.0	47,085	11.1
Bohai Rim	5,545,016	14.3	2,710	16.4	66,791	15.7
Central China	4,051,221	10.4	3,452	20.8	81,290	19.1
Western China	4,932,497	12.7	3,660	22.1	86,210	20.3
Northeastern China	1,418,729	3.7	1,633	9.9	40,942	9.6
Overseas and other	4,250,590	11.0	554	3.3	22,988	5.4
Eliminated and unallocated assets	(5,588,163)	(14.4)				
Total	38,744,376	100.0	16,550	100.0	424,962	100.0

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

Internationalized Operation

Leveraging on its global presence, the Bank pressed ahead with the Preferred Bank Strategy for Foreign Exchange Business, improved the integrated operation system combining domestic and overseas operations as well as RMB and foreign currencies, and contributed to the high-quality development of the Belt and Road Initiative with an aim to serve China's high-level opening-up program.

- ✧ Corporate banking: The Bank provided “one-stop” financial services in local and foreign currencies for cross-border enterprises by making comprehensive use of financial products such as cross-border investment & financing, cross-border settlement, and cross-border derivatives trading. Meanwhile, it promoted innovative cross-border financial services in the Guangdong-Hong Kong-Macao Greater Bay Area to increase the interconnectivity of financial markets in Hong Kong SAR, Macau SAR and the Chinese mainland. The Bank has remained the first place in terms of the number of deals completed for the offshore acquisition transactions of Chinese-invested enterprises according to the ranking promulgated by Refinitiv. The Bank was among market leaders in Hong Kong IPO underwriting and sponsorship, and the underwriting of overseas bonds and offshore China bonds. The international settlement, trade finance and other financial services on the “Single Window” platform were continuously improved to provide convenient services for foreign trade enterprises and foreign-funded enterprises. The Bank was awarded the “Outstanding Sustainable Financing in Emerging Markets Asia Pacific” by the *Global Finance* and the “Project Finance House of the Year China” by *The Asset*.
- ✧ Personal banking: The Bank accelerated the digitalized transformation of overseas bank card business, made mobile payment services at home and abroad further interconnected, and increased the number of institutions that used “ICBC e Payment” for mobile payment overseas. ICBC (Malaysia) supported QR code-based local and cross-border payment. The Bank vigorously explored developing offshore family trust business, in an effort to cater to the needs of Chinese all over the world for family wealth management demands in the post-COVID-19 era.
- ✧ Internet finance service: Through internet banking, mobile banking and other online channels, the Bank offered services across 46 countries and regions in 15 languages. A full range of financial services, including account inquiry, transfer and remittance, investment and wealth management, payroll payment and trade finance were available to customers. Focusing on key products, scenarios and regions, the Bank promoted online business innovation and characteristic development of overseas institutions, to enhance the basic service capabilities of the corporate internet banking platform for overseas companies constantly. It developed the overseas intelligent mobile banking platform of “one phone in hand, enjoy the smart life worldwide”. It made headway in building the internet finance operation platform and the digital security system for overseas personal customers. Moreover, it worked hard to make breakthroughs in cross-border payroll payment scenarios, pioneering a payroll payment service that allowed overseas enterprises to make RMB salary payment to employee's domestic accounts.
- ✧ Financial market business: The Bank underwrote 14 panda bonds, raising funds of RMB28.2 billion in total. It established the inter-bank bond and foreign exchange market business partnership with foreign institutional investors from over 60 countries and regions. As the foreign exchange service capabilities further improved, six overseas branches in Sydney, Seoul, Luxembourg, and other places managed to conclude the SOFR-linked interest rate swap deals. The offshore RMB business maintained a market leading position by the market-making scale, and overseas institutions represented by ICBC (Asia) continued to ramp up their offshore RMB exchange rate trading capacity and influence in their respective markets.
- ✧ Global asset management services: The Bank continued to pursue solid development of its foreign exchange business and cross-border wealth management business, thus attracting foreign investors to the Chinese bond market. “ICBC CSOP FTSE Chinese Government Bond Index ETF”, for which ICBC Wealth Management and ICBCAMG acting as investment advisor, had an asset scale of RMB8.4 billion. “ICBC CSOP FTSE Chinese Government and Policy Bank Bond Index ETF”, for which ICBCAMG acting as investment advisor, had an asset scale of RMB5.2 billion, and became the first Chinese government bond ETF approved by the Mandatory Provident Fund Schemes Authority (MPFA) of Hong Kong SAR, China.
- ✧ Global custody business: The Bank further consolidated and expanded its leading position in cross-border custody service, as evidenced by the number of customers using the global custody and depository services, remaining ahead of local peers. Relying on the joint collaborations at home and abroad, the Bank was successfully among the first

Discussion and Analysis

batch to support GDR Connect Scheme between Domestic and Overseas Stock Exchanges. The Bank took an active part in the Interest Rate Swap Connect program, and facilitated the inclusion of ETFs under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect.

- ✧ Cross-border RMB business: The Bank pressed ahead with the construction of cross-border RMB product system and multi-scenario services, fostered offshore RMB market, and innovated offshore RMB investment and financing products. The Bank took an active part in the two-way opening of financial market, becoming a partner of the "Interest Rate Swap Connect" program. The Bank promoted

the construction of the account system of the separate accounting units in free trade zones, and supported the innovative development of cross-border RMB business in key areas such as Shanghai Lingang Special Area, Guangdong-Hong Kong-Macao Greater Bay Area and Hainan Free Trade Port. The Bank strengthened cooperation with payment institutions, cross-border e-commerce platforms and other entities, continuously optimized the cross-border payment business platform of "Cross-border e-Business Connect", and supported the development of new cross-border e-commerce firms. In the first half of the year, the Bank's cross-border RMB business volume exceeded RMB5 trillion.

MAJOR INDICATORS FOR OVERSEAS INSTITUTIONS

Item	Assets (in USD millions)		Profit before taxation (in USD millions)		Number of institutions	
	At 30 June 2022	At 31 December 2021	Six months ended 30 June 2022	Six months ended 30 June 2021	At 30 June 2022	At 31 December 2021
	Hong Kong SAR and Macau SAR	214,766	214,414	789	1,062	102
Asia-Pacific Region (except Hong Kong SAR and Macau SAR)	134,062	145,860	682	583	91	91
Europe	86,152	83,726	512	285	74	75
America	56,609	59,548	155	77	153	152
African Representative Office	–	–	–	–	1	1
Eliminations	(51,096)	(51,999)				
Subtotal	440,493	451,549	2,138	2,007	421	421
Investment in Standard Bank ⁽¹⁾	3,741	3,870	181	157		
Total	444,234	455,419	2,319	2,164	421	421

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

As at the end of June, the Bank operated 421 overseas institutions in 49 countries and regions and indirectly covered 20 African countries as a shareholder of Standard Bank Group. The Bank also ran 125 branches in 21 countries along the Belt and Road and established business relationships with 1,434 foreign banks in 142 countries and regions, making its service network covering six continents and important international finance centers around the world. The global network layout has been improved constantly.

At the end of June, total assets of the Bank's overseas institutions (including overseas branches, overseas

subsidiaries and investment in Standard Bank) were USD444,234 million, representing a decrease of USD11,185 million or 2.5% from the end of the previous year, and they accounted for 7.7% of the Group's total assets. Total loans amounted to USD187,006 million, representing a decrease of USD10,273 million or 5.2% from the end of the previous year; and total deposits were USD154,025 million, representing an increase of USD4,752 million or 3.2%. Profit before taxation during the reporting period came in at USD2,319 million, representing an increase of USD155 million or 7.2% as compared to the same period of last year and accounting for 7.4% of the Group's profit before taxation.

DISTRIBUTION OF OVERSEAS INSTITUTIONS



Asia-Pacific Region (except Hong Kong SAR and Macau SAR)
Institutions (country/region)

- | | |
|--|----------------------------------|
| Tokyo Branch (Japan) | Yangon Branch (Myanmar) |
| Seoul Branch (South Korea) | ICBC (Almaty) (Kazakhstan) |
| Busan Branch (South Korea) | Karachi Branch (Pakistan) |
| Mongolia Representative Office (Mongolia) | Mumbai Branch (India) |
| Singapore Branch (Singapore) | Dubai (DIFC) Branch (UAE) |
| ICBC (Indonesia) (Indonesia) | Abu Dhabi Branch (UAE) |
| ICBC (Malaysia) (Malaysia) | Doha Branch (Qatar) |
| Manila Branch (Philippines) | Riyadh Branch (Saudi Arabia) |
| ICBC (Thai) (Thailand) | Kuwait Branch (Kuwait) |
| Hanoi Branch (Vietnam) | Sydney Branch (Australia) |
| Ho Chi Minh City Representative Office (Vietnam) | ICBC (New Zealand) (New Zealand) |
| Vientiane Branch (Lao PDR) | Auckland Branch (New Zealand) |
| Phnom Penh Branch (Cambodia) | |



Europe
Institutions (country/region)

- | | |
|---------------------------------------|--------------------------------|
| Frankfurt Branch (Germany) | ICBC (London) (UK) |
| Luxembourg Branch (Luxembourg) | London Branch (UK) |
| ICBC (Europe) (Luxembourg) | ICBC Standard Bank (UK) |
| Paris Branch (France) | Bank ICBC (JSC) (Russia) |
| Amsterdam Branch (the Netherlands) | ICBC Turkey (Turkey) |
| Brussels Branch (Belgium) | Prague Branch (Czech Republic) |
| Milan Branch (Italy) | Zurich Branch (Switzerland) |
| Madrid Branch (Spain) | ICBC (Austria) (Austria) |
| Warsaw Branch (Poland) | |
| Greece Representative Office (Greece) | |



Hong Kong SAR and Macau SAR
Institutions (country/region)

- | | |
|---------------------------------------|-----------------------------|
| Hong Kong Branch (Hong Kong, China) | ICBC (Macau) (Macau, China) |
| ICBC (Asia) (Hong Kong, China) | Macau Branch (Macau, China) |
| ICBC International (Hong Kong, China) | |



America
Institutions (country/region)

- | | |
|------------------------|--------------------------------|
| New York Branch (USA) | ICBC (Peru) (Peru) |
| ICBC (USA) (USA) | ICBC (Argentina) (Argentina) |
| ICBCFS (USA) | ICBC Investments |
| ICBC (Canada) (Canada) | Argentina (Argentina) |
| ICBC (Mexico) (Mexico) | Inversora Diagonal (Argentina) |
| ICBC (Brasil) (Brazil) | Panama Branch (Panama) |



Africa
Institutions (country/region)

- Investments in Standard Bank (South Africa)
- African Representative Office (South Africa)

Diversified Operation

ICBC CREDIT SUISSE ASSET MANAGEMENT

ICBC Credit Suisse Asset Management is mainly engaged in fund raising, fund sales, asset management and other businesses approved by CSRC. It had many business qualifications such as mutual fund, QDII, enterprise annuity, specific asset management, domestic (foreign) investment manager of social security fund, RQFII, insurance fund management, non-listed asset management, occupational annuity and basic endowment insurance investment manager, and was one of the “fully qualified” fund companies in the industry.

- ✧ ICBC Credit Suisse Asset Management operated towards steady development, with the assets under management growing stably. The investment performance remained in a leading position and the average yields of equity funds and bond funds actively managed continued to be in the forefront of large fund companies. Its 28 funds received a 5-star rating from Morningstar (China), and “ICBC Four Seasons Income Bond Fund” was rated as the “General Bond Fund of the Year 2022” by Morningstar. ICBC Credit Suisse Asset Management strengthened the protection of investors’ legitimate rights and interests, and further promoted investor education, which was evaluated as excellent again in the assessment of the national securities and futures investor education base. At the end of June, ICBC Credit Suisse Asset Management managed 216 mutual funds, and more than 724 annuities, separately managed accounts and special portfolios, with assets totaling RMB1.78 trillion.

ICBC LEASING

ICBC Leasing is mainly engaged in financial leasing of large-scale equipment in key areas such as aviation, maritime leasing, energy and power, rail transit and equipment manufacturing, and provided enterprises with specialized, innovative leasing solutions and supporting services covering the whole lifecycle of leased assets.

- ✧ The aviation segment actively optimized its business structure around the formation of the new development paradigm with domestic circulation as the mainstay and domestic and international circulations reinforcing each other. To gain a larger share in the domestic market, it implemented

innovative projects such as “passenger plane to freighter” projects and aviation engine-related financial leasing projects. The maritime leasing segment precisely catered to customers’ needs with a variety of leasing products, actively spotted innovative business opportunities in the field of marine economy, and supported Chinese shipyards in their technological upgrading by collaborating with the Group to increase financing supply. The domestic integrated leasing segment focused on high-end manufacturing, green leasing, and other key areas in innovative transformation to embark on new tracks, march into new industries, and introduce new business models, thus further optimizing the asset structure and better supporting the development of the real economy.

ICBC-AXA

ICBC-AXA operates various insurance businesses such as life insurance, health insurance and accident insurance, as well as reinsurance of the aforesaid businesses, business permitted by national laws and regulations to use insurance funds and other businesses approved by CBIRC.

- ✧ With respect to strategic synergy with the Group, ICBC-AXA further cemented the bank-enterprise cooperation and exchange in routinized marketing, outlet operation and other fields, so as to provide customers with a package of financial services. Its total term premiums from the bank-insurance channel hit an all-time high again in the first half of the year, compared with the same period in history. In terms of service upgrading, ICBC-AXA actively practiced the business tenet of “finance for people”. It launched special operation services in the fight against the COVID-19 pandemic, emergency response programs for serious illnesses during the COVID-19 lockdown, and special claims policies, all of which were intended to support the pandemic containment. Meanwhile, ICBC-AXA carried out the “March 15th Consumer Protection Publicity Week” campaign, which was launched to enhance financial literacy awareness of risk prevention among consumers through various forms of publicity. It steadily improved operational efficiency, kept enhancing customer experience, and carried out specialized governance activities regarding customer complaints. Additionally, it also boosted the policy-based inclusive healthcare projects and actively participated in the “Huimin Insurance” business.

ICBC INTERNATIONAL

ICBC International mainly renders a variety of financial services, including corporate finance, investment management, sales and trading, and asset management.

- While casting a distinctive brand in investment banking, ICBC International steadily developed its four business segments, i.e. investment banking, sales and trading, investment management and asset management. ICBC International was among the top-tier market players in the Hong Kong market by IPO underwriting volume, stayed ahead in the bond market for Chinese offshore investment-grade enterprises by overseas bond underwriting, and made a breakthrough in PE fund business. Its chief economist was rated as one of the “Leading News and Publicity Specialists in the Chinese Banking Industry for 2021” by the China Banking Association, gaining market recognition for his research capabilities.

ICBC INVESTMENT

ICBC Investment is one of the first pilot bank institutions in China to conduct debt-for-equity swap. It holds the franchise license of non-bank financial institution and is mainly engaged in debt-for-equity swap and the supporting business.

- Leveraging on its debt-for-equity license and superior expertise in this field and focused on serving the real economy and advancing the supply-side structural reform, ICBC Investment strengthened the bank cooperation and the investment-loan coordination to unveil a diversity of innovative financial services, enrich the varieties of debt-for-equity investment plans and private equity fund products, and make steady progress in the number, coverage, and quality of market-based debt-for-equity projects, all of which greatly supported enterprises in their de-leveraging, risk prevention, and reform promoting efforts. It continuously enhanced the ability and

effectiveness of risky asset disposal across the Group, helping enterprises tide over difficulties through reform. To further play its role as a shareholder, ICBC Investment dispatched directors and supervisors to the debt-for-equity swap enterprises in accordance with the law, got deeply involved in the corporate governance of such enterprises, and provided them with integrated financial services to promote their healthy and sustainable development.

ICBC WEALTH MANAGEMENT

ICBC Wealth Management engages mainly in the issuance of wealth management products, wealth management advisory and consulting service and other activities approved by CBIRC.

- To adapt to the requirements put forth for the high-quality development of the asset management industry in the new era and actively deal with the severe and complicated market situation, ICBC Wealth Management pressed ahead with “five major projects”, i.e. investment and research enhancement, product optimization, service upgrading, intensified risk control and technology empowerment, which helped maintain sound momentum for steady progress, smooth transformation, and quality improvement. Meanwhile, it continued to optimize the product structure and vigorously developed high-quality products to meet the diversified investment needs of customers. It kept enhancing its capabilities in allocation of major assets and investment with diversified strategies, improved the diversified and balanced asset allocation strategies, and increased investments in inclusive pension, green & low-carbon development, advanced manufacturing, new infrastructure and other fields, thus further enhancing the ability to serve the real economy. As at the end of June, the balance of ICBC Wealth Management’s wealth management products was RMB1,823,691 million, all of which were net-worth products.

WEALTH MANAGEMENT PRODUCTS OF ICBC WEALTH MANAGEMENT THAT WERE ISSUED, MATURED, AND EXISTED DURING THE REPORTING PERIOD

In RMB millions, except for tranches and percentages

Item		At 31 December 2021		Products issued		Matured products		At 30 June 2022		Percentage (%)
		Number of tranches	Amount	Number of tranches	Amount	Number of tranches	Amount	Number of tranches	Amount	
Classified by fundraising method	Publicly offered	1,335	1,975,907	236	87,255	287	260,176	1,284	1,782,247	97.7
	Privately offered	175	45,897	15	5,850	36	10,533	154	41,444	2.3
Classified by customer type	Personal	1,411	1,714,603	237	84,836	311	265,302	1,337	1,520,972	83.4
	Corporate	99	307,201	14	8,269	12	5,407	101	302,719	16.6
Total		1,510	2,021,804	251	93,105	323	270,709	1,438	1,823,691	100.0

Discussion and Analysis

DIRECT AND INDIRECT INVESTMENTS OF ICBC WEALTH MANAGEMENT IN WEALTH MANAGEMENT PRODUCTS AS AT THE END OF JUNE 2022

In RMB millions, except for percentages

Asset type	Amount	Percentage (%)
Cash, deposits and reverse repurchase agreements	503,666	24.7
Bonds	1,302,904	64.0
Non-standard debt assets	84,233	4.1
Other assets	146,469	7.2
Total	2,037,272	100.0

Major Controlled Subsidiaries and Equity Participating Company

Major Overseas Subsidiaries

Institution	Principal business	At 30 June 2022			Six months ended 30 June 2022
		Issued share capital/paid-in capital	Total assets (in USD millions)	Net assets (in USD millions)	Net profit (in USD millions)
Industrial and Commercial Bank of China (Asia) Limited	Commercial banking	HKD44,188 million	118,144.86	18,185.83	473.67
ICBC International Holdings Limited	Investment banking	HKD5,963 million	8,035.90	1,470.56	(84.43)
Industrial and Commercial Bank of China (Macau) Limited	Commercial banking	MOP589 million	55,627.73	3,760.12	200.02
PT. Bank ICBC Indonesia	Commercial banking	IDR3.71 trillion	4,372.37	423.37	8.75
Industrial and Commercial Bank of China (Malaysia) Berhad	Commercial banking	MYR833 million	906.69	286.36	3.59
Industrial and Commercial Bank of China (Thai) Public Company Limited	Commercial banking	THB20,107 million	8,713.45	1,088.63	40.46
Industrial and Commercial Bank of China (Almaty) Joint Stock Company	Commercial banking	KZT8,933 million	690.12	90.45	13.16
Industrial and Commercial Bank of China (New Zealand) Limited	Commercial banking	NZD234 million	1,295.72	179.66	4.29
Industrial and Commercial Bank of China (Europe) S.A.	Commercial banking	EUR437 million	7,315.84	528.30	3.77
ICBC (London) PLC	Commercial banking	USD200 million	1,432.78	458.59	3.26
ICBC Standard Bank PLC	Banking	USD1,083 million	32,615.69	1,583.10	229.40
Bank ICBC (Joint stock company)	Commercial banking	RUB10,810 million	3,220.17	329.89	92.33
ICBC Turkey Bank Anonim Şirketi	Commercial banking	TRY4,427 million	3,069.59	148.72	(19.36)
ICBC Austria Bank GmbH	Commercial banking	EUR200 million	900.24	201.25	0.23
Industrial and Commercial Bank of China (USA) NA	Commercial banking	USD369 million	2,785.92	415.11	10.30
Industrial and Commercial Bank of China Financial Services LLC	Broker dealer, securities margin trading	USD50 million	21,963.64	79.94	(0.82)
Industrial and Commercial Bank of China (Canada)	Commercial banking	CAD208 million	1,888.84	296.33	9.06
Industrial and Commercial Bank of China Mexico S.A.	Commercial banking	MXN1,597 million	267.94	38.14	3.58
Industrial and Commercial Bank of China (Brasil) S.A.	Commercial banking	BRL202 million	326.10	38.66	0.65
ICBC PERU BANK	Commercial banking	USD120 million	1,205.56	105.51	4.04
Industrial and Commercial Bank of China (Argentina) S.A.	Commercial banking	ARS38,152 million	5,161.09	873.42	37.19

Major Domestic Subsidiaries

In RMB100 millions

Institution	Principal Business	At 30 June 2022			Six months ended
		Issued share capital/ paid-in capital	Total assets	Net assets	30 June 2022 Net profit
ICBC Credit Suisse Asset Management Co., Ltd.	Fund management	2	190.49	156.06	15.05
ICBC Financial Leasing Co., Ltd.	Leasing	180	2,985.60	410.66	1.37
ICBC-AXA Assurance Co., Ltd.	Insurance	125.05	2,696.07	194.33	2.72
ICBC Financial Asset Investment Co., Ltd.	Financial asset investment	270	1,849.99	421.56	35.31
ICBC Wealth Management Co., Ltd.	Wealth management	160	194.76	186.65	9.66

Major Equity Participating Company

STANDARD BANK GROUP LIMITED

Standard Bank is the largest commercial bank in Africa. Its scope of business covers commercial banking, investment banking, life insurance business and other areas. Based on mutual benefit and win-win cooperation, the two sides furthered their cooperation in equity cooperation, customer expansion, project financing, product innovation, risk management, FinTech and staff exchange. At the end of June, Standard Bank recorded total assets of ZAR2,807,894 million and net assets of ZAR245,522 million. It generated a net profit of ZAR17,589 million in the first half of the year.

RISK MANAGEMENT

50 Enterprise-wide Risk
Management System

50 Credit Risk

56 Market Risk

57 Interest Rate Risk in the
Banking Book

58 Liquidity Risk

59 Internal Control and
Operational Risk

60 Reputational Risk

60 Country Risk

Enterprise-wide Risk Management System

In the first half of 2022, the Bank took initiatives in identifying hidden hazards and improved the institutional system of risk management under the principles of “active prevention, smart control and comprehensive management” and thus enhanced the effectiveness of enterprise-wide risk management. It pressed for the implementation of the enterprise-wide risk management requirements and conducted assessments on enterprise-wide risk management of institutions within the Group. It pushed forward with the Group’s transformation to a digital, intelligent risk control system, and empowered the subsidiaries’ and overseas institutions’ capabilities of penetration management and risk data acquisition. Besides, it reinforced risk control in emerging fields through delivering regulatory requirements for wealth management business and strengthening the management of cooperative institutions in investment and financing.

Credit Risk

Credit Risk Management

The Bank accurately grasped the layout and direction of investment and financing businesses and strengthened credit risk management. In terms of institutional regime, the Bank continued to step up the development of credit policy system, optimized the basic credit management regime, refined the risk management mechanism for credit products, and continuously standardized the management of financial asset services. In terms of industry, the Bank actively supports infrastructure construction projects related to “New infrastructure, New urbanization initiatives and Major projects”, and prioritized the manufacturing industry, strategic emerging industries, inclusive finance, green finance, rural revitalization, etc. In terms of region, the Bank actively integrated into the country’s regional integrated development initiatives, kept improving differentiated region credit policies, and actively supported the financing needs of relevant industries to boost domestic and international circulations and improve the global supply chain in the Chinese market. The Bank constantly promoted “systematic and intelligent” credit risk management of personal loans, improved the enterprise-wide risk management of personal loans, and holistically delivered considerate services for customers affected by the pandemic based on the policies such as delayed repayment, grace period and change of repayment mode.

The Bank imposed stringent control over risks in the key fields of local government debt, real estate, high polluting, high energy-consuming industries, wholesale trade, etc. It strictly implemented the national laws, regulations and regulatory policies on the management of local government debts and financing vehicles, continued to improve credit access management and monitoring, firmly held the bottom line of zero regional systemic risks, and actively prevented risks of commercial construction and operation based on studies. The Bank prudently cooperated with local governments and financing vehicle companies in

mitigation of financing-related risks, and devoted great efforts to debt risk mitigation and financing monitoring & analysis. It strictly implemented the national macro-control policy for the real estate sector, adhered to the proposition that “houses are for living, not for speculation”, prioritized general commercial housing projects and government-subsidized affordable housing projects that are in line with the government’s macro-control orientation, and actively supported housing loans for indemnificatory rental. In cooperation with local governments in risk mitigation, the Bank carried out M&A loan business for risk disposal projects of key real estate enterprises in a steady and orderly manner. It further strengthened the investment and financing control over the high polluting, high energy-consuming industries, strictly controlled customer admittance, intensified classified management of customers, guaranteed the satisfaction of reasonable financing needs of enterprises engaged in coal power, iron & steel and nonferrous smelting, and reinforced the management of uses of credit funds. In addition, the Bank refined the investment and financing policy for wholesale trade sector, stepped up predictive studies on substantive risks in key trade areas, and kept operation monitoring and post-lending management of enterprises in the sector.

Credit Risk Analysis

At the end of June, the Bank’s maximum credit risk exposure without taking account of any collateral and other credit enhancements reached RMB40,417,075 million, representing an increase of RMB3,680,033 million compared with the end of the previous year. Please refer to “Note 42.(a)(i) to the Consolidated Financial Statements: Maximum Exposure to Credit Risk without Taking into Account of Any Collateral and Other Credit Enhancements”. For mitigated risk exposures of credit risk asset portfolio of the Bank, please refer to the section headed “Information Disclosed Pursuant to the Capital Regulation”.

DISTRIBUTION OF LOANS BY FIVE-CATEGORY CLASSIFICATION

In RMB millions, except for percentages

Item	At 30 June 2022		At 31 December 2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Pass	21,608,160	96.72	19,961,778	96.59
Special mention	417,238	1.87	412,038	1.99
NPLs	315,962	1.41	293,429	1.42
Substandard	159,618	0.71	134,895	0.66
Doubtful	120,942	0.54	128,983	0.62
Loss	35,402	0.16	29,551	0.14
Total	22,341,360	100.00	20,667,245	100.00

According to the five-category classification, pass loans amounted to RMB21,608,160 million as at the end of June, representing an increase of RMB1,646,382 million compared to the end of the previous year and accounting for 96.72% of total loans. Special mention loans amounted to RMB417,238 million, representing an increase of RMB5,200 million and accounting for 1.87% of total loans, dropping 0.12 percentage points. NPLs amounted to RMB315,962 million, showing an increase of RMB22,533 million, and NPL ratio was 1.41%, with a decrease of 0.01 percentage points.

Discussion and Analysis

DISTRIBUTION OF LOANS AND NPLS

In RMB millions, except for percentages

Item	At 30 June 2022				At 31 December 2021			
	Loan	Percentage (%)	NPLs	NPL ratio (%)	Loan	Percentage (%)	NPLs	NPL ratio (%)
Corporate loans	13,310,401	59.6	270,375	2.03	12,194,706	59.0	254,887	2.09
Short-term corporate loans	3,176,551	14.2	103,047	3.24	2,737,742	13.2	107,390	3.92
Medium to long-term corporate loans	10,133,850	45.4	167,328	1.65	9,456,964	45.8	147,497	1.56
Discounted bills	891,562	4.0	–	–	527,758	2.6	–	–
Personal loans	8,139,397	36.4	45,587	0.56	7,944,781	38.4	38,542	0.49
Residential mortgages	6,449,004	28.9	20,255	0.31	6,362,685	30.8	15,460	0.24
Personal consumption loans	210,826	0.9	3,246	1.54	187,316	0.9	3,092	1.65
Personal business loans	821,430	3.7	7,333	0.89	702,441	3.4	6,811	0.97
Credit card overdrafts	658,137	2.9	14,753	2.24	692,339	3.3	13,179	1.90
Total	22,341,360	100.0	315,962	1.41	20,667,245	100.0	293,429	1.42

As at the end of June, corporate NPLs were RMB270,375 million, representing an increase of RMB15,488 million over the end of last year, with an NPL ratio of 2.03%, down 0.06 percentage points. Personal NPLs stood at RMB45,587 million, growing by RMB7,045 million, with an NPL ratio of 0.56%, up 0.07 percentage points.

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

In RMB millions, except for percentages

Item	At 30 June 2022				At 31 December 2021			
	Loan	Percentage (%)	NPLs	NPL ratio (%)	Loan	Percentage (%)	NPLs	NPL ratio (%)
Transportation, storage and postal services	2,983,434	24.8	24,008	0.80	2,816,789	25.8	24,762	0.88
Manufacturing	1,899,627	15.8	64,477	3.39	1,654,610	15.1	61,602	3.72
Leasing and commercial services	1,840,457	15.3	39,116	2.13	1,667,376	15.2	33,824	2.03
Water, environment and public utility management	1,472,137	12.2	20,323	1.38	1,370,252	12.5	11,379	0.83
Production and supply of electricity, heat, gas and water	1,120,278	9.3	9,324	0.83	1,065,459	9.7	8,653	0.81
Real estate	708,147	5.9	38,762	5.47	705,714	6.5	33,820	4.79
Wholesale and retail	553,628	4.6	30,019	5.42	464,169	4.2	38,558	8.31
Construction	393,893	3.3	7,357	1.87	312,849	2.9	5,538	1.77
Science, education, culture and sanitation	314,398	2.6	8,919	2.84	287,601	2.6	6,947	2.42
Mining	224,368	1.9	3,414	1.52	203,130	1.9	3,470	1.71
Lodging and catering	74,519	0.6	8,092	10.86	73,063	0.7	8,095	11.08
Other	459,513	3.7	6,987	1.52	317,641	2.9	5,732	1.80
Total	12,044,399	100.0	260,798	2.17	10,938,653	100.0	242,380	2.22

The Bank continued to propel the optimization and adjustment of the industry's credit structure and stepped up efforts to shore up the development of the real economy. Specifically, primarily due to continuously increasing support for manufacturing, loans to the manufacturing industry went up RMB245,017 million or 14.8% over the end of last year, with a rapid growth of lending to enterprises engaged in new-generation IT and high-end manufacturing sectors such as auto making, pharmaceutical manufacturing, large-scale refineries, electrical equipment manufacturing and so on. Loans to leasing and commercial services increased by RMB173,081 million or 10.4%, mainly due to financing supports for infrastructure construction, public services, major projects for people's livelihood as well as industrial R&D and high-tech parks construction and operation projects. Loans to transportation, storage and postal services increased by RMB166,645 million or 5.9% over the end of last year, mainly due to active support for highway, railway, airport and berth projects and the liquidity needs of large transportation group companies. Loans to water, environment and public utility management grew by RMB101,885 million or 7.4%, mainly for steadily satisfying the investment and financing needs arising from significant projects and projects for people's livelihood in the areas of urban infrastructure construction, ecological environment protection and public services.

The Bank continued to strengthen risk management of financing in various industries, intensified the disposal of non-performing assets, and actively promoted the operational transformation of risk-bearing assets. Except for the deterioration of loans to customers in some industries affected by external factors such as COVID-19 pandemic, the loan quality generally remained stable.

DISTRIBUTION OF LOANS AND NPLS BY GEOGRAPHIC AREA

In RMB millions, except for percentages

Item	At 30 June 2022				At 31 December 2021			
	Loan	Percentage (%)	NPLs	NPL ratio (%)	Loan	Percentage (%)	NPLs	NPL ratio (%)
Head Office	784,347	3.5	21,814	2.78	791,994	3.8	21,668	2.74
Yangtze River Delta	4,592,357	20.5	35,376	0.77	4,163,732	20.2	35,149	0.84
Pearl River Delta	3,437,308	15.4	43,138	1.25	3,134,781	15.2	33,860	1.08
Bohai Rim	3,685,311	16.5	76,619	2.08	3,371,325	16.3	72,241	2.14
Central China	3,387,211	15.2	38,057	1.12	3,133,539	15.2	40,046	1.28
Western China	4,062,593	18.2	59,495	1.46	3,746,867	18.1	47,031	1.26
Northeastern China	941,274	4.2	31,290	3.32	895,238	4.3	30,600	3.42
Overseas and other	1,450,959	6.5	10,173	0.70	1,429,769	6.9	12,834	0.90
Total	22,341,360	100.0	315,962	1.41	20,667,245	100.0	293,429	1.42

MOVEMENTS OF ALLOWANCE FOR IMPAIRMENT LOSSES ON LOANS

In RMB millions

Item	Allowance for impairment losses on loans and advances to customers measured at amortised cost				Allowance for impairment losses on loans and advances to customers measured at FVTOCI			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2022	269,376	110,649	223,739	603,764	191	-	28	219
Transfer:								
to stage 1	14,763	(13,916)	(847)	-	-	-	-	-
to stage 2	(6,918)	8,618	(1,700)	-	-	-	-	-
to stage 3	(2,542)	(40,804)	43,346	-	-	-	-	-
Charge	40,548	35,694	21,389	97,631	237	-	-	237
Write-offs and transfer out	-	-	(52,682)	(52,682)	-	-	-	-
Recoveries of loans and advances previously written off	-	-	4,513	4,513	-	-	-	-
Other movements	744	504	(805)	443	(1)	-	-	(1)
Balance at 30 June 2022	315,971	100,745	236,953	653,669	427	-	28	455

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

Discussion and Analysis

At the end of June, allowance for impairment losses on loans stood at RMB654,124 million, of which RMB653,669 million on loans and advances to customers measured at amortised cost, and RMB455 million on loans and advances to customers measured at fair value through other comprehensive income. Allowance to NPLs was 207.03%, representing an increase of 1.19 percentage points over the end of last year, and allowance to total loans ratio was 2.93%, representing an increase of 0.01 percentage points.

DISTRIBUTION OF LOANS BY COLLATERAL

In RMB millions, except for percentages

Item	At 30 June 2022		At 31 December 2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Loans secured by mortgages	9,853,922	44.1	9,497,898	46.0
Pledged loans	2,186,813	9.8	1,720,583	8.3
Guaranteed loans	2,548,671	11.4	2,459,887	11.9
Unsecured loans	7,751,954	34.7	6,988,877	33.8
Total	22,341,360	100.0	20,667,245	100.0

OVERDUE LOANS

In RMB millions, except for percentages

Overdue periods	At 30 June 2022		At 31 December 2021	
	Amount	% of total loans	Amount	% of total loans
Less than 3 months	80,818	0.36	72,444	0.35
3 months to 1 year	86,581	0.39	70,057	0.34
1 to 3 years	79,388	0.35	93,247	0.45
Over 3 years	21,876	0.10	19,153	0.09
Total	268,663	1.20	254,901	1.23

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

Overdue loans stood at RMB268,663 million, representing an increase of RMB13,762 million from the end of the previous year. Among them, loans overdue for over 3 months amounted to RMB187,845 million, representing an increase of RMB5,388 million.

RESCHEDULED LOANS

Rescheduled loans and advances amounted to RMB23,567 million, representing an increase of RMB4,433 million as compared to the end of the previous year. Rescheduled loans and advances overdue for over 3 months amounted to RMB2,564 million, representing an increase of RMB263 million.

LOAN MIGRATION RATIO

In percentages

Item	At 30 June 2022	At 31 December 2021	At 31 December 2020
Pass	1.4	1.1	1.2
Special mention	31.9	17.3	26.8
Substandard	57.5	46.4	66.5
Doubtful	58.5	47.6	51.7

Note: The above table shows the Group's data calculated according to the Notice on Revising the Definition and Calculation Formula of Basic Indicators for Off-site Supervision of the Banking Industry issued by CBIRC in 2022.

Large Exposures Management

The Bank carried out large exposures management in strict accordance with regulatory requirements, continuously improved the large exposures management system, intensified the management of internal large exposures limits, and thus effectively managed the Group's large exposures.

BORROWER CONCENTRATION

As at the end of June, the total amount of loans granted by the Bank to the single largest borrower and top ten single borrowers accounted for 3.6% and 13.8% of the Bank's net capital base respectively. The total amount of loans granted to the top ten single borrowers was RMB560,172 million, accounting for 2.5% of the total loans.

Item	At 30 June 2022	At 31 December 2021	At 31 December 2020
Loan concentration to the single largest borrower (%)	3.6	3.6	3.5
Loan concentration to the top ten borrowers (%)	13.8	14.2	14.8

The table below shows the details of the loans granted to the top ten single borrowers of the Bank as at the end of June.

In RMB millions, except for percentages

Borrower	Industry	Amount	% of total loans
Borrower A	Transportation, storage and postal services	146,571	0.7
Borrower B	Transportation, storage and postal services	67,763	0.3
Borrower C	Finance	62,420	0.3
Borrower D	Finance	49,448	0.2
Borrower E	Transportation, storage and postal services	47,776	0.2
Borrower F	Transportation, storage and postal services	42,345	0.2
Borrower G	Transportation, storage and postal services	42,181	0.2
Borrower H	Transportation, storage and postal services	36,044	0.2
Borrower I	Transportation, storage and postal services	33,456	0.1
Borrower J	Transportation, storage and postal services	32,168	0.1
Total		560,172	2.5

Discussion and Analysis

For credit risk capital measurement, please refer to the section headed “Information Disclosed Pursuant to the Capital Regulation”.

Market Risk

The Bank continued to deepen the Group’s market risk management. Specifically, it conducted market risk assessment on financial market products at the Group level and enhanced risk control over products. It tightened the Group’s market risk limit management, and optimized the limit management system. It kept monitoring risks of the global financial market, perfected the predictive risk analysis and fast risk reporting mechanism, and deepened risk control in priority business areas and over key institutions. Empowered by technology, the Bank enhanced the intelligence level of its market risk management system. Moreover, it refined and upgraded the market risk measurement models, and steadily pushed forward the implementation and validation of the standardized market risk approach of Basel III Final Reform Package issued by the Basel Committee.

Management of Market Risk in the Trading Book

The Bank kept strengthening trading book market risk management and product control, and adopted the Value at Risk (VaR), stress testing, sensitivity analysis, exposure analysis, profit/loss analysis, price monitoring and other means to measure and manage trading book products. It continued to improve the portfolio-based market risk limit management system, refined the management of limit indicators, ameliorated the dynamic management mechanism to meet the requirements of new products and businesses for timeliness, and realized quick and flexible limit monitoring and dynamic adjustments based on the Global Market Risk Management (GMRM) system.

For VaR of the trading book, please refer to “Note 42. (c)(i) to the Consolidated Financial Statements: VaR”.

Currency Risk Management

The Bank closely monitored the changes in the external environment and market conditions, persistently adopted a steady and prudent appetite for currency risk, formulated and implemented currency risk management tactics, actively took a combination of measures such as limit management and hedging of risks to avoid currency risk, continuously improved the matching degree of the foreign exchange assets and liabilities, and strengthened value preservation management of capital funds invested by overseas institutions, thus, the currency risk is controllable in general. Besides, it conducted sensitivity analysis and stress testing on currency risk on a quarterly basis, and the Senior Management and the Market Risk Management Committee reviewed the quarterly currency risk report.

FOREIGN EXCHANGE EXPOSURE

In millions

Item	At 30 June 2022		At 31 December 2021	
	RMB	USD equivalent	RMB	USD equivalent
Exposure of on-balance sheet foreign exchange items, net	647,577	96,726	444,773	69,919
Exposure of off-balance sheet foreign exchange items, net	(443,649)	(66,266)	(276,298)	(43,435)
Total foreign exchange exposure, net	203,928	30,460	168,475	26,484

Please refer to “Note 42.(c)(ii) to the Consolidated Financial Statements: Currency Risk” for the exchange rate sensitivity analysis.

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

Interest Rate Risk in the Banking Book

Based on domestic and overseas economic and financial landscapes and the market interest rate trends, the Bank continued to cope with interest rate risk in a tactical way, precisely adjusted the asset-liability duration structure, bettered the intelligent interest rate risk management mechanism featuring the “five-in-one” integration of market analysis & judgment, all-factor control, whole-cycle management, all-route dissemination and emergency management, enhanced the capability of quickly responding to and actively coping with the complicated market environment, and thus consolidated the quality and effectiveness of its steady cross-cycle operations.

Analysis on Interest Rate Risk in the Banking Book

Interest Rate Sensitivity Analysis

Supposing that there is parallel shift of overall market interest rates, and taking no account of possible risk management actions that might be taken by the management to mitigate the interest rate risk, the analysis on interest rate sensitivity of the Bank categorized by major currencies at the end of June 2022 is shown in the following table:

In RMB millions

Currency	+100 basis points		-100 basis points	
	Effect on net interest income	Effect on equity	Effect on net interest income	Effect on equity
RMB	(33,822)	(38,252)	33,822	42,790
USD	(752)	(4,040)	752	4,203
HKD	(542)	(336)	542	82
Other	398	(1,998)	(398)	3,876
Total	(34,718)	(44,626)	34,718	50,951

Note: Please refer to “Note 42.(d) to the Consolidated Financial Statements: Interest Rate Risk in the Banking Book”.

Interest Rate Exposure Analysis

As at the end of June 2022, the Bank had a positive cumulative interest rate sensitivity exposure within one year of RMB1,886,003 million, representing a decrease of RMB57,615 million from the end of the previous year, mainly caused by the increase in repriced or matured dues to customers within one year. It had a positive cumulative interest rate sensitivity exposure above one year of RMB1,170,024 million, representing an increase of RMB151,210 million, mainly resulting from the increase in repriced or matured bond investment above one year.

INTEREST RATE RISK EXPOSURE

In RMB millions

	Less than 3 months	3 months to 1 year	1 to 5 years	Over 5 years
At 30 June 2022	(8,037,162)	9,923,165	(2,694,180)	3,864,204
At 31 December 2021	(6,440,087)	8,383,705	(2,301,496)	3,320,310

Note: Please refer to “Note 42.(d) to the Consolidated Financial Statements: Interest Rate Risk in the Banking Book”.

Discussion and Analysis

Liquidity Risk

The Bank adhered to a steady and prudent approach to liquidity risk management, and the Group's liquidity was stable. It intensified the monitoring of funds, maintained reasonably sufficient liquidity reserves, and guaranteed sound liquidity risk management at payment peaks and key time points. It continued to ameliorate the Group's liquidity risk management system, consolidated the advantages of the capital operation monitoring system and enhanced the automation of the liquidity risk measurement and control system. Moreover, it optimized the multi-level and multi-dimensional liquidity monitoring and early warning system, and thus further enhanced the Group's liquidity risk prevention capabilities.

Liquidity Risk Analysis

The Bank assesses liquidity risk status by combining a variety of methods and tools such as liquidity indicator analysis and liquidity exposure analysis.

At the end of June, RMB liquidity ratio and foreign currency liquidity ratio of the Bank were 41.9% and 94.4%, respectively, both meeting the regulatory requirements. Loan-to-deposit ratio was 75.4%.

Item		Regulatory criteria	At	At	At
			30 June 2022	31 December 2021	31 December 2020
Liquidity ratio (%)	RMB	≥ 25.0	41.9	41.5	43.2
	Foreign currency	≥ 25.0	94.4	88.9	91.4
Loan-to-deposit ratio (%)	RMB and foreign currency		75.4	77.3	72.8

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

Net stable funding ratio aims to ensure commercial banks have sufficient stable sources of funding to meet the needs for stable funding of assets and off-balance sheet risk exposures. Net stable funding ratio is the ratio of the available stable funding to the required stable funding. As at the end of the second quarter of 2022, net stable funding ratio was 127.02%, down 1.08 percentage points over the end of the previous quarter, mainly due to the rapid growth of stable funds required. For the quantitative information for net stable funding ratio in accordance with the Disclosure Rules on Net Stable Funding Ratio of Commercial Banks, please refer to the section headed "Unaudited Supplementary Information to the Consolidated Financial Statements".

Daily average liquidity coverage ratio for the second quarter of 2022 was 119.33%, 8.65 percentage points higher than the previous quarter, mainly attributable to the increase in the size of cash inflows in the future 30 days. High-quality liquid assets cover cash, central bank reserve available under stress and primary and secondary bond assets that can be included in the liquidity coverage ratio under the regulatory requirements. For the quantitative information for liquidity coverage ratio based on the Administrative Measures for the Information Disclosure of Liquidity Coverage Ratio of Commercial Banks, please refer to the section headed "Unaudited Supplementary Information to the Consolidated Financial Statements".

As at the end of June 2022, the liquidity exposure for less than 1 month turned positive from negative, mainly due to the increase in reverse repurchase agreements. The negative liquidity exposure for 1 to 3 months expanded, mainly due to the increase in dues to customers within corresponding term. The negative liquidity exposure for 3 months to 1 year narrowed down slightly, mainly due to the increase in loans and advances to customers within corresponding term. The positive liquidity exposure for 1 to 5 years narrowed down slightly, mainly due to the increase in dues to customers within corresponding term. The positive liquidity exposure for the category of over 5 years expanded, which was mainly due to a growth of bond investment and loans and advances to customers within corresponding term. Deposits maintained a steady growth with a high deposition rate, and at the same time the Bank held a large amount of highly liquid bond assets, and possessed sufficient liquidity reserves. Therefore, the overall liquidity of the Bank was maintained at a safe level.

LIQUIDITY EXPOSURE ANALYSIS

In RMB millions

	Overdue/ repayable on demand	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Undated	Total
At 30 June 2022	(15,364,273)	338,690	(589,403)	(330,605)	279,781	15,634,161	3,364,955	3,333,306
At 31 December 2021	(14,262,606)	(89,448)	(415,735)	(377,347)	538,067	14,692,050	3,190,277	3,275,258

Note: Please refer to “Note 42.(b) to the Consolidated Financial Statements: Liquidity Risk”.

Internal Control and Operational Risk

Internal Control

The Bank continued to optimize its internal control mechanism and systematically advanced the development of the internal control system. It intensified risk control over key fields including credit, finance and new businesses, and continuously reinforced process control. Moreover, it continuously optimized the Group’s compliance governance structure, strengthened the performance of responsibilities related to compliance risk as the first line of defense, established and refined the Group-level policies and rules governing compliance management and pushed forward with the development of a longstanding overseas compliance mechanism. It also increased resources protection for compliance, enhanced the access management of compliance personnel for key positions and offered regular, systematic and diversified compliance training. In the meantime, the Bank continued to enhance the IT level of the Group’s compliance management, enhanced and perfected the compliance management tools, conducted compliance inspections in key fields, stepped up off-site monitoring, and actively prevented and controlled compliance risk, thereby guaranteeing steady operation and development of the whole Bank.

Operational Risk Management

The Bank continued to enhance operational risk control level in line with the regulatory requirements for operational risk of the Basel Committee and the CBIRC. It refined the management of operational risk limits, and kept monitoring and reporting of limit indicators. Besides, it arranged self-assessment on operational risk and control, and put in place a mechanism of joint prevention and control of criminal cases and risk events. The quality of operational risk data was improved, and the mechanism for networked intelligent control over staff’s abnormal behaviors was enhanced. During the reporting period, the operational risk control system of the Bank operated smoothly, and the operational risk was controllable on the whole.

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

Legal Risk

The Bank continued to strengthen the legal risk control capability by improving the whole-process systematic risk control pattern covering the front, middle and back offices. Legal risk prevention and control in key areas and links was further pushed forward with regular monitoring on the risk in line with new requirements of financial regulators. Moreover, the Bank ameliorated the function design and management mechanism of the electronic signing system, thereby effectively enhancing the institutional and intelligent level of legal risk control.

Discussion and Analysis

Anti-Money Laundering

In strict compliance with anti-money laundering (“AML”) laws and regulations of China and the host countries (regions) of overseas institutions, the Bank sincerely fulfilled its legal obligations and social responsibilities concerning AML. The Bank actively adapted to AML changes in the new era and practiced a risk-based AML concept. It coordinated Group-wide efforts in AML and continuously strengthened the Group’s AML governance structure. The Bank pushed its domestic institutions to build up the ability to consolidate the foundation for AML, pressed overseas institutions to develop a longstanding AML management mechanism, and constructed a Group-level management framework for risks involving sensitive information. Moreover, it paid attention to the implementation of money laundering risk assessment, set up a new AML ecosystem, and put greater efforts into AML publicity, training and teambuilding. As a result, the quality and efficiency of AML management has been further improved.

Reputational Risk

The Bank implemented the requirements of the Group’s reputational risk management policy in depth, kept improving the reputational risk management system, and optimized relevant work mechanisms, to enhance reputational risk management. Moreover, it strengthened regularized improvements in reputational risk management, ensured that the responsible bodies and individuals fulfilled their respective responsibilities for reputational risk management, and reinforced control over sources of reputational risk, thereby raising the quality and effectiveness of reputational risk management. In addition, the Bank actively responded to social concerns, and organized influential brand communication activities, to enhance the Bank’s brand image. During the reporting period, reputational risk of the Bank was within a controllable range.

Country Risk

Facing the increasingly complicated international political and economic environment, the Bank continued to strengthen country risk management. It closely monitored changes in country risk exposures, constantly tracked, monitored and reported country risk, and timely updated and adjusted the country risk rating and limits. It continued to strengthen the early warning mechanism for country risk, proactively conducted stress testing on country risk, and reasonably and effectively controlled country risk in the course of steady advancement towards internationalization.

CAPITAL MANAGEMENT

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

Capital Adequacy Ratio and Leverage Ratio

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

RESULTS OF CAPITAL ADEQUACY RATIO CALCULATION OF THE GROUP AND PARENT COMPANY

In RMB millions, except for percentages

Item	At 30 June 2022		At 31 December 2021	
	Group	Parent Company	Group	Parent Company
Net common equity tier 1 capital	2,941,410	2,656,584	2,886,378	2,614,392
Net tier 1 capital	3,296,397	2,985,617	3,241,364	2,944,636
Net capital base	4,050,292	3,726,714	3,909,669	3,600,883
Common equity tier 1 capital adequacy ratio (%)	13.29	13.30	13.31	13.29
Tier 1 capital adequacy ratio (%)	14.90	14.94	14.94	14.97
Capital adequacy ratio (%)	18.31	18.65	18.02	18.30

As at the end of June, the common equity tier 1 capital adequacy ratio, tier 1 capital adequacy ratio and capital adequacy ratio stood at 13.29%, 14.90% and 18.31%, respectively, complying with regulatory requirements.

Discussion and Analysis

CAPITAL ADEQUACY RATIO

In RMB millions, except for percentages

Item	At 30 June 2022	At 31 December 2021
Common equity tier 1 capital	2,959,319	2,903,516
Paid-in capital	356,407	356,407
Valid portion of capital reserve	148,102	148,597
Surplus reserve	356,982	356,849
General reserve	442,286	438,640
Retained profits	1,676,221	1,618,142
Valid portion of minority interests	3,561	3,539
Other	(24,240)	(18,658)
Common equity tier 1 capital deductions	17,909	17,138
Goodwill	7,986	7,691
Other intangible assets other than land use rights	5,710	5,669
Cash flow hedging reserve that relates to the hedging of items that are not fair-valued on the balance sheet	(3,767)	(4,202)
Investments in common equity tier 1 capital instruments issued by financial institutions that are under control but not subject to consolidation	7,980	7,980
Net common equity tier 1 capital	2,941,410	2,886,378
Additional tier 1 capital	354,987	354,986
Additional tier 1 capital instruments and related premiums	354,331	354,331
Valid portion of minority interests	656	655
Net tier 1 capital	3,296,397	3,241,364
Tier 2 capital	753,895	668,305
Valid portion of tier 2 capital instruments and related premiums	488,668	418,415
Surplus provision for loan impairment	264,131	248,774
Valid portion of minority interests	1,096	1,116
Net capital base	4,050,292	3,909,669
Risk-weighted assets⁽¹⁾	22,124,301	21,690,349
Common equity tier 1 capital adequacy ratio (%)	13.29	13.31
Tier 1 capital adequacy ratio (%)	14.90	14.94
Capital adequacy ratio (%)	18.31	18.02

Note: (1) Refers to risk-weighted assets after capital floor and adjustments.

RISK-WEIGHTED ASSETS

In RMB millions

Item	At 30 June 2022	At 31 December 2021
Credit risk-weighted assets	20,409,070	20,042,955
Parts covered by internal ratings-based approach	13,267,885	13,472,715
Parts uncovered by internal ratings-based approach	7,141,185	6,570,240
Market risk-weighted assets	221,523	153,686
Parts covered by internal model approach	89,058	51,014
Parts uncovered by internal model approach	132,465	102,672
Operational risk-weighted assets	1,493,708	1,493,708
Total	22,124,301	21,690,349

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

LEVERAGE RATIO

In RMB millions, except for percentages

Item	At 30 June 2022	At 31 March 2022	At 31 December 2021	At 30 September 2021
Net tier 1 capital	3,296,397	3,321,161	3,241,364	3,132,095
Balance of adjusted on- and off-balance sheet assets	41,006,112	39,560,645	37,292,522	37,682,357
Leverage ratio (%)	8.04	8.40	8.69	8.31

Note: Please refer to “Unaudited Supplementary Information to the Consolidated Financial Statements” for details on disclosed leverage ratio information.

Capital Financing Management

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

The Bank publicly issued three tranches of tier 2 capital bonds of RMB40.0 billion, RMB50.0 billion and RMB40.0 billion in China’s national inter-bank bond market in January, April and August 2022 respectively. All proceeds were used to replenish the Bank’s tier 2 capital in accordance with the applicable laws as approved by relevant regulatory authorities.

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

OUTLOOK

In the second half of 2022, the external environment is expected to become more severe and complex and the global stock market, bond market and foreign exchange market to remain volatile. The World Bank recently slashed its global economic growth forecast by 1.2 percentage points to 2.9% for 2022. The recovery of the **global economy** is very likely to become more difficult and uncertain. The **Chinese economy** demonstrates strong resilience and great potential, with its long-term good prospects remaining unchanged. Its economic growth is expected to maintain within an appropriate range and its enormous growth potential will be unleashed. That will provide favorable conditions for the **banking industry** to continue to improve its strength and drive high-quality development.

ICBC will follow the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, adhere to the general principle of pursuing progress while ensuring stability, apply the new development philosophy in full, in the right way, and in all fields of endeavor and move faster to create a new pattern of development. It will put forth effort to promote high-quality development, keep focusing on the political and people-oriented nature of financial work, and implement the important requirements for effective COVID-19 prevention, economic stability, and safe development. The Bank will adhere to the 48-character guideline and apply the working method of Three Compares, Three Reviews and Three Improves. On the basis of sound development in the first half of the year, the Bank will fully consolidate its work conducive to the stable growth state, improve the quality of progress and expand the achievements in remediation, to create, with concrete actions, a stable and healthy economic environment for the successful holding of the 20th National Congress of the CPC.

First, to further strengthen the guidance of the Party building theory. The Bank will adhere to the centralized and unified leadership of the CPC Central Committee on economic and financial work, use the creative theories of the Party to arm the mind, guide actions and advance work, and closely follow the financial development path with Chinese characteristics in thinking and action. The Bank will incorporate strict standards and strict measures into the whole governance process of the Party and

strengthen the “strict” atmosphere of full and strict Party self-governance. Meanwhile, the Bank will improve the regular and long-term mechanism for remediation of problems identified in the disciplinary inspection by the CPC Central Committee, focus on the implementation and results of remediation tasks, and continue to consolidate and expand the achievements in remediation.

Second, to spare no effort to serve for stable economic growth. The Bank will further give play to its leading role as a large bank to implement, in a high-quality manner, the central government’s package of policies for maintaining stable economic growth, and be a good leader in countercyclical credit supply. With a focus on expanding demand, the Bank will channel more funds into key areas and weak links of high-quality development such as manufacturing, sci-tech innovation, inclusive finance, private sector and green fields. The Bank will actively develop consumer finance, enrich financial supply to areas that are important to people’s livelihood such as elderly care and healthcare, strengthen financial support to epidemic control, safeguarding the stability and security of industrial and supply chains, ensuring smooth transportation and logistics, food safety, energy resources, etc., and contribute to the stable development of foreign trade, import and export.

Third, to firmly secure safe development. The Bank will strengthen enterprise-wide risk management, and deepen the Five-pronged Risk Management Approach, namely the overall risk management of domestic and overseas institutions, on- and off-balance sheet business, commercial banking and investment banking and other services, online and offline business, and Head Office and subordinate institutions. The Bank will keep a close watch on major latent risks and sources of infection and adopt effective prevention and control measures to build a strong line of defense against risks and avoid secondary risks. The Bank will focus on credit risk governance in key areas, attach more importance to forestalling and defusing risks from the perspectives of industrial chain and ecological chain, and make better use of asset value to increase social benefit. The Bank will improve the effectiveness of internal control and compliance and step up efforts in the establishment, execution and supervision of policies and regulations.

Fourth, to deepen financial reform in a steadfast and orderly manner. The Bank will improve the implementation mechanism of major national strategies to provide long-term and targeted financial support. It will fully promote the execution of the Group's comprehensive reform plan, refine the reform path item by item, and make sure all tasks are well executed. The Bank will also systematically optimize the evaluation system and monitoring system, promote segment operation and straight-through management, and improve the operation vitality of the Head Office, branches, sub-branches, and front, middle and back offices on all fronts.

Fifth, to improve the implementation quality of development planning. The Bank will deepen the strategic layout of "leveraging our strengths, tackling areas of weaknesses and solidifying the foundation" and the implementation of key strategies such as No.1 Personal Bank, Preferred Bank for Foreign Exchange Business, Sharpening Competitive Edge in Key Regions and Urban-Rural Collaborative Development and improve capability for balanced, coordinated and sustainable development. Meanwhile, the Bank will promote global operations in

depth and better serve high-standard opening up. It will carry out "GBC+" projects in depth and form a working pattern in which the projects drive and empower each other. In addition, the Bank will continue the building of D-ICBC, stress on "soup-making" integration, and push for implementation of established tasks at a faster pace.

Sixth, to promote the building of the leadership and talent teams with high standards. The Bank will implement in depth the Party's organizational path in the new era, continue to strengthen training and staffing of cadres, and intensify selection and training of outstanding young cadres and cadres exchange. The Bank will improve talent introduction and training quality, deepen integration of industry, education and research, stress on the building of key professional talent teams, and push for refined and deep implementation of the bank-wide talent development plan. The Bank will steadily promote the adjustment and optimization of the organizational system against the backdrop of digital transformation to better support high-quality development.

HOT TOPICS IN THE CAPITAL MARKET

Hot Topic 1: Striking Performance Highlighting the “Strong, Excellent, Large and Distinctive” Features

In the first half of 2022, ICBC adhered to the 48-character guideline, coordinated COVID-19 prevention and control efforts with business development, and steadily pushed forward the implementation of the strategic pattern of “leveraging our strengths, tackling areas of weaknesses and solidifying the foundation”. With all-round efforts to keep the macro-economy on an even keel, the Bank advanced its new development plan in an orderly manner, further improved its sustainable development, and took new steps in its high-quality development.

In terms of strategy advancement, first of all, the Bank leveraged its business strengths. ICBC further gave full play to and cemented its core strengths in institutional finance, corporate finance, trade finance and settlement finance, thus effectively enhanced its capacity to serve the real economy. **Second, the Bank identified its strategic focuses.** Consistently committed to the top business priority of serving customers and the first development goal of becoming the preferred bank for customers, ICBC accelerated its implementation of the No.1 Personal Bank, the Preferred Bank for Foreign Exchange Business, Sharpening Competitive Edge in Key Regions, and Urban-Rural Collaborative Development strategies. **Third, the Bank laid a solid foundation for operation.** ICBC strengthened its capabilities in reform, innovation and risk prevention and control, enhanced its technology drive and financial empowerment, and optimized its resource allocation and risk management, in a bid to develop hard power for development. **Fourth, the Bank reinforced its development base.** ICBC focused on GBC interactions and coordination of channels, enhanced the competitiveness of its talent team, and modernized its financial governance system and capacity.

In terms of operating performance, the Bank delivered remarkable performance in core business indicators and continued to highlight its “strong, excellent, large and distinctive” features. **First, operational efficiency was “strong”.** Annualized return on weighted average equity (ROE) and annualized return on average total assets (ROA) reached 11.25% and 0.93% respectively, demonstrating the Bank’s relatively strong profitability. Capital adequacy ratio stood at 18.31%, an increase of 0.29 percentage points from the end of the previous year, ranking among the top of the global banking sector and reflecting

the Bank’s ever-growing capital strength. Allowance to NPLs was 207.03%, justifying the Bank’s relatively strong risk resilience. **Second, operating quality was “excellent”.** Both the NPL ratio (1.41%) and overdue loan rate (1.20%) declined, dropping by 1 and 3 basis points respectively from the end of the previous year; the price scissors between overdue loans and NPLs came at RMB-47.3 billion, maintaining negative for nine consecutive quarters and further enhancing asset quality. Annualized net interest margin (NIM) stood at 2.03%, maintaining its performance better than domestic comparable peers. Non-interest income accounted for 20.8% of operating income, an increase of 1.0 percentage points over the previous year, demonstrating more diverse income sources. **Third, scale advantage was “larger”.** Total assets, operating income and net profit exceeded RMB38 trillion, RMB440.0 billion and RMB170.0 billion respectively, ranking first in the global banking sector and hitting the highest record in all interim reporting periods. Deposits and loans increased by RMB2,830,227 million and RMB1,674,115 million respectively from the end of the previous year, with the time-point increments being the highest among the domestic peers. Both the increments and growth rate were at the best level in the same periods of the past near 10 years. **Fourth, services for the real economy were “distinctive”.** Focusing on the tasks of “ensuring stability on six key fronts” and the missions of “maintaining security in six key areas”, the Bank continued to invest more funds to support the real economy. In the first half of the year, the growth rates of loans to characteristic and key areas such as manufacturing, sci-tech innovation, green and inclusive industries were each higher than the average growth rate of loans in general, gradually showing a prominent credit characteristic. Specifically, the balance of loans to manufacturing reached RMB2,792.6 billion, increased by RMB628.1 billion over the end of the previous year with the increment increased by RMB449.2 billion year on year, ranking first among peers in terms of both the balance and increment. The time-point balance of loans to manufacturing accounted for 23.2% of all domestic corporate loans, increasing by 3.4 percentage points from the beginning of the year, strongly demonstrating the responsibility as a large bank. The balance of green loans reached RMB3,499.9 billion, increased by RMB694.7 billion from the beginning of the year, ranking first among peers in terms of both the balance and increment. As a result, the service system for green finance has been further improved.

Hot Topic 2: Leading in Credit Volume and Ever-improving Credit Structure

So far this year, facing the complex internal and external situations as well as multiple risks and challenges, the Bank actively arranged the aggregate volume, structure, pace and pricing of investment and financing, increased credit support for key areas and weak links in the real economy, and made continuous efforts to provide more adaptable, more competitive, and more inclusive financial services.

First, the aggregate credit volume grew steadily. The Bank introduced 30 measures to help stabilize the macro-economy and 13 instruments to optimize credit policies. By means such as expanding the total size of loans, optimizing credit policies, streamlining credit review and approval procedures, and improving relevant assessments and incentives, the Bank maintained steady growth in aggregate credit volume. At the end of June 2022, the Bank's domestic RMB loans increased by RMB1.61 trillion from the end of the previous year with the increment increased by RMB346.5 billion year on year, and bonds underwritten by the Bank exceeded RMB1.2 trillion in the first half of the year. Both the amount of domestic RMB loans and underwritten bonds set record highs and ranked first in the market.

Second, the pace of credit granting became more balanced. The Bank highlighted the average daily growth of credit granting. In the first half of the year, the Bank set appropriate intensity, pace and direction of credit granting, made proactive efforts to grant loans to key areas, and appropriately accelerated its loan placement. By doing so, the Bank strove to meet the needs of the real economy, helped stabilize the overall economy, and solidified its competitiveness in the credit market.

Third, the credit structure focused on key areas. The Bank optimized its credit structure by mainly supporting key economic areas and weak links, and focused on providing all-round and one-stop loan services. **In terms of serving manufacturing and green development,** the Bank highlighted its traditional characteristic advantages and facilitated green transformation development. The balance of loans to manufacturing reached RMB2.8 trillion, representing an increase of RMB628.1 billion from the end of the previous year. Such level of growth was 3.5 times in that of the same period of the previous year. Green loans topped RMB3 trillion, an increase of RMB694.7 billion from the beginning of the year. Both the balances and increments of loans to manufacturing and green loans ranked first in the market. **In terms of serving technological innovation,** the Bank targeted efforts at where the innovation chain and the industrial chain converge to facilitate technological research and development as well as the industrial application of relevant results. The balance of loans to strategic emerging

industries increased by 38.7% from the end of the previous year, and the balance of loans to "Specialization, Refinement, Differentiation and Innovation" enterprises increased beyond 70%. **In terms of serving small and medium enterprises,** the Bank vigorously promoted active and flexible credit granting through a sound combination of online and offline channels. Inclusive loans grew by more than RMB300.0 billion compared with the end of the previous year and the number of customers increased by 15.6%. **In terms of helping to stabilize foreign investment and foreign trade,** the "Chunrong Action" with the theme of stabilizing foreign trade and foreign investment was deeply carried out in strict accordance with the national policy orientation, and extended special support to customers in important strategic areas such as advanced manufacturing, and "Specialization, Refinement, Differentiation and Innovation". In the first half of the year, the Bank cumulatively released RMB627.1 billion of financing both on and off balance sheet to key foreign trade and foreign-invested domestic enterprises through the "Chunrong Action".

Fourth, the regional layout became more coordinated. Focusing on the key regions rich in customer and project resources, such as the Beijing-Tianjin-Hebei region, Yangtze River Delta, Guangdong-Hong Kong-Macao Greater Bay Area, Central China, and Chengdu-Chongqing region, the Bank gave full play to its comprehensive financial advantages to continuously cement and improve its market competitiveness. In the first half of the year, the Bank's RMB loans to the Beijing-Tianjin-Hebei region, Yangtze River Delta, Guangdong-Hong Kong-Macao Greater Bay Area, Central China, and Chengdu-Chongqing region grew by RMB1.19 trillion over the end of the previous year, and the growth of loans to key regions was higher than the average growth of all loans of the Bank. At the same time, branch loans in areas with slow credit growth maintained a year-on-year increase in increment, which facilitated regional coordinated development.

Fifth, the financing costs of market players were pushed down. The Bank deepened and improved the grade- and category-based authorization system for LPR pricing loans, and provided more targeted support for the pricing of loans to key areas of the real economy. By doing so, the Bank pushed forward the stable reduction of the comprehensive financing costs of enterprises.

In accordance with the requirements for "effective COVID-19 prevention, economic stability, and safe development", and around the key tasks of "ensuring stability on six key fronts" and "maintaining security in six key areas", the Bank will continue to coordinate the intensity, pace and structure of credit granting and reduce the financing costs of the real economy, actively contributing to stabilizing the overall economy.

Hot Topic 3: Optimized Customer Ecosystem and Improved Competitiveness in Deposits

At the end of June, the Bank's due to customers increased by RMB2.83 trillion from the end of the previous year with the increment increased by RMB1.4 trillion year on year. The balance and increment of domestic local- and foreign-currency deposits (including inter-bank deposits) exceeded RMB30 trillion and RMB3 trillion respectively. Both the balance and the increment ranked first in the market. With such financial strengths, the Bank provided stable and sustainable financial support for the real economy.

First, new progress was made in the high-quality development of deposit business. Adhering to taking deposits as the main source of liabilities, the Bank solidly promoted the high-quality development of deposit business, and further improved its competitiveness in the fierce deposit market effectively. **Various types of deposit business developed in a coordinated and balanced manner.** The Bank strengthened its prospective judgments on the pattern of flow of funds in society and improved the mechanism of collaboration among business sectors and lines. As a result, the balances of domestic personal and corporate deposits both topped RMB13 trillion. Specifically, the balance of personal deposits increased by RMB1.2 trillion from the end of the previous year; the balance of corporate deposits increased by RMB1.5 trillion from the end of the previous year, hitting a record high for the same period in history. **The stability of deposits enhanced significantly.** By means such as continuously promoting customer expansion, stepping up product innovation, improving service quality and efficiency, and proactively responding to the maturity of existing deposits, the Bank made more prominent efforts to enhance deposit stability. In the first half of the year, the Bank's equilibrium rate of new deposits reached the highest level for the same period in the past near ten years, representing a significant progress in stability. **Branch deposits in key regions showed higher competitiveness.** By following the national major regional strategies and grasping the business opportunities in areas such as technological innovation, industrial upgrading, green development, industrial revitalization and population transfer in key regions, the Bank improved its service quality and efficiency on all fronts and maintained its leading position in branch deposits in key regional markets. In the first half of the year, the balances and increments of deposits in the Beijing-Tianjin-Hebei region, Yangtze River Delta, Guangdong-Hong Kong-Macao Greater Bay Area, Central China and Chengdu-Chongqing region stayed ahead of the market.

Second, the customer ecosystem was gradually optimized. Considering the situation and trend of the macro-economy and market competition, the Bank gave full play to its advantages in comprehensive financial services such as products, services, channels and technology to speed up digital transformation and solidly promote the implementation of the "GBC+" projects,

with phased results achieved. **The GBC (government, business, consumption) interaction mechanism came into play.** By creating closed loops of customers, funds, and information, the GBC ends integrated to promote each other. The Bank capitalized its advantages of customer cooperation on the G and B ends to facilitate the downstream fund retention and the agency payroll business on the G end. During the reporting period, the numbers of customers acquired and activated at G-end, B-end and C-end key scenarios were 4,770, 199 thousand and 30.80 million, respectively, and the customers attracted by agency payroll business increased by more than 22% year on year. **The internal circulation chains of funds became smoother.** By making good use of its huge fund flow, the Bank further smoothed its internal circulation chains of funds, turned flow of funds to deposits and significantly improved its closed-loop fund management and fund retention. Its fund retention rate increased by 3.2 percentage points from the beginning of the year. **Customer base was continuously consolidated.** The Bank carried out the "Net Making and Patching" program and upgraded the "Smart Brain" decision-making center and omni-channel operation system to reach all customers, expand the customer base, optimize the customer quality, and activate customer transactions. As at the end of June, the personal assets under management (AUM) reached RMB17.93 trillion, increasing by RMB973.8 billion from the end of the previous year with the increment increased by RMB328.6 billion year on year. The number of personal mobile banking customers reached 488 million, and the number of monthly active users ("MAU") at mobile terminals exceeded 160 million, maintaining a leading position in the industry. The number of corporate customers reached 10,287 thousand, increasing by 596 thousand from the beginning of the year, and making ICBC the first of the industry to have acquired more than 10 million corporate customers.

Third, the development capacity of volume-price coordination was improved. The Bank actively followed the reform of the self-discipline mechanism for market-based interest rate pricing, gave full play to its advantages in comprehensive services, and continued to improve the pricing management system. By continuously optimizing the deposit terms, interest rates, product structure and pace of offering, the Bank kept the deposit interest rates at an outstanding level among peers. In June, the Bank's interest rate of new time deposits was lower than the industry average, decreasing remarkably from the same period of the previous year with the dropping rate higher than the industry average, showing the Bank's significant improvements in the volume-price coordination level of deposit and capacity of value creation.

In the next stage, in accordance with the concept of high-quality development, the Bank will solidly promote the implementation of the "GBC+" projects and continue to optimize its customer ecosystem and structure of new deposits, striving to provide more stable financial support for the real economy.

Information Disclosed Pursuant to the Capital Regulation

Capital Adequacy Ratio

Scope of Capital Adequacy Ratio Calculation

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

Risk-Weighted Assets and Calculation Method and Measurement Results of Capital Adequacy Ratio

Please refer to the section headed “Discussion and Analysis — Capital Management”.

Credit Risk

CREDIT RISK EXPOSURE

In RMB millions

Item	At 30 June 2022		At 31 December 2021	
	Parts covered by internal ratings-based approach	Parts uncovered by internal ratings-based approach	Parts covered by internal ratings-based approach	Parts uncovered by internal ratings-based approach
Corporate	12,826,407	1,743,714	11,784,229	1,579,671
Sovereign	—	8,477,892	—	7,788,462
Financial institution	—	4,295,002	—	3,234,577
Retail	8,006,748	520,031	7,803,147	558,255
Equity	—	188,860	—	186,061
Asset securitization	—	103,366	—	109,803
Other	—	5,405,785	—	4,855,985
Total risk exposure	20,833,155	20,734,650	19,587,376	18,312,814

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

Market Risk

CAPITAL REQUIREMENT FOR MARKET RISK

In RMB millions

Risk type	At 30 June 2022	At 31 December 2021
Parts covered by internal model approach	7,125	4,081
Parts uncovered by internal model approach	10,597	8,214
Interest rate risk	5,376	4,465
Commodity risk	5,176	3,707
Option risk	45	42
Total	17,722	12,295

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

Information Disclosed Pursuant to the Capital Regulation

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

VALUE AT RISK (VaR)

In RMB millions

Item	Six months ended 30 June 2022				Six months ended 30 June 2021			
	Period end	Average	Maximum	Minimum	Period end	Average	Maximum	Minimum
VaR	428	354	539	231	596	651	839	497
Interest rate risk	204	223	287	125	307	547	811	254
Currency risk	343	313	365	219	418	486	913	235
Commodity risk	74	79	256	49	197	258	503	93
Stressed VaR	1,709	1,683	2,058	996	1,227	900	1,396	587
Interest rate risk	1,753	1,640	2,076	588	747	669	811	467
Currency risk	421	842	1,414	370	1,019	782	1,206	394
Commodity risk	137	145	518	97	281	285	503	153

Operational Risk

The Bank adopted the standardized approach to measure capital requirement for operational risk. As at the end of June 2022, the capital requirement for operational risk was RMB119,497 million.

Interest Rate Risk in the Banking Book

Please refer to the section headed "Discussion and Analysis — Risk Management" for the analysis on interest rate sensitivity in the banking book of the Bank categorized by major currencies at the end of the reporting period.

Equity Risk in the Banking Book

In RMB millions

Equity type	At 30 June 2022			At 31 December 2021		
	Publicly-traded equity investment risk exposure ⁽¹⁾	Non-publicly-traded equity investment risk exposure ⁽¹⁾	Unrealised potential gains (losses) ⁽²⁾	Publicly-traded equity investment risk exposure ⁽¹⁾	Non-publicly-traded equity investment risk exposure ⁽¹⁾	Unrealised potential gains (losses) ⁽²⁾
Financial institution	31,292	15,504	5,104	29,513	14,205	7,207
Corporate	27,897	131,413	(3,046)	25,412	134,605	(2,667)
Total	59,189	146,917	2,058	54,925	148,810	4,540

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

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

Details of Changes in Share Capital and Shareholding of Substantial Shareholders

Changes in Ordinary Shares

DETAILS OF CHANGES IN SHARE CAPITAL

Unit: Share

	At 31 December 2021		Increase/decrease during the reporting period	At 30 June 2022	
	Number of shares	Percentage (%)		Number of shares	Percentage (%)
I. Shares subject to restrictions on sales	-	-	-	-	-
II. Shares not subject to restrictions on sales	356,406,257,089	100.00	-	356,406,257,089	100.00
1. RMB-denominated ordinary shares	269,612,212,539	75.65	-	269,612,212,539	75.65
2. Foreign shares listed overseas	86,794,044,550	24.35	-	86,794,044,550	24.35
III. Total number of shares	356,406,257,089	100.00	-	356,406,257,089	100.00

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

(2) "Foreign shares listed overseas", namely H shares, are within the same meaning as defined in the "No. 5 Standards on the Content and Format of Information Disclosure of Companies with Public Offerings — Content and Format of the Report of Change in Corporate Shareholding" (Revision 2022) of CSRC.

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

Details of Securities Issuance and Listing

During the reporting period, the Bank did not issue any shares, did not have any employee shares, did not issue any convertible bonds, or corporate bonds to be disclosed in accordance with Chapter II, Section 9 of the "No. 3 Standards on the Content and Format of Information Disclosure of Companies with Public Offerings — Content and Format of the Half-year Report (Revision 2021)".

For details on the issuance progress of tier 2 capital bonds of the Bank during the reporting period, please refer to the section headed "Discussion and Analysis — Capital Management".

For information on other securities issued by the Bank and its subsidiaries, please refer to "Note 28. to the Consolidated Financial Statements: Debt Securities Issued; Note 31. to the Consolidated Financial Statements: Other Equity Instruments" for details.

Details of Changes in Share Capital and Shareholding of Substantial Shareholders

Number of Shareholders and Particulars of Shareholding

As at the end of the reporting period, the Bank had a total number of 706,817 ordinary shareholders and no holders of preference shares with voting rights restored or holders of shares with special voting rights, including 111,903 holders of H shares and 594,914 holders of A shares.

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

Unit: Share

Name of shareholder	Nature of shareholder	Class of shares	Increase/decrease of shares during the reporting period	Number of shares held at the end of reporting period	Shareholding percentage (%)	Number of pledged/locked-up/ marked shares
Huijin	State-owned	A Share	–	123,717,852,951	34.71	None
MOF	State-owned	A Share	–	110,984,806,678	31.14	None
HKSCC Nominees Limited ⁽⁵⁾	Foreign legal person	H Share	-2,838,368	86,151,286,181	24.17	Unknown
SSF ⁽⁶⁾	State-owned	A Share	–	12,331,645,186	3.46	None
Ping An Life Insurance Company of China, Ltd. — Traditional — Ordinary insurance products	Other entities	A Share	-736,135,000	2,951,195,676	0.83	None
China Securities Finance Co., Ltd.	State-owned legal person	A Share	–	2,416,131,540	0.68	None
Hong Kong Securities Clearing Company Limited ⁽⁷⁾	Foreign legal person	A Share	315,904,263	1,702,355,929	0.48	None
Central Huijin Asset Management Co., Ltd.	State-owned legal person	A Share	–	1,013,921,700	0.28	None
China Life Insurance Company Limited — Traditional — Ordinary insurance products — 005L — CT001 Hu	Other entities	A Share	247,925,138	683,836,023	0.19	None
Taiping Life Insurance Co., Ltd.	State-owned legal person	A Share	291,056,026	458,853,272	0.13	None

Notes: (1) The above data are based on the Bank's register of shareholders as at 30 June 2022.

(2) The Bank had no shares subject to restrictions on sales.

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

(4) Except to the extent unknown to HKSCC Nominees Limited, the top 10 shareholders of the Bank did not participate in any margin trading, short selling or refinancing business.

(5) The number of shares held by HKSCC Nominees Limited at the end of the period refers to the total H shares held by it as a nominee on behalf of all institutional and individual investors registered with accounts opened with HKSCC Nominees Limited as at 30 June 2022, which included H shares of the Bank held by SSF, Ping An Asset Management Co., Ltd. and Temasek Holdings (Private) Limited.

(6) According to the Notice on Comprehensively Transferring Part of State-Owned Capital to Fortify Social Security Funds (Cai Zi [2019] No. 49), MOF transferred 12,331,645,186 A shares to the state-owned capital transfer account of SSF in a lump sum in December 2019. According to the relevant requirements under the Notice of the State Council on Issuing the Implementation Plan for Transferring Part of State-Owned Capital to Fortify Social Security Funds (Guo Fa [2017] No. 49), SSF shall perform the obligation of more than 3-year lock-up period as of the date of the receipt of transferred shares. At the end of the reporting period, according to the information provided by SSF to the Bank, SSF also held 7,946,049,758 H shares of the Bank and 20,277,694,944 A and H shares in aggregate, accounting for 5.69% of the Bank's total ordinary shares.

(7) The number of shares held by Hong Kong Securities Clearing Company Limited at the end of the period refers to the total A shares (Northbound shares of the Shanghai-Hong Kong Stock Connect) held by it as a nominal holder designated by and on behalf of Hong Kong and foreign investors as at 30 June 2022.

Details of Changes in Share Capital and Shareholding of Substantial Shareholders

Changes of the Controlling Shareholders and De Facto Controller

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

Interests and Short Positions Held by Substantial Shareholders and Other Persons

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

As at 30 June 2022, the Bank received notices from the following persons about their interests or short positions held in the Bank's ordinary shares and underlying shares, which were recorded in the register pursuant to Section 336 of the Securities and Futures Ordinance of Hong Kong as follows:

HOLDERS OF A SHARES

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

Notes: (1) According to the register of shareholders of the Bank as at 30 June 2022, Huijin held 123,717,852,951 shares in the Bank, while Central Huijin Asset Management Co., Ltd., a subsidiary of Huijin, held 1,013,921,700 shares in the Bank.

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

HOLDERS OF H SHARES

Name of substantial shareholder	Capacity	Number of H shares held (share)	Nature of interests	Percentage of H shares ⁽³⁾ (%)	Percentage of total ordinary shares ⁽³⁾ (%)
Ping An Asset Management Co., Ltd. ⁽¹⁾	Investment manager	12,168,809,000	Long position	14.02	3.41
SSF ⁽²⁾	Beneficial owner	8,663,703,234	Long position	9.98	2.43
Temasek Holdings (Private) Limited	Interest of controlled corporations	7,317,475,731	Long position	8.43	2.05

Details of Changes in Share Capital and Shareholding of Substantial Shareholders

- Notes: (1) As confirmed by Ping An Asset Management Co., Ltd., such shares were held by Ping An Asset Management Co., Ltd. on behalf of certain customers (including but not limited to Ping An Life Insurance Company of China, Ltd.) in its capacity as investment manager and the interests in such shares were disclosed based on the latest disclosure of interests form filed by Ping An Asset Management Co., Ltd. for the period ended 30 June 2022 (the date of relevant event being 12 June 2019). Both Ping An Life Insurance Company of China, Ltd. and Ping An Asset Management Co., Ltd. are subsidiaries of Ping An Insurance (Group) Company of China, Ltd. As Ping An Asset Management Co., Ltd. is in a position to fully exercise the voting rights in respect of such shares on behalf of customers and independently exercise the rights of investment and business management in its capacity as investment manager, and is completely independent from Ping An Insurance (Group) Company of China, Ltd., Ping An Insurance (Group) Company of China, Ltd. is exempted from aggregating the interests in such shares as a holding company under the aggregation exemption and disclosing the holding of the same in accordance with the Securities and Futures Ordinance of Hong Kong.
- (2) According to the information provided by SSF to the Bank, SSF held 7,946,049,758 H shares of the Bank as at the end of the reporting period, accounting for 9.16% of the Bank's H shares and 2.23% of the Bank's total ordinary shares.
- (3) Due to rounding, percentages presented herein are for reference only.

Preference Shares

Issuance and Listing of Preference Shares during the Reporting Period

During the reporting period, the Bank did not issue any preference shares.

Number of Preference Shareholders and Particulars of Shareholding

As at the end of the reporting period, the Bank had one offshore preference shareholder (or proxy), 28 domestic preference shareholders of “工行優1” and 34 domestic preference shareholders of “工行優2”.

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

Unit: Share

Name of shareholder	Nature of shareholder	Class of shares	Increase/decrease during the reporting period	Shares held at the end of the period	Shareholding percentage (%)	Number of shares subject to restrictions on sales	Number of pledged/locked-up/ marked shares
The Bank of New York Depository (Nominees) Limited	Foreign legal person	USD offshore preference shares	-	145,000,000	100	-	Unknown

- Notes: (1) The above data are based on the Bank's register of offshore preference shareholders as at 30 June 2022.
- (2) As the issuance of the offshore preference shares above was non-public offering, the register of preference shareholders presented the information on the registered holder of the offshore preference shares.
- (3) The Bank is not aware of any connected relations or concert party action between the afore-mentioned preference shareholder and top 10 ordinary shareholders.
- (4) “Shareholding percentage” refers to the percentage of offshore preference shares held by preference shareholders in total number of offshore preference shares.

Details of Changes in Share Capital and Shareholding of Substantial Shareholders

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

Unit: Share

Name of shareholder	Nature of shareholder	Class of shares	Increase/ decrease during the reporting period	Shares held at the end of the period	Shareholding percentage (%)	Number of shares subject to restrictions on sales	Number of pledged/ locked-up/ marked shares
China Mobile Communications Group Co., Ltd.	State-owned legal person	Domestic preference shares	–	200,000,000	44.4	–	None
China National Tobacco Corporation	Other entities	Domestic preference shares	–	50,000,000	11.1	–	None
China Life Insurance Company Limited	State-owned legal person	Domestic preference shares	–	35,000,000	7.8	–	None
Ping An Life Insurance Company of China, Ltd.	Domestic non-state-owned legal person	Domestic preference shares	–	30,000,000	6.7	–	None
BOCOM Schroders Asset Management Co., Ltd.	Domestic non-state-owned legal person	Domestic preference shares	–	18,000,000	4.0	–	None
CCB Trust Co., Ltd.	State-owned legal person	Domestic preference shares	–	15,000,000	3.3	–	None
BOC International (China) Co., Ltd.	State-owned legal person	Domestic preference shares	–	15,000,000	3.3	–	None
Hwabao Trust Co., Ltd.	State-owned legal person	Domestic preference shares	–	11,400,000	2.5	–	None
China National Tobacco Corporation Shandong Branch	Other entities	Domestic preference shares	–	10,000,000	2.2	–	None
China National Tobacco Corporation Heilongjiang Branch	Other entities	Domestic preference shares	–	10,000,000	2.2	–	None
Ping An Property & Casualty Insurance Company of China, Ltd.	Domestic non-state-owned legal person	Domestic preference shares	–	10,000,000	2.2	–	None

Notes: (1) The above data are based on the Bank's register of domestic preference shareholders of “工行優1” as at 30 June 2022.

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

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

Details of Changes in Share Capital and Shareholding of Substantial Shareholders

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

Unit: Share

Name of shareholder	Nature of shareholder	Class of shares	Increase/ decrease during the reporting period	Shares held at the end of the period	Shareholding percentage (%)	Number of shares subject to restrictions on sales	Number of pledged/ locked-up/ marked shares
China Life Insurance Company Limited	State-owned legal person	Domestic preference shares	—	120,000,000	17.1	—	None
Hwabao Trust Co., Ltd.	State-owned legal person	Domestic preference shares	—	112,750,000	16.1	—	None
China Mobile Communications Group Co., Ltd.	State-owned legal person	Domestic preference shares	—	100,000,000	14.3	—	None
BOC International (China) Co., Ltd.	State-owned legal person	Domestic preference shares	—	70,000,000	10.0	—	None
CCB Trust Co., Ltd.	State-owned legal person	Domestic preference shares	-6,000,000	64,000,000	9.1	—	None
China National Tobacco Corporation	Other entities	Domestic preference shares	—	50,000,000	7.1	—	None
Jiangsu International Trust Co., Ltd.	State-owned legal person	Domestic preference shares	—	37,250,000	5.3	—	None
Shanghai Tobacco Group Co., Ltd.	Other entities	Domestic preference shares	—	30,000,000	4.3	—	None
Bank of Beijing Co., Ltd.	Domestic non-state-owned legal person	Domestic preference shares	-3,000,000	17,000,000	2.4	—	None
BOCOM Schroders Asset Management Co., Ltd.	Domestic non-state-owned legal person	Domestic preference shares	—	15,000,000	2.1	—	None
Ping An Property & Casualty Insurance Company of China, Ltd.	Domestic non-state-owned legal person	Domestic preference shares	—	15,000,000	2.1	—	None

Notes: (1) The above data are based on the Bank's register of domestic preference shareholders of “工行優2” as at 30 June 2022.

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

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

Dividend Distribution of Preference Shares

During the reporting period, the Bank did not distribute dividends on preference share.

The Bank reviewed and approved the distribution of dividends on “工行優2” and offshore USD preference shares at the meeting of the Board of Directors on 30 August 2022, planning to distribute the dividends on “工行優2” on 26 September 2022 at the dividend rate of 4.2% (inclusive of tax, and the tax payable on dividends received by holders of domestic preference shares should be borne by them in compliance with relevant laws and regulations) and the total dividends distributed will be RMB2,940 million; and planning to distribute the dividends on offshore USD preference shares on 23 September 2022 at the dividend rate of 3.58% (post-tax, namely the actual dividend rate obtained by offshore USD preference shareholders) and the dividends distributed on offshore USD preference shares will be approximately USD115.3 million including approximately USD103.8 million to be paid to preference shareholders and approximately USD11.5 million of withholding income tax.

Redemption or Conversion of Preference Shares

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

Restoration of Voting Rights of Preference Shares

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

Accounting Policy Adopted for Preference Shares and Rationale

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

Directors, Supervisors and Senior Management

Basic Information on Directors, Supervisors and Senior Management

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

The Board of Directors of the Bank consists of 13 directors, including four Executive Directors: Mr. Chen Siqing, Mr. Liao Lin, Mr. Zheng Guoyu and Mr. Wang Jingwu; five Non-executive Directors: Mr. Lu Yongzhen, Mr. Feng Weidong, Ms. Cao Liqun, Ms. Chen Yifang and Mr. Dong Yang; and four Independent Non-executive Directors: Mr. Anthony Francis Neoh, Mr. Yang Siu Shun, Mr. Shen Si and Mr. Fred Zuli Hu.

The Board of Supervisors of the Bank consists of five members, including one Shareholder Supervisor, namely Mr. Huang Liangbo, two Employee Supervisors, namely Mr. Huang Li and Mr. Wu Xiangjiang, and two External Supervisors, namely Mr. Zhang Jie and Mr. Liu Lanbiao.

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

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

Appointment and Removal

Directors

At the Second Extraordinary General Meeting of 2021 held on 25 November 2021, Mr. Dong Yang was elected as Non-executive Director of the Bank, and his qualification was approved by CBIRC in January 2022. At the Annual General Meeting for the Year 2021 held on 23 June 2022, Mr. Chen Siqing was re-elected as Executive Director of the Bank, and his new term of office started from the day of approval by the Shareholders' General Meeting; Mr. Norman Chan Tak Lam was elected as Independent Non-executive Director of the Bank, and his qualification is to be approved by CBIRC; Mr. Fred Zuli Hu was re-elected as

Independent Non-executive Director of the Bank, and his new term of office started from the day of approval by the Shareholders' General Meeting.

In January 2022, Mr. Zheng Fuqing ceased to act as Non-executive Director of the Bank due to expiration of his term of office. In March 2022, Mr. Nout Wellink ceased to act as Independent Non-executive Director of the Bank due to expiration of his term of office.

Supervisors

At the Annual General Meeting for the Year 2021 held on 23 June 2022, Mr. Liu Lanbiao was elected as External Supervisor of the Bank, and his term of office as External Supervisor of the Bank started from the day of approval by the Annual General Meeting.

In April 2022, Mr. Zhang Wei ceased to act as Shareholder Supervisor of the Bank due to his age.

In June 2022, Mr. Shen Bingxi ceased to act as External Supervisor of the Bank due to expiration of his term of office.

Senior Management Members

In August 2022, Mr. Xu Shouben ceased to act as Senior Executive Vice President of the Bank due to change of job assignments.

Changes in Information of Directors and Supervisors

Directors

Mr. Yang Siu Shun, Independent Non-executive Director of the Bank, has acted as Independent Non-executive Director of Man Wah Holdings Limited since April 2022 and Independent Non-executive Director of Xinyi Glass Holdings Limited since June 2022.

Mr. Fred Zuli Hu, Independent Non-executive Director of the Bank, ceased to act as Independent Non-executive Director of Ant Group Co., Ltd. since March 2022.

Supervisors

None.

Corporate Governance

Overview of Corporate Governance

During the reporting period, the Bank strictly complied with relevant laws and regulations, and continuously improved its corporate governance based on the actual conditions of the Bank. It continued to build the corporate governance and checks and balances mechanism featuring clearly-defined responsibilities and accountability, coordination and effective checks and balances, optimized the corporate governance operation mechanism with scientific decision-making process, effective supervision and steady operation, improved the corporate governance structure led by the Bank's Party Committee, with the Board of Directors acting as the decision-making organ, the Board of Supervisors responsible for compliance supervision, and the Management in charge of operation, and constantly enhanced the governance efficiency and high-quality development capability.

Corporate Governance Code

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

With regard to the compliance with Article B.(f) under Part 1 of the Corporate Governance Code (Appendix 14 to the Hong Kong Listing Rules), Mr. Nout Wellink ceased to act as Independent Non-executive Director of the Bank since 31 March 2022 due to expiration of his term of office; at the Annual General Meeting for the Year 2021 held on 23 June 2022, Mr. Norman Chan Tak Lam was elected as Independent Non-executive Director of the Bank, and his qualification is under the review and approval procedures of CBIRC.

Shareholders' General Meeting

As of the day of results disclosure, the Bank convened the Annual General Meeting for the Year 2021 on 23 June 2022. The above meeting was convened and held in strict compliance with relevant laws and regulations. The Bank

disclosed relevant announcements of resolutions and legal opinions in a timely manner in accordance with regulatory requirements. For details of the meeting, please refer to the announcements of the Bank dated 23 June 2022 on the websites of SSE, the "HKEXnews" of HKEX and the Bank.

Profits and Dividends Distribution

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

As approved at the Annual General Meeting for the Year 2021 held on 23 June 2022, the Bank distributed cash dividends of about RMB104,534 million, or RMB2.933 per ten shares (pre-tax) for the period from 1 January 2021 to 31 December 2021 to the ordinary shareholders whose names appeared on the share register after the close of market on 11 July 2022. The Bank will not declare or distribute interim dividends for 2022, nor will it convert any capital reserves to share capital.

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

Implementation of Share Incentive Plan and Employee Stock Ownership Plan during the Reporting Period

During the reporting period, the Bank did not implement any share incentive plan or any employee stock ownership plan.

Environmental and Social Responsibilities

Green Finance and Low-carbon Operation

Through annual industry policies for investment and financing and relevant special policies, the Bank managed green activities by classification, supported the development of green industries, controlled financing to carbon-intensive industries, actively promoted the green adjustment of investment and financing structures, and effectively controlled ESG risks arising from investment and financing activities.

The Bank was active in supporting the national strategies for energy supply security and low-carbon transition. Among its clean energy loans, the balance of wind power loans and photovoltaic power generation loans accounted for 36.5% of the total loans granted by the Bank to the power industry, higher than the proportion of wind power and photovoltaic power generation in China's power structure over the same period. The total loans granted to high polluting and high energy-consuming industries continued to decrease steadily. As at the end of the reporting period, the Bank recorded a balance of RMB3,499.9 billion of green loans granted to green industries such as energy saving and environmental protection, clean production, clean energy, ecological environment, green upgrade of infrastructures and green services. During the reporting period, the Bank underwrote 32 green bonds of all sorts as the lead underwriter, raising funds of RMB89,689 million for 25 issuers. Specifically, the green bonds underwritten by the Bank as the lead underwriter amounted to RMB26,730 million, a year-on-year increase of 23.0%. Among them, there were six carbon-neutral bonds worth RMB5,876 million, for which the Bank acted as the lead underwriter. Besides, the Bank successfully issued a carbon-neutral green financial bond worth RMB10.0 billion in the national interbank market, being the first commercial bank in China to do so in the domestic market. The bond cited the Common Ground Taxonomy jointly formulated by China and the EU countries, for the first time in the domestic bond market. It attested to the credibility of the bond in the international green bond market.

The Bank formulated and issued the Guide to Green Investment and Financing of Industrial and Commercial Bank of China (Trial). Focusing on green development, the guide started from preventing and controlling ESG risks to provide an abundance of operational guidance for investment and financing business. By clarifying key points for ESG risk identification, minimum access standards, criteria of excellence, and green investment areas, it

significantly made ESG risk prevention and control more effective and targeted so as to improve the Bank's level of ESG risk prevention and control.

The Bank incorporated climate risk into the Policy on Enterprise-wide Risk Management to strengthen the identification and management of climate risk and specify the division of responsibilities among the Board of Directors, the Board of Supervisors, Senior Management, risk management departments, business departments and internal audit departments in terms of climate risk management. During the reporting period, the Bank thoroughly studied the climate risk stress testing methodologies, referred to the global stress scenarios provided by the Central Banks and Supervisors Network for Greening the Financial System (NGFS), established transmission pathways of transition risks and physical risks, and analyzed the overall impact of such risks on asset portfolios as well as the differences in impact on key industries and key regions. The climate risk stress tests were conducted in three major types of scenarios, i.e. orderly transition, disorderly transition, and greenhouse world. In addition to in-depth analysis of industry-specific transition characteristics, the Bank designed special stress testing methods for key industries such as power generation, iron and steel, and coal to portray development patterns of these industries. A climate risk database was constructed, which could cover eight categories of climate risk data to provide information support for stress testing.

The Bank completed and put into operation the self-developed statistical system for carbon footprint management data, which could support digital filing of information, standardized approval and automated aggregation, thus laying a solid foundation for the continuous progress towards the goal of carbon peak and carbon neutrality across the Group. Institutions and subsidiaries at all levels within the Group were organized to enter their energy consumption data for the period from 2017 to 2021 into the statistical system. The scope of data collected fell into three major categories (carbon emissions, emission facilities, and monitoring facilities), which could be further divided into 58 sub-categories. More than 2.60 million data entries were gathered in total. The Bank expanded the statistical scope of carbon emission data, by adding new emission items such as fugitive emissions, purchased heat and cooling and office paper consumption. At the same time, a third-party professional company was hired to verify the data collected by means of on-site inspection, document review, etc.

Consolidation of Achievements in Poverty Alleviation and Services for Rural Revitalization

The Bank fully implemented the rural revitalization strategy by considering the rural reality, leveraging its strengths and developing its characteristics, thus achieving new progress in financial services for rural revitalization. The Bank continued to deepen the “1+6” rural service structure. By following the guiding Urban-Rural Collaborative Development Strategy and speeding up the building of the six basic rural financial systems, namely, the organizational management system, the basic institutional system, the new audience reach system, the overall product system, the category-based promotion mechanism and the uniform service brand, the Bank built and constantly optimized its distinctive “1+6” financial service structure for rural revitalization, continuously consolidated the foundation for urban-rural collaboration services and strove to extend financial services to rural areas.

The Bank went all out to deliver agriculture-related financial services with better quality and higher efficiency. Focusing on the key areas of “agriculture, rural areas and farmers” and highlighting urban areas helping rural areas and urban-rural complementarity, the Bank carried out a special financial service campaign for rural revitalization and increased the supply of agriculture-related financial services. **Credit supply was enhanced significantly.** In the first half of the year, the Bank provided more than RMB1 trillion of financing for agriculture-related areas such as food security, agricultural development and rural construction, to fully support and stabilize the fundamentals of agriculture. **The focus of services was extended to rural areas.** The Bank utilized the “online + offline” service channels to work faster to develop rural inclusive financial service points and ICBC Messenger teams, and intensified the marketing promotion of the “ICBC Xingnongtong” APP, an exclusive platform for comprehensive agriculture-related services. By doing so, the Bank offered customers the experience of “one-point access, borderless rural revitalization”. **Characteristic services were directed towards targeted consumers.** The Bank supported the cultivation of new agricultural business entities, promoted the “Direct Credit for Agricultural Business Entities”, carried out supply chain financial services for “Thousands of Supply Chains and Ten Thousands of Households”, and advanced the programs of “Agricultural Matchmaking” and “Serving Thousands of Villages and Accompanying Ten Thousands of Households”. As at the end of June, “Agricultural Matchmaking” provided full-process and intelligent matchmaking services for a total of 52 thousand

agricultural business entities in 117 national modern agricultural parks, 74 advantageous and characteristic industrial clusters, and 455 developed agricultural towns.

The financial ecosystem was developed faster. The Bank relied on technological empowerment and internal and external collaboration to develop a benign financial ecosystem featuring innovative integration and mutual circulative promotion. The Bank promoted the “Digital Villages” comprehensive service platform, providing more than 900 counties and 100,000 villages with smart services regarding government affairs, social insurance, agriculture, village affairs and so on. The Bank strengthened the sharing and collaboration with the Ministry of Agriculture and Rural Affairs, the All-China Federation of Industry and Commerce and other institutions and high-quality platforms, to create active and efficient channels to serve the rural market.

The Bank effectively combined implementation of targeted assistance efforts and the consolidation and expansion of achievements in targeted poverty alleviation with rural revitalization. It provided solid support for rural areas in seven regards, including strengthening organizational leadership, consolidating and expanding poverty alleviation achievements, promoting rural development, assisting in rural construction, integrating into rural governance, creating models for financial assistance, and optimizing talent training. It deepened the paired assistance mechanism, and injected assistance funds through multiple channels into industry, healthcare, education and other sectors in the four targeted counties and cities. It gave full play to its advantages in financial assistance, directing financial resources to targeted regions to nourish the development of local characteristic industries. For key livelihood areas such as compulsory education, basic healthcare and housing, the Bank provided targeted assistance to address inadequacies, shore up points of weakness, and keep consolidating the foundation for staying out of poverty. The Bank made good use of education and training, FinTech and other resources to hold online training courses for primary-level officials, provide practical skills training for people who had got out of poverty, and cultivate and mobilize new drivers for rural revitalization.

As at the end of June, the Bank’s balance of agriculture-related loans amounted to RMB3,080.6 billion, an increase of RMB429.4 billion or 16.2% over the beginning of the year. The balance of loans to areas getting out of poverty reached RMB861.5 billion, an increase of RMB79.6 billion over the beginning of the year. The balance of loans to key targeted counties was RMB119.3 billion, with a growth rate higher than the average of the loans across the Bank.

Consumer Protection

The Bank implemented the laws, regulations and regulatory requirements regarding consumer protection, and took various measures to protect legitimate rights and interests of consumers. It established the Consumer Protection Committee in the Senior Management to coordinate its consumer protection work and further improve relevant mechanisms. It continuously refined its policies and procedures related to consumer protection, formulated assessment methods for consumer protection, fully assessed and guided the basic and whole-process management of consumer protection, conducted reviews on financial products in terms of consumer protection, actively protected consumer rights and interests and enhanced customer experience. Besides, it continuously enhanced financial services for elderly customers, new urban residents and other groups with a focus on enhancing customer satisfaction and happiness with financial services.

Adhering to the working idea of putting customer first, the Bank strengthened the top-level strategic planning for consumer protection and actively offered to protect consumer rights and interests during the pandemic period and deepen customer complaint management on all fronts. It carried out a campaign titled “The Management Year for Complaints from Individual Customers” to address their “urgencies, difficulties, frustrations and expectations” in a category-based and systematic way, striving to deliver better financial services. By improving the regular management mechanism for customer complaints and optimizing the workflow of complaint response, handling, and feedback, the Bank fulfilled the primary responsibility for handling customer complaints, and kept offering better complaint handling services. The Bank optimized its customer service and complaint management systems, and improved its prevention and control of complaint risks through technology empowerment.

The Bank implemented requirements of laws and regulations, revised the management measures for information security of individual customers, inspected the information security of individual customers, carried out regular prevention and control of criminal cases involving infringement of individual customer information, and established and improved the customer information security mechanism. Online and offline efforts were combined for educational activities such as “March 15th Consumer Protection Publicity Week” and “Spreading Financial Knowledge, Protecting Your Pocket”, where the efforts were especially directed at key contents and special groups with an aim to expand the publicity coverage and influence and enhance consumers’ financial literacy and risk prevention capability. The Bank continued to build its characteristic consumer education publicity brand. By carrying out a bank-wide training session on consumer protection review, the Bank actively played the risk prevention role of such review on consumer protection.

Scan for access to the ESG column on the Bank’s official website, and obtain other ESG-related information such as the Bank’s annual Corporate Social Responsibility (ESG) Report, half-year Special Report on Corporate Social Responsibility (ESG), and annual Special Report on Green Finance (TCFD).



Significant Events

Use of Proceeds from Fundraising Activities

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

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

Occupation of the Bank's Fund by Controlling Shareholders and Other Related Parties for Non-Business Purposes During the reporting period, none of the controlling shareholders and other related parties of the Bank occupied any fund of the Bank for non-business purposes.

Material Lawsuits or Arbitration Cases During the reporting period, the Bank incurred no material lawsuits or arbitration cases. It was involved in several legal disputes in its ordinary course of business. Most of these cases were initiated by the Bank to recover non-performing loans, while some were related to disputes with clients. As at 30 June 2022, the amount of cases pending judgments or arbitration awards in which the Bank and/or its subsidiaries are defendants totaled RMB5,108 million, and the Bank does not expect any material adverse effect from the above-mentioned cases on the Bank's business, financial position or operating results.

Credit Standing During the reporting period, neither the Bank nor its controlling shareholders had ever failed to fulfil obligations provided in effective legal documents issued by court for material lawsuits, nor had there been any outstanding debt of significant amount.

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

Material Connected Transactions

The Bank carried out standardized management over the Group's connected transactions in strict compliance

with the regulations of CBIRC and CSRC as well as the listing rules of Shanghai and Hong Kong, and had no connected transactions to be submitted to the Board of Directors or the Shareholders' General Meeting for review. All connected transactions occurred complied with the disclosure exemptions under the Rules Governing the Listing of Stocks on Shanghai Stock Exchange and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The disclosure exemptions abided by the provisions of SSE for disclosure of connected transactions as well as the provisions of SEHK for reporting and announcement of connected transactions.

During the reporting period, the Bank did not enter into any material connected transactions, nor any new or existing agreements on continuing connected transactions.

Please refer to "Note 40. to the Consolidated Financial Statements: Related Party Disclosures" for details of the related party transactions defined under the laws and regulations of China and the relevant accounting standards.

Material Contracts and Performance of Obligations thereunder

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

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

Other Material Contracts During the reporting period, the Bank did not have any other material contracts which were subject to disclosure.

External Guarantees During the reporting period, the Bank did not enter any guarantee contract against the resolution procedures for external guarantees that are prescribed by laws, administrative regulations or CSRC.

Significant Events

Commitments

As at 30 June 2022, all of the continuing commitments made by the shareholders were properly fulfilled, and were listed as follows:

Shareholder	Type of commitment	Time and term of commitment	Legal document under which the commitment is made	Commitment	Fulfillment of commitment
Huijin	Commitment of non-competition	October 2006/ No specific term	Prospectus of Industrial and Commercial Bank of China Limited on Initial Public Offering (A Share)	Provided that Huijin continues to hold any share of the Bank or is deemed as the controlling shareholder of the Bank or the related party of the controlling shareholder of the Bank according to the laws or listing rules of China or the listing place of the Bank, Huijin will not engage in or participate in any competitive commercial banking business including but not limited to granting loans, attracting deposits and providing settlement, fund custody, bank card and money exchange services. However, Huijin can engage in or participate in some competitive businesses by investing in other commercial banks. In this regard, Huijin has committed that it will: (1) fairly treat the investments in commercial banks and will not make any decision or judgment that will have adverse impact on the Bank or be beneficial to other commercial banks by taking advantage of the status of being a shareholder of the Bank or information obtained by taking advantage of the status of being a shareholder of the Bank; and (2) perform the shareholders' rights for the maximum interests of the Bank.	As at 30 June 2022, Huijin strictly fulfilled the above commitment and did not do anything in violation of the commitment.
		November 2010/ No specific term	Prospectus on A Share Rights Issue of Industrial and Commercial Bank of China Limited		
SSF	Commitment of performing the obligation of lock-up period for A shares	Taking effect from December 2019/ Above three years	Simplified Report of Changes in Equity of National Council for Social Security Fund	According to the Notice of the State Council on Issuing the Implementation Plan for Transferring Part of State-Owned Capital to Fortify Social Security Funds (Guo Fa [2017] No. 49), SSF shall perform the obligation of more than 3-year lock-up period as of the date of the receipt of transferred shares.	As at 30 June 2022, SSF strictly fulfilled the above commitment and did not do anything in violation of the commitment.

Disciplinary Actions During the reporting period, the Bank was not subject to any case filing investigation for suspected crime, nor was any of its controlling shareholders, Directors, Supervisors and Senior Management members subject to coercive measures for suspected crime; neither the Bank nor its controlling shareholders, Directors, Supervisors and Senior Management members were subject to any criminal penalty or any case filing investigation by CSRC for suspected illegality or irregularity or administrative penalty by CSRC or material administrative penalty by other competent authority; none of its controlling shareholders, Directors, Supervisors and Senior Management members was held in retention by the disciplinary inspection and supervision organ because of suspected serious illegality or irregularity or work-related crime, which affected their duty performance; none of its Directors, Supervisors and Senior Management members was subject to coercive measures taken by other competent authority for suspected illegality or irregularity, which affected their duty performance; neither the Bank nor any of its controlling shareholders, Directors, Supervisors and Senior Management members was subject to any administrative or regulatory measures taken by CSRC or disciplinary sanction imposed by stock exchanges.

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

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

Interests in Shares, Underlying Shares, and Debentures Held by Directors and Supervisors As at 30 June 2022, none of the Directors or Supervisors of the Bank had any interests or short positions in the shares, underlying shares or debentures of the Bank or any of its associated corporations (as defined in Part XV of the Securities and Futures Ordinance of Hong Kong) which have to be notified to the Bank and SEHK under Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance of Hong Kong (including interests or short positions therein that they shall be deemed to have pursuant to such provisions of the Securities and Futures Ordinance of Hong Kong), or any interests or short positions which have to be recorded in the register under Section 352 of the Securities and Futures Ordinance of Hong Kong, or any interests or short positions which have to be notified to the Bank and SEHK pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Hong Kong Listing Rules.

Review of the Interim Report

The 2022 interim financial report prepared by the Bank in accordance with PRC GAAP and IFRSs have been reviewed by Deloitte Touche Tohmatsu Certified Public Accountants LLP and Deloitte Touche Tohmatsu in accordance with Chinese and international standards on review engagements, respectively.

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

Disclosure of Losses on a Consolidated Basis That Exceed 10% of Net Assets at the end of the Previous Year, Reasons for Such Losses and Impacts on the Bank's Operation Capability and Solvency Not applicable.



**Review Report and
Interim Financial Report**



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Report on Review of Consolidated Financial Statements

Deloitte.

德勤

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

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

Introduction

We have reviewed the consolidated financial statements of Industrial and Commercial Bank of China Limited (the "Bank") and its subsidiaries (collectively the "Group") set out on pages 89 to 96, which comprise the consolidated statement of financial position as of 30 June 2022 and the related consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34"), issued by the International Accounting Standards Board. The directors of the Bank are responsible for the preparation and presentation of these consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

30 August 2022

Consolidated Statement of Profit or Loss

For the six months ended 30 June 2022
(In RMB millions, unless otherwise stated)

	Notes	Six months ended 30 June	
		2022 (unaudited)	2021 (unaudited)
Interest income	3	620,023	563,802
Interest expense	3	(268,598)	(227,509)
NET INTEREST INCOME	3	351,425	336,293
Fee and commission income	4	83,649	83,232
Fee and commission expense	4	(7,632)	(7,289)
NET FEE AND COMMISSION INCOME	4	76,017	75,943
Net trading income	5	4,813	6,047
Net gains on financial investments	6	6,154	2,952
Other operating income, net	7	5,379	5,171
OPERATING INCOME		443,788	426,406
Operating expenses	8	(103,173)	(94,991)
Impairment losses on assets	9	(133,622)	(124,547)
OPERATING PROFIT		206,993	206,868
Share of results of associates and joint ventures		2,152	1,202
PROFIT BEFORE TAXATION		209,145	208,070
Income tax expense	10	(36,575)	(43,561)
PROFIT FOR THE PERIOD		172,570	164,509
Profit for the period attributable to:			
Equity holders of the parent company		171,506	163,473
Non-controlling interests		1,064	1,036
PROFIT FOR THE PERIOD		172,570	164,509
EARNINGS PER SHARE			
— Basic (RMB yuan)	12	0.47	0.46
— Diluted (RMB yuan)	12	0.47	0.46

The accompanying notes form part of these consolidated financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2022
(In RMB millions, unless otherwise stated)

	Note	Six months ended 30 June	
		2022 (unaudited)	2021 (unaudited)
Profit for the period		172,570	164,509
Other comprehensive income (after tax, net):	33		
(a) Items that will not be reclassified to profit or loss:			
(i) Changes in fair value of equity instruments designated as at fair value through other comprehensive income		(3,242)	993
(ii) Other comprehensive income recognised under the equity method		(14)	2
(iii) Other		6	1
(b) Items that may be reclassified subsequently to profit or loss:			
(i) Changes in fair value of debt instruments measured at fair value through other comprehensive income		(15,448)	(982)
(ii) Credit losses of debt instruments measured at fair value through other comprehensive income		2,365	654
(iii) Cash flow hedging reserve		446	899
(iv) Other comprehensive income recognised under the equity method		(153)	(98)
(v) Foreign currency translation reserve		10,609	(4,089)
(vi) Other		(983)	383
Subtotal of other comprehensive income for the period		(6,414)	(2,237)
Total comprehensive income for the period		166,156	162,272
Total comprehensive income for the period attributable to:			
Equity holders of the parent company		164,559	161,200
Non-controlling interests		1,597	1,072
		166,156	162,272

The accompanying notes form part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 30 June 2022
(In RMB millions, unless otherwise stated)

	Notes	30 June 2022 (unaudited)	31 December 2021 (audited)
ASSETS			
Cash and balances with central banks	13	3,348,474	3,098,438
Due from banks and other financial institutions	14	1,009,220	827,150
Derivative financial assets	15	116,493	76,140
Reverse repurchase agreements	16	1,178,806	663,496
Loans and advances to customers	17	21,737,421	20,109,200
Financial investments	18	10,174,195	9,257,760
— Financial investments measured at fair value through profit or loss		765,787	623,223
— Financial investments measured at fair value through other comprehensive income		1,729,559	1,803,604
— Financial investments measured at amortised cost		7,678,849	6,830,933
Investments in associates and joint ventures	19	65,020	61,782
Property and equipment	20	292,772	290,296
Deferred tax assets	21	97,468	79,259
Other assets	22	724,507	707,862
TOTAL ASSETS		38,744,376	35,171,383

The accompanying notes form part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 30 June 2022

(In RMB millions, unless otherwise stated)

	Notes	30 June 2022 (unaudited)	31 December 2021 (audited)
LIABILITIES			
Due to central banks		66,924	39,723
Due to banks and other financial institutions	23	3,302,752	2,921,029
Financial liabilities measured at fair value through profit or loss	24	87,250	87,180
Derivative financial liabilities	15	116,891	71,337
Repurchase agreements	25	490,885	365,943
Certificates of deposit	26	258,680	290,342
Due to customers	27	29,272,001	26,441,774
Income tax payable		62,122	92,443
Debt securities issued	28	852,124	791,375
Deferred tax liabilities	21	5,016	5,624
Other liabilities	29	896,425	789,355
TOTAL LIABILITIES		35,411,070	31,896,125
EQUITY			
Equity attributable to equity holders of the parent company			
Share capital	30	356,407	356,407
Other equity instruments	31	354,331	354,331
Reserves	32	924,588	926,375
Retained profits		1,678,872	1,620,642
		3,314,198	3,257,755
Non-controlling interests		19,108	17,503
TOTAL EQUITY		3,333,306	3,275,258
TOTAL EQUITY AND LIABILITIES		38,744,376	35,171,383

Chen Siqing
Chairman

Liao Lin
Vice Chairman
and President

Liu Yagan
General Manager of
Finance and Accounting Department

The accompanying notes form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2022
(In RMB millions, unless otherwise stated)

	Attributable to equity holders of the parent company													
	Reserves											Non-controlling interests	Total equity	
	Share capital	Other equity instruments	Capital reserve	Surplus reserve	General reserve	Investment revaluation reserve	Foreign currency translation reserve	Cash flow hedging reserve	Other reserves	Subtotal	Retained profits			Total
Balance as at 1 January 2022	356,407	354,331	148,703	357,169	438,952	24,628	(39,999)	(4,243)	1,165	926,375	1,620,642	3,257,755	17,503	3,275,258
Profit for the period	-	-	-	-	-	-	-	-	-	-	171,506	171,506	1,064	172,570
Other comprehensive income	-	-	-	-	-	(16,587)	10,312	475	(1,147)	(6,947)	-	(6,947)	533	(6,414)
Total comprehensive income	-	-	-	-	-	(16,587)	10,312	475	(1,147)	(6,947)	171,506	164,559	1,597	166,156
Dividends — ordinary shares 2021 final (Note 11)	-	-	-	-	-	-	-	-	-	-	(104,534)	(104,534)	-	(104,534)
Distributions to other equity instrument holders (Note 11)	-	-	-	-	-	-	-	-	-	-	(3,559)	(3,559)	-	(3,559)
Appropriation to surplus reserve (i)	-	-	-	133	-	-	-	-	-	133	(133)	-	-	-
Appropriation to general reserve (ii)	-	-	-	-	3,646	-	-	-	-	3,646	(3,646)	-	-	-
Dividends to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	-	(28)	(28)
Other comprehensive income transferred to retained earnings	-	-	-	-	-	(74)	-	-	-	(74)	74	-	-	-
Other	-	-	(495)	-	-	-	1,950	-	-	1,455	(1,478)	(23)	36	13
Balance as at 30 June 2022 (unaudited)	356,407	354,331	148,208	357,302	442,598	7,967	(27,737)	(3,768)	18	924,588	1,678,872	3,314,198	19,108	3,333,306

- (i) Includes the appropriation to surplus reserve made by overseas branches and subsidiaries in the amounts of RMB68 million and RMB65 million, respectively.
- (ii) Includes the appropriation to general reserve made by subsidiaries in the amounts of RMB3,646 million.

	Attributable to equity holders of the parent company													
	Reserves											Non-controlling interests	Total equity	
	Share capital	Other equity instruments	Capital reserve	Surplus reserve	General reserve	Investment revaluation reserve	Foreign currency translation reserve	Cash flow hedging reserve	Other reserves	Subtotal	Retained profits			Total
Balance as at 1 January 2021	356,407	225,819	148,640	322,911	339,701	22,377	(27,882)	(4,725)	(304)	800,718	1,510,558	2,893,502	16,013	2,909,515
Profit for the period	-	-	-	-	-	-	-	-	-	-	163,473	163,473	1,036	164,509
Other comprehensive income	-	-	-	-	-	520	(3,992)	913	286	(2,273)	-	(2,273)	36	(2,237)
Total comprehensive income	-	-	-	-	-	520	(3,992)	913	286	(2,273)	163,473	161,200	1,072	162,272
Dividends — ordinary shares 2020 final (Note 11)	-	-	-	-	-	-	-	-	-	-	(94,804)	(94,804)	-	(94,804)
Appropriation to surplus reserve (i)	-	-	-	240	-	-	-	-	-	240	(240)	-	-	-
Appropriation to general reserve (ii)	-	-	-	-	193	-	-	-	-	193	(193)	-	-	-
Capital injection by other equity instrument holders	-	69,992	-	-	-	-	-	-	-	-	-	69,992	-	69,992
Dividends to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	-	(168)	(168)
Other comprehensive income transferred to retained earnings	-	-	-	-	-	352	-	-	-	352	(352)	-	-	-
Balance as at 30 June 2021 (unaudited)	356,407	295,811	148,640	323,151	339,894	23,249	(31,874)	(3,812)	(18)	799,230	1,578,442	3,029,890	16,917	3,046,807

- (i) Includes the appropriation to surplus reserve made by overseas branches and subsidiaries in the amounts of RMB56 million and RMB184 million, respectively.
- (ii) Includes the appropriation to general reserve made by overseas branches and subsidiaries in the amounts of RMB23 million and RMB170 million, respectively.

The accompanying notes form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2022
(In RMB millions, unless otherwise stated)

	Attributable to equity holders of the parent company													Non-controlling interests	Total equity
	Reserves											Retained profits	Total		
	Share capital	Other equity instruments	Capital reserve	Surplus reserve	General reserve	Investment revaluation reserve	Foreign currency translation reserve	Cash flow hedging reserve	Other reserves	Subtotal					
Balance as at 1 January 2021	356,407	225,819	148,640	322,911	339,701	22,377	(27,882)	(4,725)	(304)	800,718	1,510,558	2,893,502	16,013	2,909,515	
Profit for the year	-	-	-	-	-	-	-	-	-	-	348,338	348,338	1,878	350,216	
Other comprehensive income	-	-	-	-	-	1,917	(12,117)	482	1,469	(8,249)	-	(8,249)	77	(8,172)	
Total comprehensive income	-	-	-	-	-	1,917	(12,117)	482	1,469	(8,249)	348,338	340,089	1,955	342,044	
Dividends — ordinary shares 2020 final (Note 11)	-	-	-	-	-	-	-	-	-	-	(94,804)	(94,804)	-	(94,804)	
Distributions to other equity instrument holders	-	-	-	-	-	-	-	-	-	-	(9,607)	(9,607)	-	(9,607)	
Appropriation to surplus reserve (i)	-	-	-	34,258	-	-	-	-	-	34,258	(34,258)	-	-	-	
Appropriation to general reserve (ii)	-	-	-	-	99,251	-	-	-	-	99,251	(99,251)	-	-	-	
Capital injection by other equity instrument holders	-	139,730	-	-	-	-	-	-	-	-	-	139,730	-	139,730	
Capital reduction by other equity instrument holders	-	(11,218)	63	-	-	-	-	-	-	63	-	(11,155)	-	(11,155)	
Dividends to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	-	(465)	(465)	
Other comprehensive income transferred to retained earnings	-	-	-	-	-	334	-	-	-	334	(334)	-	-	-	
Balance as at 31 December 2021 (audited)	356,407	354,331	148,703	357,169	438,952	24,628	(39,999)	(4,243)	1,165	926,375	1,620,642	3,257,755	17,503	3,275,258	

- (i) Includes the appropriation to surplus reserve made by overseas branches and subsidiaries in the amounts of RMB56 million and RMB1,764 million, respectively.
- (ii) Includes the appropriation to general reserve made by overseas branches and subsidiaries in the amounts of RMB47 million and RMB1,746 million, respectively.

The accompanying notes form part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the six months ended 30 June 2022
(In RMB millions, unless otherwise stated)

	Notes	Six months ended 30 June	
		2022 (unaudited)	2021 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		209,145	208,070
Adjustments for:			
Share of results of associates and joint ventures		(2,152)	(1,202)
Depreciation		14,855	13,382
Amortisation	8	1,651	1,267
Impairment losses on assets	9	133,622	124,547
Unrealised losses on foreign exchange		12,874	17,488
Interest expense on debt securities issued		14,355	13,939
Accreted interest on impaired loans		(879)	(735)
Net gains on financial investments		(13,198)	(9,272)
Interest income on financial investments		(141,578)	(127,855)
Net losses/(gains) on changes in fair value		4,231	(1,329)
Net gains on disposal and stocktake of property and equipment and other assets (other than repossessed assets)		(957)	(873)
Dividend income	6	(2,165)	(1,326)
		229,804	236,101
Net (increase)/decrease in operating assets:			
Due from central banks		(133,089)	(179,968)
Due from banks and other financial institutions		(9,283)	177,811
Financial assets measured at fair value through profit or loss		(131,686)	30,416
Reverse repurchase agreements		(23,050)	(137,720)
Loans and advances to customers		(1,639,112)	(1,435,048)
Other assets		(18,630)	37,525
		(1,954,850)	(1,506,984)
Net increase/(decrease) in operating liabilities:			
Financial liabilities measured at fair value through profit or loss		24	(502)
Due to central banks		27,082	(12,305)
Due to banks and other financial institutions		338,861	193,692
Repurchase agreements		116,480	6,153
Certificates of deposit		(42,871)	(29,847)
Due to customers		2,707,647	1,424,532
Other liabilities		71,334	145,449
		3,218,557	1,727,172
Net cash flows from operating activities before taxation		1,493,511	456,289
Income tax paid		(83,106)	(78,743)
Net cash flows from operating activities		1,410,405	377,546

The accompanying notes form part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the six months ended 30 June 2022
(In RMB millions, unless otherwise stated)

	Note	Six months ended 30 June	
		2022 (unaudited)	2021 (unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property and equipment and other assets		(16,122)	(9,041)
Proceeds from disposal of property and equipment and other assets (other than repossessed assets)		665	2,139
Purchases of financial investments		(2,345,763)	(1,635,233)
Proceeds from sale and redemption of financial investments		1,534,583	1,296,712
Investments in associates and joint ventures		(3,762)	(929)
Proceeds from disposal of associates and joint ventures		1,511	–
Investment returns received		147,758	129,788
Net cash flows from investing activities		(681,130)	(216,564)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of other equity instruments		–	70,000
Proceeds from issuance of debt securities		496,196	417,449
Interest paid on debt securities		(12,684)	(11,418)
Repayment of debt securities		(446,942)	(430,449)
Dividends or interest paid to other equity instrument holders		(3,559)	–
Dividends paid to non-controlling shareholders		(28)	(168)
Cash payment for other financing activities		(2,785)	(5,154)
Net cash flows from financing activities		30,198	40,260
NET INCREASE IN CASH AND CASH EQUIVALENTS		759,473	201,242
Cash and cash equivalents at beginning of the period		1,436,757	1,791,122
Effect of exchange rate changes on cash and cash equivalents		24,010	(12,797)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	34	2,220,240	1,979,567
NET CASH FLOWS FROM OPERATING ACTIVITIES INCLUDE:			
Interest received		527,744	458,441
Interest paid		(206,102)	(173,129)

The accompanying notes form part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

(In RMB millions, unless otherwise stated)

1. CORPORATE INFORMATION

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

The Bank obtained authorisation to carry out banking business with an institution code of No. B0001H111000001 from the China Banking and Insurance Regulatory Commission (the “CBIRC”) of the PRC. The Bank obtained its business license with unified social credit code 91100000100003962T from the Beijing Municipal Administration for Market Regulation. The legal representative is Mr. Chen Siqing and the registered office is located at No. 55 Fuxingmennei Avenue, Xicheng District, Beijing, the PRC.

The Bank’s stock codes of A Shares and H Shares listed on Shanghai Stock Exchange and The Stock Exchange of Hong Kong Limited are 601398 and 1398, respectively. The Bank’s offshore preference shares are listed on The Stock Exchange of Hong Kong Limited and the stock code is 4620. The Bank’s domestic preference shares are listed on Shanghai Stock Exchange and the stock codes are 360011 and 360036.

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

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of preparation

The consolidated financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*, issued by the International Accounting Standards Board (“IASB”) as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. It was approved by the board of directors on 30 August 2022.

The consolidated financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”), and should be read in conjunction with the Group’s last annual financial statements for the year ended 31 December 2021.

The consolidated financial statements have been reviewed by Deloitte Touche Tohmatsu in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*.

Application of amendments to IFRSs

In the current interim period, the Group has applied, for the first time, the following amendments to IFRSs issued by the IASB which are mandatorily effective for the annual periods beginning on or after 1 January 2022 for the preparation of the Group's consolidated financial statements:

- Amendments to IFRS 3: Reference to the Conceptual Framework
- Amendments to IAS 16: Property, Plant and Equipment: Proceeds before Intended Use
- Amendments to IAS 37: Onerous Contracts — Cost of Fulfilling a Contract
- Amendments to IFRSs: Annual Improvements to IFRSs 2018–2020

The adoption of the above-mentioned amendments to IFRSs has had no material impact on the financial position and financial performance of the Group.

Significant accounting policies

The consolidated financial statements have been prepared under the historical cost convention, except for certain financial instruments, and certain non-financial assets measured at fair value.

Other than the application of the amendments to IFRSs mentioned above, the accounting policies and methods of computation used in the consolidated financial statements for the six months ended 30 June 2022 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2021.

Accounting judgements and estimates

The preparation of the consolidated financial statements in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and estimation uncertainty were the same as those applied in the preparation of the consolidated financial statements for the year ended 31 December 2021.

3. NET INTEREST INCOME

	Six months ended 30 June	
	2022	2021
Interest income on:		
Loans and advances to customers		
Corporate loans and advances	247,365	226,742
Personal loans	188,281	171,427
Discounted bills	7,150	4,790
Financial investments	141,578	127,855
Due from central banks	20,976	20,917
Due from banks and other financial institutions (i)	14,673	12,071
	620,023	563,802
Interest expense on:		
Due to customers	(223,078)	(190,688)
Due to banks and other financial institutions (ii)	(30,057)	(21,838)
Debt securities issued and certificates of deposit	(15,463)	(14,983)
	(268,598)	(227,509)
Net interest income	351,425	336,293

(i) Includes interest income on reverse repurchase agreements.

(ii) Includes interest expense on due to central banks and repurchase agreements.

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

4. NET FEE AND COMMISSION INCOME

	Six months ended 30 June	
	2022	2021
Fee and commission income on:		
Settlement, clearing business and cash management	24,186	21,949
Personal wealth management and private banking services	15,499	16,354
Investment banking business	12,983	15,117
Bank card business	8,681	8,020
Corporate wealth management services	8,070	7,238
Guarantee and commitment business	6,664	7,256
Asset custody business	4,598	4,512
Trust and agency services	1,268	1,196
Other	1,700	1,590
	83,649	83,232
Fee and commission expense	(7,632)	(7,289)
Net fee and commission income	76,017	75,943

Included in personal wealth management and private banking services, corporate wealth management services, asset custody business and trust and agency services above is an amount of RMB12,839 million (six months ended 30 June 2021: RMB10,563 million) with respect to trust and other fiduciary activities for the period.

5. NET TRADING INCOME

	Six months ended 30 June	
	2022	2021
Debt securities	3,132	3,265
Derivatives and other	2,862	1,682
Equity investments	(1,181)	1,100
	4,813	6,047

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

6. NET GAINS ON FINANCIAL INVESTMENTS

	Six months ended 30 June	
	2022	2021
Dividend income from equity investments designated as at FVTOCI, including:	2,165	1,326
Derecognised during the period	11	–
Held at the end of current period	2,154	1,326
Gains on financial instruments measured at FVTPL, net, including:	1,942	526
Net losses on financial instruments designated as at FVTPL	(3,620)	(10,391)
Net gains on disposal of financial instruments measured at FVTOCI, net	2,009	1,124
Other	38	(24)
	6,154	2,952

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

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

7. OTHER OPERATING INCOME, NET

	Six months ended 30 June	
	2022	2021
Net premium income	32,436	23,479
Operating cost of insurance business	(32,675)	(26,227)
Net lease income	6,362	7,231
Net gains on disposal of property and equipment, repossessed assets and other assets	986	881
Other	(1,730)	(193)
	5,379	5,171

8. OPERATING EXPENSES

	Six months ended 30 June	
	2022	2021
Staff costs:		
Salaries and bonuses	42,155	40,186
Staff benefits	11,755	11,509
Post-employment benefits — defined contribution plans (i)	9,304	8,484
	63,214	60,179
Property and equipment expenses:		
Depreciation charge for property and equipment	7,943	7,291
Depreciation charge for right-of-use assets and other leasing expense	3,936	4,056
Repairs and maintenance charges	923	1,001
Utility expenses	862	831
	13,664	13,179
Amortisation	1,651	1,267
Other administrative expenses	10,086	9,553
Taxes and surcharges	4,919	4,646
Other	9,639	6,167
	103,173	94,991

(i) The defined contribution plans mainly include pension insurance, unemployment insurance and the annuity plan.

9. IMPAIRMENT LOSSES ON ASSETS

	Six months ended 30 June	
	2022	2021
Loans and advances to customers (Note 17)	97,868	102,257
Other	35,754	22,290
	133,622	124,547

10. INCOME TAX EXPENSE

(a) Income tax expense

	Six months ended 30 June	
	2022	2021
Current income tax expense		
Chinese mainland	50,083	45,478
Hong Kong SAR and Macau SAR	1,037	998
Other overseas jurisdictions	1,617	1,263
	52,737	47,739
Deferred income tax expense	(16,162)	(4,178)
	36,575	43,561

(b) Reconciliation between income tax and accounting profit

PRC statutory income tax rate is 25%. Taxes on profits assessable elsewhere have been calculated at the applicable rates of tax prevailing in the countries/regions in which the Group operates in. The Group has reconciled income tax expense applicable to profit before taxation at the PRC statutory income tax rate to actual income tax expense for the Group as follows:

	Six months ended 30 June	
	2022	2021
Profit before taxation	209,145	208,070
Tax at the PRC statutory income tax rate	52,286	52,018
Effects of different applicable rates of tax prevailing in other countries/regions	(664)	(983)
Effects of non-deductible expenses (i)	14,474	15,867
Effects of non-taxable income (ii)	(29,025)	(22,958)
Effects of profits attributable to associates and joint ventures	(538)	(301)
Effects of other	42	(82)
Income tax expense	36,575	43,561

- (i) The non-deductible expenses mainly represent non-deductible impairment provision and write-offs.
(ii) The non-taxable income mainly represents interest income arising from the PRC government bonds and municipal debts.

11. DIVIDENDS

	Six months ended 30 June	
	2022	2021
Dividends on ordinary shares declared and paid or proposed:		
Dividends on ordinary shares for 2021: RMB0.2933 per share (2020: RMB0.2660 per share)	104,534	94,804
Dividends or interests declared and paid to other equity instrument holders:		
Interest on perpetual bond distributed	3,559	–

12. EARNINGS PER SHARE

	Six months ended 30 June	
	2022	2021
Earnings:		
Profit for the period attributable to equity holders of the parent company	171,506	163,473
Less: Profit for the period attributable to other equity instrument holders of the parent company	(3,559)	–
Profit for the period attributable to ordinary shareholders of the parent company	167,947	163,473
Shares:		
Weighted average number of ordinary shares in issue (in million shares)	356,407	356,407
Basic earnings per share (RMB yuan)	0.47	0.46
Diluted earnings per share (RMB yuan)	0.47	0.46

Basic and diluted earnings per share were calculated using the profit for the period attributable to ordinary shareholders of the parent company divided by the weighted average number of ordinary shares in issue.

13. CASH AND BALANCES WITH CENTRAL BANKS

	30 June 2022	31 December 2021
Cash on hand	60,714	62,872
Balances with central banks		
Mandatory reserves (i)	2,576,543	2,459,402
Surplus reserves (ii)	457,678	338,551
Fiscal deposits and other	252,159	236,211
Accrued interest	1,380	1,402
	3,348,474	3,098,438

(i) The Group is required to place mandatory reserve deposits and other restricted deposits with the PBOC and certain central banks of overseas countries or regions where it has operations. They are not available for use in the Group's daily operations. As at 30 June 2022, the mandatory reserve deposits ratios of the domestic branches of the Bank in respect of customer deposits denominated in RMB and foreign currencies were 9.75% (31 December 2021: 10%) and 8% (31 December 2021: 9%) respectively. The mandatory reserve funds placed by domestic subsidiaries of the Group are determined by the PBOC. The amounts of mandatory reserve deposits placed with the central banks of those countries or regions outside Chinese mainland are determined by local jurisdictions.

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

14. DUE FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	30 June 2022	31 December 2021
Deposits with banks and other financial institutions:		
Banks operating in Chinese mainland	294,988	243,440
Other financial institutions operating in Chinese mainland	50,605	10,508
Banks and other financial institutions operating outside Chinese mainland	110,996	90,511
Accrued interest	1,894	2,347
	458,483	346,806
Less: Allowance for impairment losses	(304)	(349)
	458,179	346,457
Placements with banks and other financial institutions:		
Banks operating in Chinese mainland	138,230	97,106
Other financial institutions operating in Chinese mainland	194,880	188,935
Banks and other financial institutions operating outside Chinese mainland	216,434	192,030
Accrued interest	2,361	3,364
	551,905	481,435
Less: Allowance for impairment losses	(864)	(742)
	551,041	480,693
	1,009,220	827,150

15. DERIVATIVE FINANCIAL INSTRUMENTS

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

The notional amount of a derivative represents the underlying amount of the specific financial instruments mentioned above. It indicates the volume of business transacted by the Group but does not reflect the risk.

The notional amounts and fair values of derivative financial instruments held by the Group are set out below:

	30 June 2022			31 December 2021		
	Notional amounts	Fair values		Notional amounts	Fair values	
		Assets	Liabilities		Assets	Liabilities
Exchange rate contracts	5,255,551	61,594	(60,943)	5,107,815	44,956	(41,578)
Interest rate contracts	2,224,205	30,888	(28,613)	2,018,010	15,706	(15,457)
Commodity derivatives and other	1,213,438	24,011	(27,335)	975,169	15,478	(14,302)
	8,693,194	116,493	(116,891)	8,100,994	76,140	(71,337)

(1) Cash flow hedges

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

Included in the above derivative financial instruments, those designated as hedging instruments in the Group's cash flow hedges are set out below:

	30 June 2022							
	Notional amounts with remaining maturity of					Fair values		
	Within three months	Over three months but within one year	Over one year but within five years	Over five years	Total	Assets	Liabilities	
Interest rate swap contracts	154	3,355	5,873	–	9,382	129	(6)	
Currency swap contracts	35,021	40,628	1,675	–	77,324	2,058	(932)	
Equity and other derivatives	10,572	17,705	74	7	28,358	250	(424)	
	45,747	61,688	7,622	7	115,064	2,437	(1,362)	

	31 December 2021							
	Notional amounts with remaining maturity of					Fair values		
	Within three months	Over three months but within one year	Over one year but within five years	Over five years	Total	Assets	Liabilities	
Interest rate swap contracts	64	2,878	5,283	127	8,352	8	(146)	
Currency swap contracts	47,204	43,049	1,391	–	91,644	436	(948)	
Equity and other derivatives	4,383	1,243	49	4	5,679	–	(96)	
	51,651	47,170	6,723	131	105,675	444	(1,190)	

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

	30 June 2022			
	Carrying amount of hedged items		Hedging instruments	
	Assets	Liabilities	Effect on other comprehensive income during the current period	Accumulated effect on other comprehensive income
Debt securities (i)	33,649	(22,827)	202	363
Loans and advances to customers	–	–	8	–
Other (ii)	34,808	(22,675)	196	(4,220)
	68,457	(45,502)	406	(3,857)

- (i) Debt securities are included in financial investments measured at FVTOCI, financial investments measured at amortised cost and debt securities issued.
- (ii) Other hedged items are included in due from banks and other financial institutions, other assets, due to banks and other financial institutions, customer deposits and other liabilities.

	31 December 2021				
	Carrying amount of hedged items		Hedging instruments		
			Effect on other comprehensive income during the current year	Accumulated effect on other comprehensive income	
	Assets	Liabilities			
Debt securities (i)	19,617	(35,786)		192	161
Loans and advances to customers	4,708	–	74	(8)	
Other (ii)	14,027	(28,533)	108	(4,416)	
	38,352	(64,319)	374	(4,263)	

- (i) Debt securities are included in financial investments measured at FVTOCI, financial investments measured at amortised cost and debt securities issued.
- (ii) Other hedged items are included in due from banks and other financial institutions, other assets, due to banks and other financial institutions, customer deposits and other liabilities.

There was no ineffectiveness recognised in profit or loss that arises from the cash flow hedges during the six months ended 30 June 2022 and 30 June 2021.

(2) Fair value hedges

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

The changes in fair value of the hedging instruments and net gains or losses arising from the hedged risk relating to the hedged items are set out below:

	Six months ended 30 June	
	2022	2021
Gains/(losses) arising from fair value hedges, net:		
Hedging instruments	3,547	1,361
Hedged risk relating to the hedged items	(3,467)	(1,341)
	80	20

Included in the above derivative financial instruments, those designated as hedging instruments in fair value hedges are interest rate swaps and the details are set out below:

	Notional amounts with remaining maturity of				Fair values		
	Within three months	Over three months but within one year	Over one year but within five years	Over five years	Total	Assets	Liabilities
30 June 2022	2,675	19,778	58,518	21,061	102,032	3,781	(662)
31 December 2021	4,623	7,187	41,439	21,108	74,357	627	(1,071)

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

	30 June 2022			
	Carrying amount of hedged items		Accumulated adjustments to the fair value of hedged items	
	Assets	Liabilities	Assets	Liabilities
Debt securities (i)	82,283	(1,222)	(985)	14
Loans and advances to customers	1,973	–	(80)	–
Other (ii)	1,004	(12,326)	(50)	365
	85,260	(13,548)	(1,115)	379

- (i) Debt securities are included in financial investments measured at FVTOCI, financial investments measured at amortised cost and debt securities issued.
- (ii) Other hedged items are included in due from banks and other financial institutions, repurchase agreements and other liabilities.

	31 December 2021			
	Carrying amount of hedged items		Accumulated adjustments to the fair value of hedged items	
	Assets	Liabilities	Assets	Liabilities
Debt securities (i)	62,768	(339)	21	(3)
Loans and advances to customers	2,441	–	(21)	–
Other (ii)	955	(6,954)	(1)	59
	66,164	(7,293)	(1)	56

- (i) Debt securities are included in financial investments measured at FVTOCI, financial investments measured at amortised cost and debt securities issued.
- (ii) Other hedged items are included in due from banks and other financial institutions, repurchase agreements and customer deposits.

(3) Net investment hedges

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

As at 30 June 2022, an accumulated net gains from the hedging instrument of RMB386 million was recognised in other comprehensive income (31 December 2021: accumulated net gains of RMB1,650 million). There was no ineffectiveness in profit or loss that arises from the net investment hedges during the six months ended 30 June 2022 and 30 June 2021.

(4) Offsetting of financial instruments

In accordance with the principle of offsetting financial instruments, the Group offsets certain derivative financial assets and derivative financial liabilities, and presents the net amounts after offsetting in the financial statements.

	30 June 2022		31 December 2021	
	Gross amounts	Net amounts	Gross amounts	Net amounts
Derivative financial assets	38,120	26,777	36,220	25,442
Derivative financial liabilities	43,985	32,642	41,792	31,014

(5) Counterparty credit risk-weighted assets of derivative financial instruments

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

	30 June 2022	31 December 2021
Counterparty credit default risk-weighted assets	140,274	126,653
Including: Non-netting settled credit default risk-weighted assets	81,274	120,128
Netting settled credit default risk-weighted assets	59,000	6,525
Credit value adjustment risk-weighted assets	41,527	67,911
Central counterparties credit risk-weighted assets	9,473	1,751
	191,274	196,315

The credit risk-weighted assets of derivative financial instruments were calculated with reference to Regulation Governing Capital of Commercial Banks (Provisional). The risk-weighted assets for counterparty credit risk of derivatives of the Group were calculated in accordance with the Rules on Measuring Derivative Counterparty Default Risk Assets since 1 January 2019.

16. REVERSE REPURCHASE AGREEMENTS

	30 June 2022	31 December 2021
Measured at amortised cost:		
Reverse repurchase agreements-bills	117,201	96,863
Reverse repurchase agreements-securities	923,803	409,047
Accrued interest	187	59
Less: Allowance for impairment losses	(220)	(128)
	1,040,971	505,841
Measured at FVTPL:		
Reverse repurchase agreements-securities	109,126	114,994
Cash advanced as collateral on securities borrowing	28,709	42,661
	137,835	157,655
	1,178,806	663,496

- (i) Based on master repurchase agreements and related supplementary agreements, the Group offsets certain reverse repurchase agreements and repurchase agreements, and presents net asset (or liability) amounts as reverse repurchase agreements (or repurchase agreements) in the consolidated financial statements in accordance with the accounting policy of offsetting.

	30 June 2022		31 December 2021	
	Gross amounts	Net amounts	Gross amounts	Net amounts
Reverse repurchase agreements	337,574	101,965	236,536	104,765
Repurchase agreements	347,330	111,721	263,394	131,623

- (ii) As part of the reverse repurchase agreements, the Group has received collateral that it is allowed to sell or repledge in the absence of default by their owners. As at 30 June 2022, the Group had received securities with a fair value of approximately RMB179,318 million on such terms (31 December 2021: RMB143,559 million). Of these, securities with a fair value of approximately RMB102,923 million had been repledged under repurchase agreements (31 December 2021: RMB107,698 million). The Group has an obligation to return the securities to its counterparties at the maturity of the contract. If the collateral received declines in value, the Group may, in certain circumstances, require additional collateral.

17. LOANS AND ADVANCES TO CUSTOMERS

17.1 Loans and advances to customers by type of measurement:

	30 June 2022	31 December 2021
Measured at amortised cost:		
Corporate loans and advances	13,295,804	12,181,841
— Loans	13,089,791	12,000,191
— Finance lease	206,013	181,650
Personal loans	8,139,397	7,944,781
Discounted bills	5,582	2,370
Accrued interest	49,711	45,707
	21,490,494	20,174,699
Less: Allowance for impairment losses of loans and advances to customers measured at amortised cost (Note 17.2(a))	(653,669)	(603,764)
	20,836,825	19,570,935
Measured at FVTOCI:		
Corporate loans and advances		
— Loans	10,933	9,271
Discounted bills	885,980	525,388
Accrued interest	19	12
	896,932	534,671
Measured at FVTPL:		
Corporate loans and advances		
— Loans	3,664	3,594
	21,737,421	20,109,200

As at 30 June 2022, the Group's allowance for impairment losses on loans and advances to customers measured at FVTOCI was RMB455 million (31 December 2021: RMB219 million), refer to Note 17.2(b).

17.2 Impairment provision

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

	Stage 1 (12-month expected credit loss ("ECL"))	Stage 2 (Lifetime ECL not credit-impaired)	Stage 3 (Lifetime ECL credit-impaired)	Total
Balance at 1 January 2022	269,376	110,649	223,739	603,764
Transfer:				
— to stage 1	14,763	(13,916)	(847)	—
— to stage 2	(6,918)	8,618	(1,700)	—
— to stage 3	(2,542)	(40,804)	43,346	—
Charge for the period	40,548	35,694	21,389	97,631
Write-offs and transfer out	—	—	(52,682)	(52,682)
Recoveries of loans and advances previously written off	—	—	4,513	4,513
Other movements	744	504	(805)	443
Balance at 30 June 2022	315,971	100,745	236,953	653,669

	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2021	223,703	89,151	217,446	530,300
Transfer:				
— to stage 1	17,860	(15,581)	(2,279)	—
— to stage 2	(9,856)	14,056	(4,200)	—
— to stage 3	(3,534)	(35,319)	38,853	—
Charge for the year	41,831	58,906	67,614	168,351
Write-offs and transfer out	—	—	(100,447)	(100,447)
Recoveries of loans and advances previously written off	—	—	9,020	9,020
Other movements	(628)	(564)	(2,268)	(3,460)
Balance at 31 December 2021	269,376	110,649	223,739	603,764

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

	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2022	191	—	28	219
Transfer:				
— to stage 1	—	—	—	—
— to stage 2	—	—	—	—
— to stage 3	—	—	—	—
Charge for the period	237	—	—	237
Write-offs and transfer out	—	—	—	—
Other movements	(1)	—	—	(1)
Balance at 30 June 2022	427	—	28	455

	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2021	211	—	650	861
Transfer:				
— to stage 1	—	—	—	—
— to stage 2	—	—	—	—
— to stage 3	—	—	—	—
Reverse for the year	(13)	—	(71)	(84)
Write-offs and transfer out	—	—	(551)	(551)
Other movements	(7)	—	—	(7)
Balance at 31 December 2021	191	—	28	219

18. FINANCIAL INVESTMENTS

		30 June 2022	31 December 2021
Financial investments measured at FVTPL	(a)	765,787	623,223
Financial investments measured at FVTOCI	(b)	1,729,559	1,803,604
Financial investments measured at amortised cost	(c)	7,678,849	6,830,933
		10,174,195	9,257,760

(a) Financial investments measured at FVTPL

		30 June 2022	31 December 2021
Financial investments held for trading			
Debt securities, analysed by type of issuers:			
Governments and central banks		215,881	97,364
Policy banks		8,500	12,670
Banks and other financial institutions		67,458	58,218
Corporate entities		104,968	92,666
		396,807	260,918
Equity investments		10,619	9,417
		407,426	270,335
Financial investments designated as at FVTPL			
Funds and other investments		20,276	21,791
		20,276	21,791
Other financial investments measured at FVTPL			
Debt securities, analysed by type of issuers:			
Policy banks		11,406	11,192
Banks and other financial institutions		141,197	143,637
Corporate entities		4,222	4,536
		156,825	159,365
Equity investments		81,174	81,329
Funds and other investments		100,086	90,403
		338,085	331,097
		765,787	623,223
Analysed into:			
Debt securities:			
Listed in Hong Kong SAR		3,267	3,301
Listed outside Hong Kong SAR		23,617	21,164
Unlisted		526,748	395,818
		553,632	420,283
Equity investments:			
Listed in Hong Kong SAR		1,957	1,783
Listed outside Hong Kong SAR		29,927	31,675
Unlisted		59,909	57,288
		91,793	90,746
Funds and other investments:			
Listed in Hong Kong SAR		3,070	4,044
Listed outside Hong Kong SAR		22,308	1,521
Unlisted		94,984	106,629
		120,362	112,194
		765,787	623,223

(b) Financial investments measured at FVTOCI

	30 June 2022	31 December 2021
Debt securities, analysed by type of issuers:		
Governments and central banks	512,667	653,774
Policy banks	147,487	171,130
Banks and other financial institutions	414,607	310,160
Corporate entities	535,844	551,757
Accrued interest	17,614	17,343
	1,628,219	1,704,164
Equity investments	101,340	99,440
	1,729,559	1,803,604
Analysed into:		
Debt securities:		
Listed in Hong Kong SAR	96,349	119,453
Listed outside Hong Kong SAR	240,079	229,406
Unlisted	1,291,791	1,355,305
	1,628,219	1,704,164
Equity investments:		
Listed in Hong Kong SAR	3,032	2,656
Listed outside Hong Kong SAR	13,170	5,414
Unlisted	85,138	91,370
	101,340	99,440
	1,729,559	1,803,604

The Group designates certain non-trading equity investments as financial investments measured at FVTOCI. For the six months ended 30 June 2022, dividend income from such equity investments was RMB2,165 million (six months ended 30 June 2021: RMB1,326 million). There was RMB11 million dividend income from equity investments derecognised (six months ended 30 June 2021: Nil). The value of equity investments disposed of was RMB2,541 million (six months ended 30 June 2021: RMB65 million) and the cumulative gains transferred into retained earnings from other comprehensive income after disposal was RMB74 million (six months ended 30 June 2021: cumulative losses of RMB352 million).

Allowance for impairment losses on financial investments measured at FVTOCI is recognised in other comprehensive income without decreasing the carrying amount of financial investments presented in the consolidated statement of financial position, and any impairment gain or loss is recognised in the profit or loss. Movements of the allowance for impairment losses on financial investments measured at FVTOCI are as follows:

	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2022	2,674	355	1,341	4,370
Transfer:				
— to stage 1	—	—	—	—
— to stage 2	(9)	9	—	—
— to stage 3	(4)	(86)	90	—
Charge for the period	1,457	374	171	2,002
Other movements	54	9	62	125
Balance at 30 June 2022	4,172	661	1,664	6,497

	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2021	2,206	22	240	2,468
Transfer:				
— to stage 1	—	—	—	—
— to stage 2	(12)	12	—	—
— to stage 3	(44)	—	44	—
Charge for the year	585	322	1,070	1,977
Other movements	(61)	(1)	(13)	(75)
Balance at 31 December 2021	2,674	355	1,341	4,370

(c) Financial investments measured at amortised cost

	30 June 2022	31 December 2021
Debt securities, analysed by type of issuers:		
Governments and central banks (i)	6,564,338	5,661,784
Policy banks	504,391	559,808
Banks and other financial institutions (ii)	452,345	432,980
Corporate entities	54,964	61,257
Accrued interest	95,656	84,598
	7,671,694	6,800,427
Other investments (iii)	38,990	38,341
Accrued interest	138	122
	39,128	38,463
	7,710,822	6,838,890
Less: Allowance for impairment losses	(31,973)	(7,957)
	7,678,849	6,830,933
Analysed into:		
Debt securities:		
Listed in Hong Kong SAR	33,031	31,439
Listed outside Hong Kong SAR	133,714	147,531
Unlisted	7,476,854	6,615,869
	7,643,599	6,794,839
Other investments:		
Unlisted	35,250	36,094
	35,250	36,094
	7,678,849	6,830,933
Market value of listed securities	164,754	179,807

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

	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2022	5,639	2,200	118	7,957
Transfer:				
— to stage 1	—	—	—	—
— to stage 2	—	—	—	—
— to stage 3	—	(830)	830	—
Charge/(reverse) for the period	22,253	(243)	1,740	23,750
Other movements	262	—	4	266
Balance at 30 June 2022	28,154	1,127	2,692	31,973

	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2021	2,234	2,718	121	5,073
Transfer:				
— to stage 1	402	(402)	—	—
— to stage 2	—	—	—	—
— to stage 3	—	—	—	—
Charge/(reverse) for the year	3,008	(116)	—	2,892
Other movements	(5)	—	(3)	(8)
Balance at 31 December 2021	5,639	2,200	118	7,957

- (i) This includes a special government bond, which is a non-negotiable bond with a nominal value of RMB85,000 million (31 December 2021: RMB85,000 million) issued by the Ministry of Finance of the People's Republic of China (the "MOF") to the Bank in 1998. The bond will mature in 2028 and bears interest at a fixed rate of 2.25% per annum.
- (ii) This includes Huarong bonds of RMB90,309 million (31 December 2021: RMB90,309 million). Huarong bonds are a series of long-term bonds issued by China Huarong Asset Management Co., Ltd. ("Huarong") in the year of 2000 and 2001 to the Bank, with an aggregate amount of RMB312,996 million. The proceeds from the issuance of the bonds were used to purchase non-performing loans of the Bank. The bonds are non-negotiable, with a tenure of 10 years and bear interest at a fixed rate of 2.25% per annum. The MOF provides funding support for the repayment of principal and interest of the bonds. In 2010, the Bank received a notice from the MOF that the maturity dates of the Huarong bonds were extended for ten years. In 2020, the Bank received a notice from the MOF to adjust the interest rate of the Huarong bonds, starting from 1 January 2020. Interest rate would be determined on yearly basis with reference to the average level of five-year government bond yield in the previous year. In January 2021, the Bank received notice from the MOF that the maturity dates of Huarong bonds were further extended for ten years. As at 30 June 2022, the Bank had received accumulated early repayments amounting to RMB222,687 million (31 December 2021: RMB222,687 million).
- (iii) Other investments include debt investment plans, asset management plans and trust plans with fixed or determinable payments. They will mature from July 2022 to November 2032 and bear interest rates ranging from 4.15% to 6.60% per annum.

19. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	30 June 2022	31 December 2021
Interests in associates	61,769	60,572
Interests in joint ventures	3,251	1,210
	65,020	61,782

	30 June 2022	31 December 2021
Share of net assets	49,991	47,108
Goodwill	15,394	15,039
	65,385	62,147
Less: Allowance for impairment losses	(365)	(365)
	65,020	61,782

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

	30 June 2022	31 December 2021
Standard Bank	25,046	24,621
Other	39,974	37,161
	65,020	61,782

Standard Bank Group Limited ("Standard Bank") is a listed commercial bank registered in Johannesburg, the Republic of South Africa and a strategic partner of the Group.

Notes to the Consolidated Financial Statements
(In RMB millions, unless otherwise stated)

The accounting policies of Standard Bank are consistent with those of the Group. Its financial information is significant to the Group and summarised as follows:

	As at/ six months ended 30 June 2022	As at/ year ended 31 December 2021
The associate		
Assets	1,157,633	1,091,181
Liabilities	1,056,410	993,965
Net assets	101,223	97,216
Profit from continuing operations	6,579	10,725
Net assets of the associate attributable to the parent company	86,208	82,364
Group's share of net assets of the associate	16,694	16,522
Goodwill	8,700	8,447
Closing balance of the Group's interest in Standard Bank in the consolidated statement of financial position	25,394	24,969

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

	Movements during the period							Balance at end of the period	Balance of allowance for impairment at end of the period
	Balance at beginning of the period	Investment increase	Investment decrease	Investment income recognised under the equity method	Other comprehensive income	Declared distribution of cash dividends or profits	Other		
Joint ventures	1,210	1,990	(11)	48	-	-	14	3,251	-
Associates									
Standard Bank	24,969	-	-	1,212	(232)	(665)	110	25,394	(348)
Other	35,968	1,772	(1,500)	892	65	(484)	27	36,740	(17)
Subtotal	60,937	1,772	(1,500)	2,104	(167)	(1,149)	137	62,134	(365)
Total	62,147	3,762	(1,511)	2,152	(167)	(1,149)	151	65,385	(365)

20. PROPERTY AND EQUIPMENT

	Properties and buildings	Construction in progress	Leasehold improvements	Office equipment and motor vehicles	Aircraft and vessels	Total
Cost:						
At 1 January 2021	168,309	35,211	12,825	79,885	169,173	465,403
Additions	1,143	8,521	997	9,212	10,527	30,400
CIP transfer in/(out)	19,850	(24,915)	–	51	5,014	–
Disposals and other movements	(2,353)	(601)	(232)	(7,516)	(3,769)	(14,471)
At 31 December 2021 and 1 January 2022	186,949	18,216	13,590	81,632	180,945	481,332
Additions	533	5,418	292	1,249	2,021	9,513
CIP transfer in/(out)	2,073	(5,640)	–	18	3,549	–
Disposals and other movements	(322)	(64)	(30)	(2,420)	6,617	3,781
At 30 June 2022	189,233	17,930	13,852	80,479	193,132	494,626
Accumulated depreciation and allowance for impairment losses:						
At 1 January 2021	70,824	38	10,786	61,514	35,962	179,124
Depreciation charge for the year	6,353	–	866	7,377	5,901	20,497
Impairment charge for the year	–	–	–	4	2,282	2,286
Disposals and other movements	(1,374)	(4)	(159)	(6,555)	(2,779)	(10,871)
At 31 December 2021 and 1 January 2022	75,803	34	11,493	62,340	41,366	191,036
Depreciation charge for the period	3,457	–	440	4,046	3,226	11,169
Impairment charge for the period	–	–	–	–	1,145	1,145
Disposals and other movements	(276)	–	(19)	(2,263)	1,062	(1,496)
At 30 June 2022	78,984	34	11,914	64,123	46,799	201,854
Carrying amount:						
At 31 December 2021	111,146	18,182	2,097	19,292	139,579	290,296
At 30 June 2022	110,249	17,896	1,938	16,356	146,333	292,772

As at 30 June 2022, the process of obtaining the legal titles for the Group's properties and buildings with an aggregate carrying amount of RMB9,395 million (31 December 2021: RMB12,798 million) was still in progress. Management is of the view that the aforesaid matter would neither affect the rights of the Group to these assets nor have any significant impact on the business operation of the Group.

As at 30 June 2022, the carrying amount of aircraft and vessels leased out by the Group under operating leases was RMB146,333 million (31 December 2021: RMB139,579 million).

As at 30 June 2022, the carrying amount of aircraft and vessels owned by the Group that have been pledged as collateral for liabilities due to banks and other financial institutions was RMB88,600 million (31 December 2021: RMB92,426 million).

As at 30 June 2022, the construction in progress for aircraft and vessels was RMB9,627 million (31 December 2021: RMB9,101 million).

21. DEFERRED TAX ASSETS AND LIABILITIES

(a) Analysed by nature

Deferred tax assets:

	30 June 2022		31 December 2021	
	Deductible/ (taxable) temporary differences	Deferred tax assets/ (liabilities)	Deductible/ (taxable) temporary differences	Deferred tax assets/ (liabilities)
Allowance for impairment losses	392,731	97,592	328,794	81,662
Change in fair value of financial instruments measured at FVTPL	(7,406)	(1,849)	(13,823)	(3,455)
Change in fair value of financial instruments measured at FVTOCI	(13,147)	(3,519)	(22,620)	(5,635)
Accrued staff costs	32,316	8,064	34,823	8,684
Other	(10,700)	(2,820)	(7,847)	(1,997)
	393,794	97,468	319,327	79,259

Deferred tax liabilities:

	30 June 2022		31 December 2021	
	Taxable/ (deductible) temporary differences	Deferred tax liabilities/ (assets)	Taxable/ (deductible) temporary differences	Deferred tax liabilities/ (assets)
Allowance for impairment losses	(631)	(275)	(535)	(268)
Change in fair value of financial instruments measured at FVTPL	14,083	3,246	15,692	3,635
Change in fair value of financial instruments measured at FVTOCI	393	191	2,737	690
Other	7,571	1,854	6,285	1,567
	21,416	5,016	24,179	5,624

(b) Movements of deferred income tax

Deferred tax assets:

	1 January	Recognised in	Recognised in other	30 June
	2022	profit or loss	comprehensive income	2022
Allowance for impairment losses	81,662	15,930	–	97,592
Change in fair value of financial instruments measured at FVTPL	(3,455)	1,606	–	(1,849)
Change in fair value of financial instruments measured at FVTOCI	(5,635)	–	2,116	(3,519)
Accrued staff costs	8,684	(620)	–	8,064
Other	(1,997)	(863)	40	(2,820)
	79,259	16,053	2,156	97,468

Deferred tax liabilities:

	1 January 2022	Recognised in profit or loss	Recognised in other comprehensive income	30 June 2022
Allowance for impairment losses	(268)	(7)	–	(275)
Change in fair value of financial instruments measured at FVTPL	3,635	(389)	–	3,246
Change in fair value of financial instruments measured at FVTOCI	690	–	(499)	191
Other	1,567	287	–	1,854
	5,624	(109)	(499)	5,016

Deferred tax assets:

	1 January 2021	Recognised in profit or loss	Recognised in other comprehensive income	31 December 2021
Allowance for impairment losses	70,094	11,568	–	81,662
Change in fair value of financial instruments measured at FVTPL	(2,470)	(985)	–	(3,455)
Change in fair value of financial instruments measured at FVTOCI	(5,417)	–	(218)	(5,635)
Accrued staff costs	6,628	2,056	–	8,684
Other	(1,122)	(943)	68	(1,997)
	67,713	11,696	(150)	79,259

Deferred tax liabilities:

	1 January 2021	Recognised in profit or loss	Recognised in other comprehensive income	31 December 2021
Allowance for impairment losses	(937)	669	–	(268)
Change in fair value of financial instruments measured at FVTPL	1,809	1,826	–	3,635
Change in fair value of financial instruments measured at FVTOCI	1,149	–	(459)	690
Other	860	707	–	1,567
	2,881	3,202	(459)	5,624

As at 30 June 2022, the Group did not have significant unrecognised deferred tax assets (31 December 2021: Nil).

22. OTHER ASSETS

	30 June 2022	31 December 2021
Precious metals	314,451	267,239
Settlement and clearing balances	246,029	267,342
Right-of-use assets (i)	31,600	31,913
Land use rights	15,294	15,593
Goodwill (ii)	8,832	8,518
Advance payments	6,753	8,242
Repossessed assets	5,967	6,211
Interest receivable	2,173	2,283
Other	109,694	110,574
	740,793	717,915
Less: Allowance for impairment losses	(16,286)	(10,053)
	724,507	707,862

(i) Right-of-use assets

	Properties and buildings	Aircraft and vessels	Office equipment and motor vehicles	Total
Cost:				
At 1 January 2021	30,529	16,550	946	48,025
Additions	6,926	–	91	7,017
Decreases and other movements	(3,191)	(441)	(680)	(4,312)
At 31 December 2021 and 1 January 2022	34,264	16,109	357	50,730
Additions	2,434	409	46	2,889
Decreases and other movements	(1,108)	794	(17)	(331)
At 30 June 2022	35,590	17,312	386	53,288
Accumulated depreciation:				
At 1 January 2021	12,095	1,727	135	13,957
Depreciation charge for the year	7,011	570	116	7,697
Decreases and other movements	(2,582)	(222)	(33)	(2,837)
At 31 December 2021 and 1 January 2022	16,524	2,075	218	18,817
Depreciation charge for the period	3,398	231	57	3,686
Decreases and other movements	(918)	102	1	(815)
At 30 June 2022	19,004	2,408	276	21,688
Allowance for impairment losses:				
At 1 January 2021	42	274	–	316
Decreases and other movements	(10)	(55)	–	(65)
At 31 December 2021 and 1 January 2022	32	219	–	251
Decreases and other movements	2	12	–	14
At 30 June 2022	34	231	–	265
Carrying amount:				
At 31 December 2021	17,708	13,815	139	31,662
At 30 June 2022	16,552	14,673	110	31,335

(ii) Goodwill

	30 June 2022	31 December 2021
At 1 January	8,518	8,945
Exchange difference	314	(427)
Subtotal	8,832	8,518
Less: Allowance for impairment losses	(368)	(349)
Net carrying amount	8,464	8,169

Goodwill arising from business combinations has been allocated to the Group's cash-generating units ("CGU"), which is not larger than the reportable segment of the Group, for impairment testing.

The recoverable amount of the CGU is determined based on the discounted future cash flows of the CGU. The cash flow projections are based on financial forecasts approved by management of the subsidiaries. The average growth rates are projected based on the similar rates which do not exceed the long-term average growth rate for the business in which the CGU operates in. The discount rate is the before-tax rate and reflects the specific risk associated with the CGU.

23. DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS

	30 June 2022	31 December 2021
Deposits:		
Banks and other financial institutions operating in Chinese mainland	2,650,901	2,286,492
Banks and other financial institutions operating outside Chinese mainland	145,302	143,928
Accrued interest	1,882	1,269
	2,798,085	2,431,689
Money market takings:		
Banks and other financial institutions operating in Chinese mainland	236,580	226,907
Banks and other financial institutions operating outside Chinese mainland	261,085	258,465
Accrued interest	7,002	3,968
	504,667	489,340
	3,302,752	2,921,029

24. FINANCIAL LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

		30 June 2022	31 December 2021
Financial liabilities related to precious metals and account-based investment products	(i)	63,776	64,488
Debt securities issued	(i)	17,201	18,409
Other		6,273	4,283
		87,250	87,180

(i) Financial liabilities related to precious metals and account-based investment products, and certain issued debt securities have been matched with precious metals and derivatives of the Group as part of a documented risk management strategy to mitigate market risk. An accounting mismatch would arise if these financial liabilities were accounted for at amortised cost, whereas the related precious metals and derivative were measured at fair value with movements in fair value taken through the statement of profit or loss. By designating these financial liabilities at FVTPL, the movement in their fair values is recorded in the statement of profit or loss. As at 30 June 2022 and 31 December 2021, the difference between the fair values of the financial liabilities related to precious metals, account-based investment products and issued debt securities and the amounts that the Group would be contractually required to pay to the holders of the financial liabilities related to precious metals, account-based investment products and issued debt securities upon maturity was not significant.

For the six months ended 30 June 2022 and the year ended 31 December 2021, there were no significant changes in the credit spread of the Group and therefore the amounts of changes in fair value of the financial liabilities arising from changes in the credit risk and the accumulated amounts as at the end of the respective periods were not significant. The changes in fair value of the financial liabilities were mainly attributable to changes in other market factors.

25. REPURCHASE AGREEMENTS

	30 June 2022	31 December 2021
Repurchase agreements-bills	12,103	8,110
Repurchase agreements-securities	462,647	341,718
Cash received as collateral on securities lending	15,936	16,015
Accrued interest	199	100
	490,885	365,943

26. CERTIFICATES OF DEPOSIT

Certificates of deposit issued by certain of the Bank's overseas branches and subsidiaries are measured at amortised cost.

27. DUE TO CUSTOMERS

	30 June 2022	31 December 2021
Demand deposits:		
Corporate customers	7,981,545	7,533,110
Personal customers	5,593,705	5,390,582
	13,575,250	12,923,692
Time deposits:		
Corporate customers	6,905,845	5,798,353
Personal customers	8,107,726	7,107,386
	15,013,571	12,905,739
Other	277,723	250,349
Accrued interest	405,457	361,994
	29,272,001	26,441,774

As at 30 June 2022, the Group's pledged deposits included in above amounted to RMB234,656 million (31 December 2021: RMB228,227 million).

28. DEBT SECURITIES ISSUED

		30 June 2022	31 December 2021
Subordinated bonds and tier 2 capital bonds issued	(a)		
Issued by the Bank		529,335	458,688
Issued by subsidiaries		9,281	4,116
Accrued interest		9,427	8,002
		548,043	470,806
Other debt securities issued	(b)		
Issued by the Bank		181,880	188,243
Issued by subsidiaries		120,135	130,558
Accrued interest		2,066	1,768
		304,081	320,569
		852,124	791,375

As at 30 June 2022, the amount of debt securities issued that were due within one year was RMB88,351 million (31 December 2021: RMB124,031 million).

For the six months ended 30 June 2022, the Group has not had any defaults in respect of payments of principal or interest or other breaches with respect to the bonds (year ended 31 December 2021: None).

(a) Subordinated bonds and tier 2 capital bonds issued

The Bank:

As approved by the PBOC and the CBIRC, the Bank issued callable subordinated bonds and tier 2 capital bonds through open market bidding. These subordinated bonds and tier 2 capital bonds were traded on the National Interbank Bond Market. The relevant information is set out below:

Name	Issue date	Issued and nominal amount		Coupon rate	Value date	Maturity date	Circulation date
		Issue price (In RMB)	(In RMB million)				
11 ICBC 01	29/06/2011	100 Yuan	38,000	5.56%	30/06/2011	30/06/2031	30/08/2011
17 ICBC 01 Tier 2 Bond	06/11/2017	100 Yuan	44,000	4.45%	08/11/2017	08/11/2027	10/11/2017
17 ICBC 02 Tier 2 Bond	20/11/2017	100 Yuan	44,000	4.45%	22/11/2017	22/11/2027	23/11/2017
19 ICBC 01 Tier 2 Bond	21/03/2019	100 Yuan	45,000	4.26%	25/03/2019	25/03/2029	26/03/2019
19 ICBC 02 Tier 2 Bond	21/03/2019	100 Yuan	10,000	4.51%	25/03/2019	25/03/2034	26/03/2019
19 ICBC 03 Tier 2 Bond	24/04/2019	100 Yuan	45,000	4.40%	26/04/2019	26/04/2029	28/04/2019
19 ICBC 04 Tier 2 Bond	24/04/2019	100 Yuan	10,000	4.69%	26/04/2019	26/04/2034	28/04/2019
20 ICBC 01 Tier 2 Bond	22/09/2020	100 Yuan	60,000	4.20%	24/09/2020	24/09/2030	25/09/2020
20 ICBC 02 Tier 2 Bond	12/11/2020	100 Yuan	30,000	4.15%	16/11/2020	16/11/2030	17/11/2020
20 ICBC 03 Tier 2 Bond	12/11/2020	100 Yuan	10,000	4.45%	16/11/2020	16/11/2035	17/11/2020
21 ICBC 01 Tier 2 Bond	19/01/2021	100 Yuan	30,000	4.15%	21/01/2021	21/01/2031	22/01/2021
21 ICBC 02 Tier 2 Bond	13/12/2021	100 Yuan	50,000	3.48%	15/12/2021	15/12/2031	15/12/2021
21 ICBC 03 Tier 2 Bond	13/12/2021	100 Yuan	10,000	3.74%	15/12/2021	15/12/2036	15/12/2021
22 ICBC 01 Tier 2 Bond	18/01/2022	100 Yuan	35,000	3.28%	20/01/2022	20/01/2032	21/01/2022
22 ICBC 02 Tier 2 Bond	18/01/2022	100 Yuan	5,000	3.60%	20/01/2022	20/01/2037	21/01/2022
22 ICBC 03 Tier 2 Bond	12/04/2022	100 Yuan	45,000	3.50%	14/04/2022	14/04/2032	15/04/2022
22 ICBC 04 Tier 2 Bond	12/04/2022	100 Yuan	5,000	3.74%	14/04/2022	14/04/2037	15/04/2022

The Bank has the option to redeem these bonds in whole or in part on specific dates at par value in future upon the approval of the relevant regulatory authorities.

In 2015, the Bank issued tier 2 capital bonds denominated in USD. The bonds were approved for listing and dealing by The Stock Exchange of Hong Kong Limited. The relevant information is set out below:

Name	Issue date	Currency	Issued price	Issued amount	Ending balance	Coupon rate	Value date	Maturity date	Circulation date
			(In original currency)	(In original currency)	(In RMB)				
15 USD Tier 2 capital bonds	21/09/2015	USD	99.189	2,000	13,400	4.875%	21/09/2015	21/09/2025	22/09/2015

The bonds cannot be redeemed before maturity.

Subsidiaries:

On 23 March 2018, ICBC Thai issued a tier 2 capital bond with an aggregate nominal amount of THB5,000 million, bearing a fixed interest rate of 3.5%. The bond will mature on 23 September 2028.

On 12 September 2019, ICBC Macau issued a tier 2 capital bond with an aggregate nominal amount of USD500 million, bearing a fixed interest rate of 2.875%. The bond will mature on 12 September 2029.

On 15 March 2022, ICBC-AXA issued a capital supplementary bond with an aggregate nominal amount of RMB5,000 million, bearing an initial fixed interest rate of 3.7%. The bond will mature on 17 March 2032. The issuer has an option to redeem the capital supplementary bonds in whole or in part at par values at the end of the fifth interest-bearing year. If the issuer does not exercise the redemption option, the coupon rate would increase to 4.7% from the sixth interest-bearing year.

The above bonds are separately listed on the Thai Bond Market Association, The Stock Exchange of Hong Kong Limited and the National Interbank Bond Market.

(b) Other debt securities issued

The Bank:

- (i) Head Office issued debt securities denominated in RMB at fixed interest rates amounting to RMB30,053 million in total with maturities between 2023 and 2025.
- (ii) Sydney Branch issued notes denominated in AUD, RMB, HKD and USD at fixed or floating interest rates amounting to an equivalent of RMB8,917 million in total with maturities between the second half of 2022 and 2027.
- (iii) Singapore Branch issued notes denominated in USD at fixed or floating interest rates amounting to an equivalent of RMB34,064 million in total with maturities between 2023 and 2025.
- (iv) Tokyo Branch issued notes denominated in JPY at fixed interest rate amounting to an equivalent of RMB221 million in total that will mature in the second half of 2022.
- (v) New York Branch issued notes denominated in USD at fixed interest rates amounting to an equivalent of RMB18,363 million in total with maturities between the second half of 2022 and 2027.
- (vi) Luxembourg Branch issued notes denominated in USD and EUR at fixed or floating interest rates amounting to an equivalent of RMB13,716 million in total with maturities between the second half of 2022 and 2024.
- (vii) Dubai (DIFC) Branch issued notes denominated in USD and RMB at fixed or floating interest rates amounting to an equivalent of RMB13,847 million in total with maturities between the second half of 2022 and 2025.
- (viii) Hong Kong Branch issued notes denominated in USD and HKD at fixed or floating interest rates amounting to an equivalent of RMB45,152 million in total with maturities between the second half of 2022 and 2026.
- (ix) London Branch issued notes denominated in GBP, USD and EUR at fixed or floating interest rates amounting to an equivalent of RMB14,157 million in total with maturities between the second half of 2022 and 2025.
- (x) Macau Branch issued notes denominated in MOP at fixed interest rates amounting to an equivalent of RMB3,390 million in total with maturities between the second half of 2022 and 2023.

Subsidiaries:

- (i) ICBC Asia issued medium-term debt securities and notes denominated in RMB and USD at fixed interest rates amounting to an equivalent of RMB10,937 million in total with maturities between the second half of 2022 and 2025.
- (ii) ICBC Leasing issued medium-term debt securities and notes denominated in RMB and USD at fixed or floating interest rates amounting to an equivalent of RMB68,461 million in total with maturities between the second half of 2022 and 2031.
- (iii) ICBC Thai issued medium-term and short-term debt securities and notes denominated in THB at fixed interest rates amounting to an equivalent of RMB8,056 million in total with maturities between the second half of 2022 and 2026.
- (iv) ICBC International issued medium-term debt securities and notes denominated in RMB and USD at fixed interest rates amounting to an equivalent of RMB9,693 million in total with maturities between 2023 and 2025.
- (v) ICBC New Zealand issued medium-term debt securities and notes denominated in NZD at fixed or floating interest rates amounting to an equivalent of RMB2,014 million in total with maturities between the second half of 2022 and 2025.
- (vi) ICBC Investment issued medium-term debt securities and notes denominated in RMB at fixed interest rates amounting to RMB20,800 million in total with maturities between the second half of 2022 and 2025.
- (vii) ICBC Peru issued short-term debt securities denominated in PEN at fixed interest rates amounting to an equivalent of RMB174 million in total that will mature in the second half of 2022.

29. OTHER LIABILITIES

	30 June 2022	31 December 2021
Settlement and clearing balances	315,389	317,591
Insurance contract liabilities	227,912	213,457
Dividends payable	104,534	–
Salaries, bonuses, allowances and subsidies payables (i)	29,500	32,751
Lease liabilities (ii)	27,546	28,340
Provisions for credit commitments	26,543	24,449
Sundry tax payables	17,914	16,454
Promissory notes	594	1,081
Early retirement benefits	25	32
Other	146,468	155,200
	896,425	789,355

(i) There were no overdue payment for staff salaries, bonuses, allowances and subsidies payable as at 30 June 2022 (31 December 2021: Nil).

(ii) Lease liabilities

	30 June 2022	31 December 2021
Less than one year	8,457	8,315
One to two years	6,569	6,749
Two to three years	4,489	4,542
Three to five years	5,420	5,210
More than five years	4,925	5,113
Undiscounted lease liabilities	29,860	29,929
Ending balance of lease liabilities	27,546	28,340

30. SHARE CAPITAL

	30 June 2022		31 December 2021	
	Number of shares (millions)	Nominal value	Number of shares (millions)	Nominal value
Issued and fully paid:				
H shares of RMB1 Yuan each	86,795	86,795	86,795	86,795
A shares of RMB1 Yuan each	269,612	269,612	269,612	269,612
	356,407	356,407	356,407	356,407

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

31. OTHER EQUITY INSTRUMENTS

(1) Preference shares

(a) Preference shares (“Preference Shares”) outstanding:

Financial instrument outstanding	Issue date	Accounting classification	Dividend rate	Issue price	Amount (million shares)	In original currency (million)	In RMB (million)	Maturity	Conversion condition	Conversion
Offshore Preference Shares:										
USD	23/09/2020	Equity	3.58%	USD20/Share	145	2,900	19,716	None	Mandatory	No
Domestic Preference Shares:										
RMB2015	18/11/2015	Equity	4.58%	RMB100/Share	450	45,000	45,000	None	Mandatory	No
RMB2019	19/09/2019	Equity	4.20%	RMB100/Share	700	70,000	70,000	None	Mandatory	No
Total							134,716			
Less: issue fees							(102)			
Book value							134,614			

(b) Main clauses and basic information

(i) Dividend

Offshore and domestic dividends are paid annually.

Offshore and domestic dividends are set at a fixed rate for 5 years after issuance, and are reset every 5 years thereafter to the sum of the benchmark rate and the fixed spread. The fixed spread is equal to the spread between the initial dividend rate and the benchmark rate at the time of issuance. The fixed spread remains unchanged throughout the term of the Preference Shares.

(ii) Conditions to distribution of dividends

The Bank can pay offshore and domestic dividends when it has distributable after-tax profit after making up previous years' losses, contributing to the statutory reserve and making general provisions, and the Bank's capital adequacy ratios meet regulatory requirements. Preference shareholders of the Bank are senior to the ordinary shareholders in respect of the right to dividends. The order of payment of Domestic Preference Shares is equal to Offshore Preference Shares. The Bank may elect to cancel all or part of offshore and domestic dividends and this shall not constitute a default for any purpose, but such cancellation will require a shareholder's resolution to be passed.

(iii) Dividend stopper and setting mechanism

For Offshore and Domestic Preference Shares, if the Bank cancels all or part of the dividends to the Preference Shares, the Bank shall not make any dividend distribution to ordinary shareholders before the Bank pays the dividends to the preference shareholders in full for the current dividend period.

Non-cumulative dividend is a dividend on Offshore and Domestic Preference Shares which does not cumulate upon omission of payment and the passed or omitted dividend of one year is not carried to the following year. After receiving a dividend at the agreed dividend rate, preference shareholders of the Bank will not participate in the distribution of residual profits with ordinary shareholders.

The Bank shall distribute dividends for Offshore and Domestic Preference Shares in cash, based on the liquidation preference amount for the issued and outstanding Offshore Preference Shares or total amount of issued and outstanding Domestic Preference Shares during the corresponding period (i.e. the product of the issue price of Preference Shares and the number of the issued and outstanding preference shares).

(iv) Order of distribution and liquidation method

The offshore preference shareholders and domestic preference shareholders will rank equally for payment. The preference shareholders will be subordinated to the depositors, general creditors and holders of convertible bonds, holders of subordinated debts, holders of tier 2 capital bonds and holders of other tier 2 capital instruments of the Bank, but will be senior to the ordinary shareholders of the Bank.

(v) Mandatory conversion trigger events

For Offshore Preference Shares, upon the occurrence of any Non-Viability Trigger Event, the Bank shall have the right to irrevocably and compulsorily convert all or part of the outstanding Offshore Preference Shares into H shares, under the consent of the CBIRC but without the need for the consent of the offshore preference shareholders or the ordinary shareholders. If the Offshore Preference Shares were converted into H shares, they cannot be converted to Preference Shares again under any circumstances.

For Domestic Preference Shares, upon the occurrence of an Additional Tier 1 Capital Trigger Event (Common Equity Tier 1 Capital Adequacy Ratio of the Bank falling to 5.125% or below), the Bank shall have the right without the need for the consent of the domestic preference shareholders to convert all or part of the outstanding face value of Domestic Preference Shares into A shares, in order to restore the Common Equity Tier 1 Capital Adequacy Ratio of the Bank to above 5.125%. If Domestic Preference Shares were converted into A shares, they cannot be converted to Preference Shares again under any circumstances. Upon the occurrence of a Tier 2 Capital Trigger Event, the Bank shall have the right without the need for the consent of the domestic preference shareholders to convert all the outstanding face value of Domestic Preference Shares into A shares. If Domestic Preference Shares were converted into A share, they cannot be converted to Preference Shares again under any circumstances.

The initial mandatory conversion prices are HKD5.73 for Offshore Preference Shares per H share; RMB3.44 for Domestic 2015 Preference Shares and RMB5.43 for Domestic 2019 Preference Shares. In case of stock dividends distribution of H or A shares of the Bank or other circumstances, the Bank will make cumulative adjustment to the compulsory conversion price in turn.

(vi) Redemption conditions

Subject to obtaining the approval of the CBIRC and satisfying the conditions of redemption, the Bank has the right to redeem all or part of the Offshore Preference Shares at the first call date and any subsequent dividend payment date. Redemption price of Offshore Preference Shares is equal to liquidation preference price plus any declared but unpaid dividend in current period. The first redemption date of Offshore Preference Shares is five years after issuance.

Under the premise of obtaining the approval of the CBIRC and compliance with relevant requirements, the Bank has the right to redeem all or part of Domestic Preference Shares, after five years having elapsed since the date of issuance/the date of closing. The redemption period of Domestic Preference Shares is from the start date of redemption to the date of full redemption or conversion. Redemption price of Domestic Preference Shares is equal to book value plus any declared but unpaid dividend in current period.

(c) Changes in preference shares outstanding

Financial instrument outstanding	1 January 2022			Movement during the period			30 June 2022		
	Amount (million shares)	In original currency (million)	In RMB (million)	Amount (million shares)	In original currency (million)	In RMB (million)	Amount (million shares)	In original currency (million)	In RMB (million)
Offshore Preference Shares:									
USD	145	2,900	19,716	-	-	-	145	2,900	19,716
Domestic Preference Shares:									
RMB2015	450	45,000	45,000	-	-	-	450	45,000	45,000
RMB2019	700	70,000	70,000	-	-	-	700	70,000	70,000
Total			134,716			-			134,716

(2) Perpetual bond

(a) Perpetual bond outstanding

Financial instrument outstanding	Issue date	Accounting classification	Interest rate	Issue price	Amount (million units)	In original currency (million)	In RMB (million)	Maturity	Conversion condition	Conversion
Offshore										
USD Perpetual bond	24/09/2021	Equity	3.20%	Note (i)	N/A	6,160	39,793	None	None	No
Domestic										
RMB										
2019 Perpetual bond	26/07/2019	Equity	4.45%	RMB100/Unit	800	80,000	80,000	None	None	No
RMB										
2021 Perpetual bond Series 1	04/06/2021	Equity	4.04%	RMB100/Unit	700	70,000	70,000	None	None	No
RMB										
2021 Perpetual bond Series 2	24/11/2021	Equity	3.65%	RMB100/Unit	300	30,000	30,000	None	None	No
Total							219,793			
Less: issue fees							(76)			
Book value							219,717			

- (i) Offshore USD Perpetual Bonds were issued in specific denomination of USD200,000 and integral multiples of USD1,000 in excess thereof at an issue price of 100%.

(b) Main clauses and basic information

With the approvals of relevant regulatory authorities, the Bank issued RMB80,000 million, RMB70,000 million and RMB30,000 million of undated capital bonds on 26 July 2019, 4 June 2021 and 24 November 2021 (hereinafter referred to as “2019 Domestic Perpetual Bond”, “2021 Domestic Perpetual Bond Series 1” and “2021 Domestic Perpetual Bond Series 2” respectively, collectively Domestic Perpetual Bonds) in the National Interbank Bond Market.

The Bank issued USD6,160 million of undated capital bonds (hereinafter referred to as “Offshore Perpetual Bond”) on The Stock Exchange of Hong Kong Limited on 24 September 2021.

The funds raised by the Bank from the bonds were used to supplement additional tier 1 capital of the Bank in accordance with the relevant laws and approvals by regulatory authorities.

(i) Interest

Each Domestic Perpetual Bond has a par value of RMB100, and the interest rate of the bonds for the first five years are 4.45% for 2019 Domestic Perpetual Bond, 4.04% for 2021 Domestic Perpetual Bond Series 1, and 3.65% for 2021 Domestic Perpetual Bond Series 2, resetting every 5 years. The rates are determined by a benchmark rate plus a fixed spread. The initial fixed spreads are the difference between the interest rate and the benchmark rate as determined at the time of issuance. The fixed spread will not be adjusted once determined during the duration period. The interest of Domestic Perpetual Bond shall be paid annually.

The interest rate of Offshore Perpetual Bond for the first five years is 3.20%, resetting every 5 years. The rate is determined by a benchmark rate plus a fixed spread, and the fixed spread will remain unchanged during the duration period. The dividend shall be paid semi-annually.

(ii) Interest stopper and setting mechanism

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

(iii) Order of distribution and liquidation method

The claims in respect of Domestic Perpetual Bonds will be subordinated to claims of depositors, general creditors, and subordinated indebtedness that rank senior to Domestic Perpetual Bonds, and will rank in priority to all classes of shares held by shareholders of the Bank. The claims in respect of Offshore Perpetual Bonds will be subordinated to claims of depositors, general creditors, tier 2 capital bond holders and subordinated indebtedness that rank senior to the Offshore Perpetual Bond, and will rank in priority to all classes of shares held by shareholders of the Bank. Domestic Perpetual Bond and Offshore Perpetual Bond will rank pari passu with the claims in respect of any other Additional Tier 1 Capital instruments of the Bank that rank pari passu with the perpetual bonds.

(iv) Write down conditions

For 2019 Domestic Perpetual Bond, upon the occurrence of an Additional Tier 1 Capital Trigger Event (Common Equity Tier 1 Capital Adequacy Ratio of the Bank falling to 5.125% or below), the Bank has the right to write down all or part of the total nominal amount of the outstanding 2019 Domestic Perpetual Bond with the consent of the CBIRC but without the need for the consent of the bond holders, in order to restore the Common Equity Tier 1 Capital Adequacy Ratio of the Bank to above 5.125%. Upon the occurrence of a Tier 2 Capital Trigger Event, without the need for the consent of the bond holders, the Bank has the right to write down all of the total nominal amount of the outstanding 2019 Domestic Perpetual Bond.

For 2021 Domestic Perpetual Bond Series 1 and 2021 Domestic Perpetual Bond Series 2, upon the occurrence of a Non-Viability Trigger Event, the Bank has the right to write down all or part of the nominal amount of the outstanding perpetual bonds without the need for the consent of the bond holders.

For Offshore Perpetual Bond, upon the occurrence of a Non-Viability Trigger Event, the Bank has the right to write down all or part of the perpetual bonds issued and outstanding at that time up to the total nominal value without the need for the consent of the bond holders.

(v) Redemption conditions

The duration of the Domestic Perpetual Bonds and Offshore Perpetual Bond is the same as the continuing operation of the Bank. Five years after the issuance date of the Domestic Perpetual Bonds and Offshore Perpetual Bond, the Bank shall have the right to redeem them in whole or in part on each distribution payment date (including the fifth distribution payment date since the issuance). In the event that the perpetual bond is not classified as additional tier 1 capital due to unpredicted changes in regulations, the Bank shall have the right to redeem Domestic Perpetual Bonds and Offshore Perpetual Bond fully instead of partly.

(c) Changes in perpetual bond outstanding

Financial instrument outstanding	1 January 2022			Movement during the period			30 June 2022		
	Amount (million units)	In original currency (million)	In RMB (million)	Amount (million units)	In original currency (million)	In RMB (million)	Amount (million units)	In original currency (million)	In RMB (million)
Offshore									
USD									
Perpetual bond	N/A	6,160	39,793	-	-	-	N/A	6,160	39,793
Domestic									
RMB									
2019 Perpetual bond	800	80,000	80,000	-	-	-	800	80,000	80,000
2021 Perpetual bond Series 1	700	70,000	70,000	-	-	-	700	70,000	70,000
2021 Perpetual bond Series 2	300	30,000	30,000	-	-	-	300	30,000	30,000
Total			219,793			-			219,793

(3) Interests attributable to equity instruments' holders

Items	30 June 2022	31 December 2021
1. Total equity attributable to equity holders of the parent company	3,314,198	3,257,755
(1) Equity attributable to ordinary shareholders of the parent company	2,959,867	2,903,424
(2) Equity attributable to other equity instrument holders of the parent company	354,331	354,331
2. Total equity attributable to non-controlling interests	19,108	17,503
(1) Equity attributable to ordinary shareholders of non-controlling interests	19,108	17,503
(2) Equity attributable to other equity instrument holders of non-controlling interests	–	–

32. RESERVES

(a) Capital reserve

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

(b) Surplus reserves

(i) Statutory surplus reserve

The Bank is required to appropriate 10% of its profit for the year, as determined under the Accounting Standards for Business Enterprises and other relevant requirements ("PRC GAAP"), pursuant to the Company Law of the PRC and the Articles of the Bank to the statutory surplus reserve until the reserve balance reaches 50% of its registered capital.

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

(ii) Discretionary surplus reserve

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

(iii) Other surplus reserve

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

(c) General reserve

In accordance with the "Administrative Measures for the Provision of Reserves of Financial Enterprises" (Cai Jin [2012] No. 20) issued by the MOF, the Bank maintains a general reserve within equity, through the appropriation of profit for the year, which should not be less than 1.5% of the year-end balance of its risk assets, to partially cover unidentified possible losses.

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

(d) Investment revaluation reserve

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

(e) Foreign currency translation reserve

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

(f) Cash flow hedging reserve

The cash flow hedging reserve comprises the effective portion of the gains or losses on the hedging instruments.

(g) Other reserves

Other reserves represent reserves other than the items listed above, including other comprehensive income recognised under the equity method.

(h) Distributable profits

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

33. OTHER COMPREHENSIVE INCOME

(a) Other comprehensive income attributable to equity holders of the parent company in the consolidated statement of financial position

	Investment revaluation reserve	Foreign currency translation reserve	Other	Total
1 January 2021	22,377	(27,882)	(4,923)	(10,428)
Movement during the year	2,251	(12,117)	1,951	(7,915)
31 December 2021 and 1 January 2022	24,628	(39,999)	(2,972)	(18,343)
Movement during the period	(16,661)	12,262	(672)	(5,071)
30 June 2022	7,967	(27,737)	(3,644)	(23,414)

(b) Other comprehensive income in the consolidated statement of profit or loss and other comprehensive income

	Six months ended 30 June	
	2022	2021
Items that will not be reclassified to profit or loss:		
(i) Changes in fair value of equity instruments designated as at FVTOCI	(3,242)	993
(ii) Other comprehensive income recognised under the equity method	(14)	2
(iii) Other	6	1
Items that may be reclassified subsequently to profit or loss:		
(i) Changes in fair value of debt instruments measured at FVTOCI	(17,558)	(3)
Less: Amount transferred to profit or loss from other comprehensive income and income tax effect	2,110	(979)
	(15,448)	(982)
(ii) Credit losses of debt instruments measured at FVTOCI	2,365	654
(iii) Cash flow hedging reserve:		
Gain during the period	406	411
Less: Income tax effect	40	488
	446	899
(iv) Other comprehensive income recognised under the equity method	(153)	(98)
(v) Foreign currency translation reserve	10,609	(4,089)
(vi) Other	(983)	383
	(6,414)	(2,237)

34. CASH AND CASH EQUIVALENTS

	30 June 2022	30 June 2021
Cash on hand	60,714	58,629
Balances with central banks other than restricted deposits	457,678	560,889
Deposits with banks and other financial institutions with original maturity of three months or less	288,604	334,830
Placements with banks and other financial institutions with original maturity of three months or less	271,121	261,687
Reverse repurchase agreements with original maturity of three months or less	1,142,123	763,532
	2,220,240	1,979,567

35. INTERESTS IN STRUCTURED ENTITIES

(a) Structured entities sponsored by third party institutions in which the Group holds an interest

The Group holds an interest in some structured entities sponsored by third party institutions through investments in the products issued by these structured entities. Such structured entities include investment funds, asset management plans and asset-backed securities, trust plans and the Group does not consolidate these structured entities. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of investors and are financed through the issuance of investment products to investors.

The following table sets out an analysis of the carrying amounts and maximum exposure of interests held by the Group in the structured entities sponsored by third party institutions:

	30 June 2022		31 December 2021	
	Carrying amount	Maximum exposure	Carrying amount	Maximum exposure
Investment funds	41,440	41,440	36,702	36,702
Asset management plans and asset-backed securities	79,996	79,996	77,997	77,997
Trust plans	18,787	18,787	20,903	20,903
	140,223	140,223	135,602	135,602

The maximum loss exposures in the above investment funds, asset management plans and asset-backed securities, trust plans are the carrying amounts which are measured at amortised cost or the fair value of the investments held by the Group at the reporting date.

The following tables set out an analysis of the line items in the consolidated statement of financial position in which assets were recognised relating to the Group's interests in structured entities sponsored by third party institutions:

	30 June 2022		
	Financial investments measured at FVTPL	Financial investments measured at FVTOCI	Financial investments measured at amortised cost
Investment funds	41,440	–	–
Asset management plans and asset-backed securities	24,057	5,106	50,833
Trust plans	1,632	–	17,155
	67,129	5,106	67,988

	31 December 2021		
	Financial investments measured at FVTPL	Financial investments measured at FVTOCI	Financial investments measured at amortised cost
Investment funds	36,702	–	–
Asset management plans and asset-backed securities	18,661	2,740	56,596
Trust plans	1,435	–	19,468
	56,798	2,740	76,064

(b) Structured entities sponsored by the Group in which the Group does not consolidate but holds an interest

The types of unconsolidated structured entities sponsored by the Group include non-principal-guaranteed wealth management products and investment funds. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of investors. These structured entities are financed through the issuance of investment products to investors. Interest held by the Group includes investments in the products issued by these unconsolidated structured entities and fees charged for providing management services. As at 30 June 2022 and 31 December 2021, the carrying amounts of the investments in the products issued by these structured entities and fee receivables being recognised were not material in the consolidated financial statements. Management fee income earned by the Group was included in fee and commission income of personal wealth management and private banking services and corporate wealth management services set out in Note 4.

As at 30 June 2022, the amount of assets held by the unconsolidated non-principal-guaranteed wealth management products and investment funds, which are sponsored by the Group, were RMB2,290,993 million (31 December 2021: RMB2,586,393 million) and RMB1,868,858 million (31 December 2021: RMB1,810,281 million) respectively.

For the six months ended 30 June 2022, the amount of the average exposure of financing transactions through placements and reverse repurchase agreements from the Group with non-principal-guaranteed wealth management products sponsored by the Group was RMB17,446 million (six months ended 30 June 2021: RMB38,808 million). The transactions were conducted in the ordinary course of business under normal terms and conditions and at market rates.

(c) Consolidated structured entities

The consolidated structured entities of the Group are primarily the principal-guaranteed wealth management products, certain investment funds, asset-backed securities and asset management plans issued or initiated and invested by the Group or purchased due to regulatory requirements related to wealth management business. The Group controls these entities because the Group has power over, is exposed to, or has rights to variable returns from its involvement with these entities and has the ability to use its power over these entities to affect the amount of the Group's returns.

36. TRANSFERRED FINANCIAL ASSETS

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

Repurchase transactions and securities lending transactions

Transferred financial assets that do not qualify for derecognition mainly include debt securities held by counterparties as collateral under repurchase agreements and debt securities lent to counterparties under securities lending agreements. The counterparties are allowed to sell or repledge those securities in the absence of default by the Group, but has an obligation to return the securities at the maturity of the contract. For securities lent out, if the securities increase or decrease in value, the Group may in certain circumstances require additional cash collateral from counterparties or return part of the cash collateral to counterparties. The Group has determined that it retains substantially all the risks and rewards of these securities and therefore has not derecognised them. In addition, it recognises a financial liability for cash received as collateral.

As at 30 June 2022, the carrying amount of the financial assets transferred to third parties that did not qualify for derecognition in the repurchase agreements and securities lending transactions were RMB23,355 million and RMB3,832 million respectively.

Securitisation transactions

The Group transfers credit assets to structured entities which issue asset-backed securities to investors. The Group may acquire some asset-backed securities at the subordinated tranche level and accordingly, may retain parts of the risks and rewards of the transferred credit assets. The Group would determine whether or not to derecognise the associated credit assets by evaluating the extent to which it retains the risks and rewards of the assets.

For those in which the Group has neither transferred nor retained substantially all the risks and rewards of the transferred credit assets, and retained control of the credit assets, the Group recognises the assets on the consolidated statement of financial position to the extent of the Group's continuing involvement and the rest is derecognised. The extent of the Group's continuing involvement is the extent of the risks and rewards undertaken by the Group with value changes of the transferred financial assets. As at 30 June 2022, loans with an original carrying amount of RMB627,857 million at the time of transfer (31 December 2021: RMB619,736 million) have been securitised by the Group under arrangements in which the Group retained a continuing involvement in such assets. The carrying amount of assets that the Group continues to recognise on the consolidated statement of financial position was RMB74,940 million as at 30 June 2022 (31 December 2021: RMB74,121 million).

As at 30 June 2022, the carrying amount of asset-backed securities held by the Group in securitisation transactions that were qualified for derecognition was RMB918 million (31 December 2021: RMB973 million), and its maximum exposure approximated to the carrying amount.

With respect to the securitisation of financial assets that do not qualify for derecognition, the relevant financial assets are not derecognised, and the consideration received is recorded as a financial liability. As at 30 June 2022, transferred credit assets that were not qualified for derecognition of the Group amounted to RMB132 million at the time of transfer (31 December 2021: RMB132 million).

37. ASSETS PLEDGED AS SECURITY

Financial assets of the Group including securities and bills have been pledged as collateral for liabilities or contingent liabilities, mainly for repurchase agreements and derivative contracts. As at 30 June 2022, the carrying amount of the financial assets of the Group pledged as collateral amounted to approximately RMB452,427 million (31 December 2021: approximately RMB319,877 million).

38. SHARE APPRECIATION RIGHTS PLAN

The Bank's share appreciation rights plan was approved in 2006, which allows share appreciation rights to be granted to eligible participants including directors, supervisors, senior management and other key personnel designated by the board of directors. The share appreciation rights will be granted and exercised based on the price of the Bank's H shares and will be valid for 10 years. As at the approval date of these financial statements, no share appreciation rights have been granted.

39. COMMITMENTS AND CONTINGENT LIABILITIES

(a) Capital commitments

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

	30 June 2022	31 December 2021
Contracted but not provided for	30,682	31,307

(b) Credit commitments

The Group has outstanding commitments to extend credit including approved loans and undrawn credit card limits.

The Group provides letters of credit and financial guarantees to guarantee the performance of customers to third parties.

Bank acceptances comprise undertakings by the Group to pay bills of exchange drawn on customers. The Group expects most acceptances to be settled simultaneously with the reimbursement from the customers.

The contractual amounts of credit commitments by category are set out below. The amounts disclosed in respect of loan commitments and undrawn credit card limits are under the assumption that the amounts will be fully advanced. The amounts for bank acceptances, letters of credit and guarantees represent the maximum potential losses that would be recognised at the end of the reporting period had the counterparties failed to perform as contracted.

	30 June 2022	31 December 2021
Bank acceptances	602,182	449,141
Guarantees issued		
— Financing letters of guarantees	40,483	50,114
— Non-financing letters of guarantees	512,846	444,418
Sight letters of credit	63,408	54,466
Usance letters of credit and other commitments	118,592	114,733
Loan commitments		
— With an original maturity of under one year	61,873	50,199
— With an original maturity of one year or over	396,565	497,892
Undrawn credit card limits	1,115,140	1,069,406
	2,911,089	2,730,369
Credit risk-weighted assets of credit commitments	1,099,434	1,082,099

(c) Operating leases

At the end of the reporting period, the Group's total future minimum lease receivables in respect of non-cancellable operating leases of assets are as follows:

	30 June 2022	31 December 2021
Within one year	17,017	16,451
Over one year but within two years	16,605	15,920
Over two years but within three years	16,157	15,937
Over three years but within five years	27,046	27,840
Over five years	58,415	59,648
	135,240	135,796

(d) Legal proceedings and arbitrations

The Group is involved in lawsuits and arbitrations during its normal course of operations. As at 30 June 2022, there were a number of legal proceedings and arbitrations outstanding against the Bank and/or its subsidiaries with a total claimed amount of RMB5,108 million (31 December 2021: RMB6,165 million).

In the opinion of management, the Group has made adequate allowance for any probable losses based on the current facts and circumstances, and the ultimate outcome of these lawsuits and arbitrations will not have any significant impact on the financial position or operations of the Group.

(e) Redemption commitments of government bonds and securities underwriting commitments

As an underwriting agent of the MOF, the Bank underwrites certain PRC government bonds and sells the bonds to the general public. The Bank is obliged to redeem these bonds at the discretion of the holders at any time prior to maturity. The redemption price for the bonds is based on the nominal value of the bonds plus any interest accrued up to the redemption date. The MOF will not provide funding for the early redemption of these PRC government bonds on a back-to-back basis but is obliged to repay the principal and the respective interest upon maturity. The redemption obligations, which represent the nominal value of government bonds underwritten and sold by the Group, but not yet matured as at 30 June 2022 were RMB67,073 million (31 December 2021: RMB75,553 million). Management expects that the redemption obligation of these PRC government bonds by the Bank prior to maturity will not be material.

As at 30 June 2022, the Group has no outstanding securities underwriting commitments (31 December 2021: RMB6,350 million).

(f) Designated funds and loans

	30 June 2022	31 December 2021
Designated funds	3,096,145	2,783,961
Designated loans	3,095,861	2,783,778

The designated funds represent the funding that the trustors have instructed the Group to use to make loans to third parties as designated by them. The credit risk remains with the trustors.

The designated loans represent the loans granted to specific borrowers designated by the trustors on their behalf according to the entrust agreements signed by the Group and the trustors. The Group does not bear any risk.

(g) Fiduciary activities

The Group provides custody, trust and asset management services to third parties. Revenue from such activities is included in "net fee and commission income" set out in Note 4. Those assets held in a fiduciary capacity are not included in the Group's consolidated statement of financial position.

40. RELATED PARTY DISCLOSURES

In addition to the transactions detailed elsewhere in these consolidated financial statements, the Group had the following transactions with related parties during the reporting period:

(a) The MOF

The MOF is a ministry under the State Council of the PRC, primarily responsible for, among others, state fiscal revenues, expenses and taxation policies. As at 30 June 2022, the MOF directly owned approximately 31.14% (31 December 2021: approximately 31.14%) of the issued share capital of the Bank. The Group entered into banking transactions with the MOF in its ordinary course of business. Details of the major transactions are as follows:

	30 June 2022	31 December 2021
Balances at end of the period/year:		
The PRC government bonds and the special government bond	1,665,617	1,563,353

	Six months ended 30 June	
	2022	2021
Transactions during the period:		
Interest income on the government bonds	28,335	22,233

Other related party transactions between the Group and enterprises under the control or joint control of the MOF are disclosed in Note 40(i) "transactions with state-owned entities in the PRC".

(b) Huijin

Central Huijin Investment Ltd. ("Huijin") is a wholly-owned subsidiary of China Investment Corporation, and in accordance with the authorisation of the State Government, Huijin makes equity investments in major state-owned financial enterprises, and shall, to the extent of its capital contribution, exercise the rights and perform the obligations as an investor on behalf of the State Government in accordance with applicable laws, to achieve the goal of preserving and enhancing the value of state-owned financial assets. Huijin does not conduct any other businesses or commercial activities nor intervene in the day-to-day business operations of the financial enterprises in which it invests. Huijin was established on 16 December 2003 with a total registered and paid-in capital of RMB828,209 million. As at 30 June 2022, Huijin directly owned approximately 34.71% (31 December 2021: approximately 34.71%) of the issued share capital of the Bank.

As at 30 June 2022, bonds issued by Huijin ("the Huijin Bonds") held by the Group were of an aggregate face value of RMB53,000 million (31 December 2021: RMB63,660 million), with terms ranging from one to thirty years and coupon rates ranging from 2.15% to 4.38%. The Huijin Bonds are government-backed bonds, short-term bills and medium-term notes. The Group's subscription of the Huijin Bonds was conducted in the ordinary course of business, in compliance with relevant regulatory and the corporate governance requirements of the Group.

The Group entered into banking transactions with Huijin in the ordinary course of business under normal commercial terms and the transactions were priced based on market rates. Details of the major transactions are as follows:

	30 June 2022	31 December 2021
Balances at end of the period/year:		
Debt securities purchased	53,096	64,841
Due to customers	25,998	60,331

	Six months ended 30 June	
	2022	2021
Transactions during the period:		
Interest income on debt securities purchased	969	1,158
Interest income on loans and advances to customers	–	65
Interest expense on amounts due to customers	475	169

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Huijin holds equity interests in certain other banks and financial institutions under the direction of the State Government. The Group entered into transactions with these banks and financial institutions in the ordinary course of business under normal commercial terms and the transactions were priced based on market rates. Management considers that these banks and financial institutions are competitors of the Group. Details of major transactions conducted with these banks and financial institutions are as follows:

	30 June 2022	31 December 2021
Balances at end of the period/year:		
Debt securities purchased	614,626	536,655
Due from banks and other financial institutions	137,844	174,811
Reverse repurchase agreements	33,903	23,796
Loans and advances to customers	2,410	3,794
Derivative financial assets	5,400	7,375
Due to banks and other financial institutions	243,265	276,415
Repurchase agreements	10,899	13,246
Derivative financial liabilities	7,220	6,318
Due to customers	798	917
Credit commitments	12,244	8,750

	Six months ended 30 June	
	2022	2021
Transactions during the period:		
Interest income on debt securities purchased	13,963	9,748
Interest income on amounts due from banks and other financial institutions	445	407
Interest income on reverse repurchase agreements	9	3
Interest income on loans and advances to customers	14	19
Interest expense on amounts due to banks and other financial institutions	221	383
Interest expense on repurchase agreements	1	0
Interest expense on amounts due to customers	5	6

(c) National Council for Social Security Fund of the People's Republic of China

National Council for Social Security Fund (the "SSF") is a public institution managed by the MOF. It is the management and operating organisation of the national social security fund. As at 30 June 2022, the SSF held approximately 5.69% (31 December 2021: approximately 5.69%) of the Bank's issued share capital. The Group entered into banking transactions with the SSF in the ordinary course of business under normal commercial terms and the transactions were priced based on market rates. Details of the major transactions are as follows:

	30 June 2022	31 December 2021
Balances at end of the period/year:		
Due to customers	48,848	38,000

	Six months ended 30 June	
	2022	2021
Transactions during the period:		
Interest expense on amounts due to customers	385	194

(d) Subsidiaries

	30 June 2022	31 December 2021
Balances at end of the period/year:		
Financial investments	34,382	33,753
Due from banks and other financial institutions	393,702	410,896
Reverse repurchase agreements	31,761	26,481
Loans and advances to customers	63,986	45,269
Derivative financial assets	5,472	7,897
Due to banks and other financial institutions	175,754	151,307
Derivative financial liabilities	9,164	8,519
Credit commitments	58,812	60,280
	Six months ended 30 June	
	2022	2021
Transactions during the period:		
Interest income on financial investments	649	554
Interest income on amounts due from banks and other financial institutions	313	249
Interest income on reverse repurchase agreements	4	0
Interest income on loans and advances to customers	413	311
Interest expense on amounts due to banks and other financial institutions	873	298
Fee and commission income	2,776	4,239

The major balances and transactions with subsidiaries have been eliminated in the consolidated financial statements.

(e) Associates and affiliates

	30 June 2022	31 December 2021
Balances at end of the period/year:		
Debt securities purchased	13,260	13,162
Due from banks and other financial institutions	18,410	13,652
Reverse repurchase agreements	368	191
Loans and advances to customers	2,977	3,672
Derivative financial assets	2,116	1,797
Due to banks and other financial institutions	13,146	9,858
Due to customers	690	638
Derivative financial liabilities	2,305	2,436
Credit commitments	4,704	6,145
	Six months ended 30 June	
	2022	2021
Transactions during the period:		
Interest income on debt securities purchased	191	91
Interest income on amounts due from banks and other financial institutions	39	116
Interest income on reverse repurchase agreements	0	0
Interest income on loans and advances to customers	33	15
Interest expense on amounts due to banks and other financial institutions	45	62
Interest expense on amounts due to customers	55	0

Transactions between the Group and the aforementioned parties were conducted under normal commercial terms and conditions and priced based on market rates.

(f) Joint ventures and affiliates

	30 June 2022	31 December 2021
Balances at end of the period/year:		
Loans and advances to customers	39	–
Due to customers	4	18
	Six months ended 30 June	
	2022	2021
Transactions during the period:		
Interest income on loans and advances to customers	2	–
Interest expense on amounts due to customers	0	0

Transactions between the Group and the aforementioned parties were conducted in the ordinary course of business under normal terms and conditions and priced based on market rates.

(g) Key management personnel

The key management personnel are those persons who have the authority and responsibility to plan, direct and control the activities of the Group, directly or indirectly, including members of the board of directors and the board of supervisors, and executive officers.

The aggregate compensation of key management personnel is as follows:

	Six months ended 30 June	
	2022	2021
	In RMB'000	In RMB'000
Salaries and other short-term employment benefits	6,344	5,911
Post-employment benefits	339	276
	6,683	6,187

Related parties of the Group include key management personnel of the Group and their close relatives, as well as companies controlled, jointly controlled or significantly influenced by key management personnel or their close relatives.

For the six months ended 30 June 2022, there were no material transactions and balances with key management personnel individually or in the aggregate (six months ended 30 June 2021: Immaterial). The Group entered into banking transactions with key management personnel in the ordinary course of business.

The aggregate balance of loans and credit card overdrafts to the persons who are considered as related parties according to the relevant rules of Shanghai Stock Exchange was RMB11.63 million as at 30 June 2022 (31 December 2021: RMB12.23 million).

The transactions between the Group and the aforementioned parties were conducted in the ordinary course of business under normal terms and conditions and priced based on market rates.

(h) Annuity fund

Apart from the obligations for defined contributions to the annuity fund established by the Group and the Bank, annuity fund held A shares of the Bank with market value of RMB3.25 million as at 30 June 2022 (31 December 2021: RMB3.16 million), and bonds issued by the Bank of RMB413.40 million as at 30 June 2022 (31 December 2021: RMB324.13 million).

(i) Transactions with state-owned entities in the PRC

The Group operates in an economic environment predominated by enterprises directly or indirectly owned and/or controlled by the Government through its authorities, affiliates or other organisations (collectively the “state-owned entities”). During the reporting period, the Group entered into extensive banking transactions with these state-owned entities including, but are not limited to, lending and deposit taking, taking and placing of interbank balances, entrusted lending and the provision of intermediary services, the sale, purchase, underwriting and redemption of bonds issued by other state-owned entities, and the sale, purchase, and leasing of properties and other assets.

The transactions with state-owned entities are activities conducted in the ordinary course of business under normal terms and conditions and priced based on market rates, and the dealings of the Group have not been significantly or unduly affected by the fact that the Group and those state-owned entities are ultimately controlled or owned by the Government. The Group has also established pricing policies for products and services and such pricing policies do not depend on whether or not the customers are state-owned entities.

(j) Proportion of major related party transactions

The major balances and transactions with subsidiaries have been eliminated in the consolidated financial statements. When calculating the proportion of related party transactions, transactions with the subsidiaries are excluded.

	30 June 2022		31 December 2021	
	Balance	Percentage	Balance	Percentage
Financial investments	2,346,599	23.06%	2,178,011	23.53%
Due from banks and other financial institutions	156,254	15.48%	188,463	22.78%
Reverse repurchase agreements	34,271	2.91%	23,987	3.62%
Loans and advances to customers	5,426	0.02%	7,466	0.04%
Derivative financial assets	7,516	6.45%	9,172	12.05%
Due to banks and other financial institutions	256,411	7.76%	286,273	9.80%
Repurchase agreements	10,899	2.22%	13,246	3.62%
Derivative financial liabilities	9,525	8.15%	8,754	12.27%
Due to customers	76,338	0.26%	99,904	0.38%
Credit commitments	16,948	0.58%	14,895	0.55%

	Six months ended 30 June			
	2022		2021	
	Amount	Percentage	Amount	Percentage
Interest income	44,000	7.10%	33,855	6.00%
Interest expense	1,187	0.44%	814	0.36%

41. SEGMENT INFORMATION

(a) Operating segments

The Group is organised into different operating segments, namely corporate banking, personal banking and treasury operations, based on internal organisation structure, management requirements and internal reporting system.

Corporate banking

The corporate banking segment covers the provision of financial products and services to corporations, government agencies and financial institutions. The products and services include corporate loans, trade financing, deposit-taking activities, corporate wealth management services, custody activities and various types of corporate intermediary services.

Personal banking

The personal banking segment covers the provision of financial products and services to individual customers. The products and services include personal loans, deposit-taking activities, card business, personal wealth management services and various types of personal intermediary services.

Treasury operations

The treasury operations segment covers the Group's treasury operations which include money market transactions, investment securities, foreign exchange transactions and the holding of derivative positions, for its own accounts or on behalf of customers.

Other

This segment covers the Group's assets, liabilities, income and expenses that are not directly attributable or cannot be allocated to a segment on a reasonable basis.

Management monitors the operating results of the Group's business units separately for the purpose of making decisions about resources allocation and performance assessment. Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Group.

Transactions between segments mainly represent the provision of funding to and from individual segments. The internal transfer pricing of these transactions are determined with reference to the market rates and have been reflected in the performance of each segment. Net interest income and expense arising on internal fund transfer are referred to as "internal net interest income or expense". Net interest income and expense relating to third parties are referred to as "external net interest income or expense".

Segment revenues, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The basis for allocation is mainly based on occupation of or contribution to resources. Income taxes are managed on a group basis and are not allocated to operating segments.

	Six months ended 30 June 2022				
	Corporate banking	Personal banking	Treasury operations	Other	Total
External net interest income	150,461	71,225	129,739	–	351,425
Internal net interest income/(expense)	7,500	78,576	(86,076)	–	–
Net fee and commission income	45,994	29,727	296	–	76,017
Other income/(expense), net (i)	5,037	(2,689)	10,071	3,927	16,346
Operating income	208,992	176,839	54,030	3,927	443,788
Operating expenses	(42,133)	(51,648)	(7,277)	(2,115)	(103,173)
Impairment losses on assets	(74,126)	(27,389)	(26,916)	(5,191)	(133,622)
Operating profit/(loss)	92,733	97,802	19,837	(3,379)	206,993
Share of results of associates and joint ventures	–	–	–	2,152	2,152
Profit/(loss) before taxation	92,733	97,802	19,837	(1,227)	209,145
Income tax expense					(36,575)
Profit for the period					172,570
Other segment information:					
Depreciation and amortisation	5,171	6,407	1,362	109	13,049
Capital expenditure	5,767	7,234	1,518	127	14,646

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	Six months ended 30 June 2022				
	Corporate banking	Personal banking	Treasury operations	Other	Total
Segment assets	13,993,568	8,544,398	15,937,493	171,449	38,646,908
Including: Investments in associates and joint ventures	–	–	–	65,020	65,020
Property and equipment	106,267	138,182	27,892	20,431	292,772
Other non-current assets (ii)	42,863	21,659	5,376	9,782	79,680
Unallocated assets					97,468
Total assets					38,744,376
Segment liabilities	15,553,367	14,460,653	5,030,583	299,329	35,343,932
Unallocated liabilities					67,138
Total liabilities					35,411,070
Other segment information:					
Credit commitments	1,811,416	1,099,673	–	–	2,911,089

- (i) Includes net trading income, net gains on financial investments and other net operating income.
- (ii) Includes intangible assets, goodwill, long-term deferred expenses, right-of-use assets and other non-current assets.

	Six months ended 30 June 2021				
	Corporate banking	Personal banking	Treasury operations	Other	Total
External net interest income	142,390	72,344	121,559	–	336,293
Internal net interest income/(expense)	10,308	70,280	(80,588)	–	–
Net fee and commission income	47,114	28,030	799	–	75,943
Other income/(expense), net (i)	6,157	(1,284)	7,119	2,178	14,170
Operating income	205,969	169,370	48,889	2,178	426,406
Operating expenses	(36,928)	(47,624)	(7,554)	(2,885)	(94,991)
Impairment losses on assets	(96,195)	(24,452)	(3,708)	(192)	(124,547)
Operating profit/(loss)	72,846	97,294	37,627	(899)	206,868
Share of results of associates and joint ventures	–	–	–	1,202	1,202
Profit before taxation	72,846	97,294	37,627	303	208,070
Income tax expense					(43,561)
Profit for the period					164,509
Other segment information:					
Depreciation and amortisation	4,659	6,076	1,233	154	12,122
Capital expenditure	5,202	6,965	1,352	158	13,677

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	31 December 2021				
	Corporate banking	Personal banking	Treasury operations	Other	Total
Segment assets	12,436,885	8,399,240	14,086,517	169,482	35,092,124
Including: Investments in associates and joint ventures	-	-	-	61,782	61,782
Property and equipment	112,952	120,366	37,432	19,546	290,296
Other non-current assets (ii)	43,468	20,945	6,304	9,944	80,661
Unallocated assets					79,259
Total assets					35,171,383
Segment liabilities	13,960,681	13,213,984	4,425,332	198,061	31,798,058
Unallocated liabilities					98,067
Total liabilities					31,896,125
Other segment information:					
Credit commitments	1,674,769	1,055,600	-	-	2,730,369

- (i) Includes net trading income or expense, net gains on financial investments and other net operating income.
- (ii) Includes intangible assets, goodwill, long-term deferred expenses, right-of-use assets and other non-current assets.

(b) Geographical information

The Group operates principally in Chinese mainland, and also has branches and subsidiaries operating outside Chinese mainland. The distribution of the geographical areas is as follows:

Chinese mainland (Head Office and domestic branches)

Head Office ("HO"): the HO business divisions (including institutions directly managed by the HO and its offices);

Yangtze River Delta: including Shanghai, Jiangsu, Zhejiang and Ningbo;

Pearl River Delta: including Guangdong, Shenzhen, Fujian and Xiamen;

Bohai Rim: including Beijing, Tianjin, Hebei, Shandong and Qingdao;

Central China: including Shanxi, Henan, Hubei, Hunan, Anhui, Jiangxi and Hainan;

Western China: including Chongqing, Sichuan, Guizhou, Yunnan, Guangxi, Shaanxi, Gansu, Qinghai, Ningxia, Xinjiang, Inner Mongolia and Tibet; and

Northeastern China: including Liaoning, Heilongjiang, Jilin and Dalian.

Overseas and other

Branches located outside Chinese mainland, domestic and overseas subsidiaries, and investments in associates and joint ventures.

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	Six months ended 30 June 2022									
	Chinese mainland (HO and domestic branches)									Total
	Head Office	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central China	Western China	Northeastern China	Overseas and other	Eliminations	
External net interest income	139,891	41,385	42,525	10,109	39,617	53,110	4,912	19,876	-	351,425
Internal net interest (expense)/income	(110,232)	21,314	6,221	55,765	12,013	7,378	8,454	(913)	-	-
Net fee and commission income	21,286	13,274	9,010	11,546	6,751	6,694	1,686	6,979	(1,209)	76,017
Other income/(expense), net (i)	8,217	(1,211)	(610)	(707)	(295)	(703)	(729)	11,179	1,205	16,346
Operating income	59,162	74,762	57,146	76,713	58,086	66,479	14,323	37,121	(4)	443,788
Operating expenses	(14,829)	(14,743)	(11,501)	(16,302)	(14,458)	(15,616)	(4,938)	(10,790)	4	(103,173)
Impairment losses on assets	(37,037)	(19,884)	(18,946)	(17,394)	(12,851)	(18,254)	(6,040)	(3,216)	-	(133,622)
Operating profit	7,296	40,135	26,699	43,017	30,777	32,609	3,345	23,115	-	206,993
Share of results of associates and joint ventures	-	-	-	-	-	-	-	2,152	-	2,152
Profit before taxation	7,296	40,135	26,699	43,017	30,777	32,609	3,345	25,267	-	209,145
Income tax expense										(36,575)
Profit for the period										172,570
Other segment information:										
Depreciation and amortisation	2,223	1,929	1,321	1,955	1,690	2,077	724	1,130	-	13,049
Capital expenditure	380	1,219	1,160	759	980	1,021	210	8,917	-	14,646

	30 June 2022									
	Chinese mainland (HO and domestic branches)									Total
	Head Office	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central China	Western China	Northeastern China	Overseas and other	Eliminations	
Assets by geographical areas	8,995,666	9,170,196	5,968,624	5,545,016	4,051,221	4,932,497	1,418,729	4,250,590	(5,685,631)	38,646,908
Including: Investments in associates and joint ventures	-	-	-	-	-	-	-	65,020	-	65,020
Property and equipment	12,907	32,595	13,607	19,957	18,348	22,399	8,449	164,510	-	292,772
Other non-current assets (ii)	15,928	7,080	5,999	6,619	8,199	9,412	2,221	24,222	-	79,680
Unallocated assets										97,468
Total assets										38,744,376
Liabilities by geographical areas	6,329,352	9,782,368	5,783,344	8,307,625	3,852,692	4,196,764	1,736,385	1,041,033	(5,685,631)	35,343,932
Unallocated liabilities										67,138
Total liabilities										35,411,070
Other segment information:										
Credit commitments	1,170,995	1,208,677	879,701	1,001,989	507,762	610,324	162,005	676,385	(3,306,749)	2,911,089

- (i) Includes net trading income, net gains on financial investments and other net operating income.
- (ii) Includes intangible assets, goodwill, long-term deferred expenses, right-of-use assets and other non-current assets.

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	Six months ended 30 June 2021											
	Chinese mainland (HO and domestic branches)									Overseas and other	Eliminations	Total
	Head Office	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central China	Western China	Northeastern China					
External net interest income	129,164	38,894	40,993	12,774	38,008	51,483	6,136	18,841	-	336,293		
Internal net interest (expense)/income	(95,315)	18,667	5,128	49,900	9,261	6,016	7,258	(915)	-	-		
Net fee and commission income	21,706	13,469	8,923	11,785	6,305	7,278	1,440	5,905	(868)	75,943		
Other income/(expense), net (i)	11,746	(2,494)	(1,576)	(1,411)	(908)	(1,787)	(204)	9,986	818	14,170		
Operating income	67,301	68,536	53,468	73,048	52,666	62,990	14,630	33,817	(50)	426,406		
Operating expenses	(13,777)	(13,072)	(10,624)	(15,073)	(12,833)	(14,689)	(4,674)	(10,299)	50	(94,991)		
Impairment losses on assets	(34,401)	(15,692)	(15,355)	(18,698)	(13,583)	(16,410)	(6,828)	(3,580)	-	(124,547)		
Operating profit	19,123	39,772	27,489	39,277	26,250	31,891	3,128	19,938	-	206,868		
Share of results of associates and joint ventures	-	-	-	-	-	-	-	1,202	-	1,202		
Profit before taxation	19,123	39,772	27,489	39,277	26,250	31,891	3,128	21,140	-	208,070		
Income tax expense										(43,561)		
Profit for the period										164,509		
Other segment information:												
Depreciation and amortisation	1,856	1,675	1,277	1,927	1,638	1,928	708	1,113	-	12,122		
Capital expenditure	1,028	1,260	772	1,506	1,115	1,234	354	6,408	-	13,677		

	31 December 2021											
	Chinese mainland (HO and domestic branches)									Overseas and other	Eliminations	Total
	Head Office	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central China	Western China	Northeastern China					
Assets by geographical areas	8,145,032	8,248,981	5,870,705	5,186,815	3,786,925	4,553,489	1,333,077	4,100,318	(6,133,218)	35,092,124		
Including: Investments in associates and joint ventures	-	-	-	-	-	-	-	61,782	-	61,782		
Property and equipment	13,971	33,190	13,729	20,726	18,911	23,331	8,865	157,573	-	290,296		
Other non-current assets (ii)	16,056	7,371	6,075	7,087	8,457	9,685	2,317	23,613	-	80,661		
Unallocated assets										79,259		
Total assets										35,171,383		
Liabilities by geographical areas	5,470,908	8,944,022	5,645,178	7,928,583	3,568,847	3,745,729	1,539,014	1,088,995	(6,133,218)	31,798,058		
Unallocated liabilities										98,067		
Total liabilities										31,896,125		
Other segment information:												
Credit commitments	1,123,767	1,172,580	791,688	1,001,597	450,171	611,013	147,856	631,815	(3,200,118)	2,730,369		

- (i) Includes net trading income or expense, net gains on financial investments and other net operating income.
- (ii) Includes intangible assets, goodwill, long-term deferred expenses, right-of-use assets and other non-current assets.

42. FINANCIAL RISK MANAGEMENT

The board of directors (the “Board”) has the ultimate responsibility for risk management and oversees the Group’s risk management functions through the Risk Management Committee and the Audit Committee of the Board.

The President supervises risk management and reports directly to the Board. He chairs two management committees including the Risk Management Committee and the Asset and Liability Management Committee, which set the risk management strategies and appetite, evaluate and formulate risk management policies and procedures, and make recommendations through the President to the Risk Management Committee of the Board. The Chief Risk Officer assists the President to supervise the Bank’s risk management.

The Group has clearly defined the roles of each department in monitoring financial risks within the Group. The Credit and Investment Management Department monitors credit risk, the Risk Management Department together with the Asset and Liability Management Department monitor market and liquidity risks, and the Internal Control and Compliance Department monitors operational risk. The Risk Management Department is primarily responsible for establishing and coordinating a comprehensive risk management framework, preparing consolidated reports on credit risk, market risk and operational risk and reporting directly to the Chief Risk Officer.

The Bank maintains a dual-reporting risk management structure at the branch level. Under this structure, the risk management department of the branches report to both the Group risk management department and the management of the branches.

(a) Credit risk

Definition and scope

Credit risk is the risk of loss arising from a borrower or counterparty’s failure to perform its obligations. Operational failures which result in unauthorised or inappropriate guarantees, financial commitments or investments by the Group may also give rise to credit risk. The Group’s credit risk is mainly attributable to its loans, due from banks and other financial institutions and financial investments.

The Group is also exposed to credit risk in other areas. The credit risk arising from derivative financial instruments is limited to derivative financial assets recorded in the consolidated statement of financial position. In addition, the Group provides guarantees for customers and may therefore be required to make payments on their behalf. These payments would be recovered from customers in accordance with the terms of the agreement. Therefore, the Group assumes a credit risk similar to that arising from loans and applies the same risk control procedures and policies to reduce risks.

Credit risk assessment method

Stage of financial instruments

The Group classifies financial instruments into following three stages and makes provisions for expected credit loss accordingly, depending on whether credit risk on that financial instrument has increased significantly and whether the assets have been impaired since initial recognition.

Stage 1: For a financial instrument of which the credit risk has not significantly increased since initial recognition, the amount equal to 12-month expected credit losses is recognised as loss allowance.

Stage 2: For a financial instrument with a significant increase in credit risk since initial recognition but not considered to be credit-impaired, the amount equal to lifetime expected credit losses is recognised as loss allowance.

Stage 3: For a financial instrument considered to be credit-impaired as at end of the reporting period, the amount equal to lifetime expected credit losses is recognised as loss allowance.

Classification of credit risk exposures

The Group classifies credit risk exposures with sufficient information by considering factors such as internal ratings-based (“IRB”) segmentation, product types, customer types, industry risk characteristics, and response to macroeconomic.

Significant increase in credit risk

The assessment of significant increase in credit risk since initial recognition is performed at least on a quarterly basis for financial instruments held by the Group. The Group takes into consideration all reasonable and supportable information (including forward-looking information) that reflects significant change in credit risk for the purposes of classifying financial instruments. The main considerations are regulatory and operating environment, internal and external credit risk rating, debt-servicing capacity, operating capabilities, contractual terms, and repayment records. The Group compares the risk of default of a single financial instrument or a portfolio of financial instruments with similar credit risk characteristics as at the end of the reporting period and its risk of default at the date of initial recognition to determine changes in the risk of default over the expected lifetime of a financial instrument or a portfolio of financial instruments. In determining whether credit risk of a financial instrument has increased significantly since initial recognition, the Group considers factors indicating whether the probability of default has risen sharply, whether the financial instrument has been past due for more than 30 days, whether the market price has been falling continuously and other indicators.

The Group has further facilitated the deferral in principal repayment and interest payment credit arrangements for the inclusive loans to micro and small-sized businesses in accordance with the government’s regulations. The Group classifies the credit risk based on the actual situation of the borrower and the judgement of the substantive risk of the business for those loans with deferred principal repayment and interest payment. However, the temporary deferral in principal repayment and interest payment are not considered as an automatic trigger event for a significant increase in credit risk.

Definition of default

The Group defines a corporate borrower as in default when it meets one or more of the following criteria:

- (i) The principal or interest of any credit business is past due more than 90 days to the Group;
- (ii) The corporate borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as liquidation against collateral; or
- (iii) The corporate borrower has the matters refer to in (i) or (ii) above in other financial institutions.

The Group defines a retail business borrower as in default when any single credit asset of a borrower meets one or more of the following criteria:

- (i) The principal or interest of loan is past due more than 90 days;
- (ii) Write-offs of loan; or
- (iii) The retail business borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as liquidation against collateral.

Impairment assessment

A financial asset is generally considered to be credit-impaired if:

- it has been overdue for more than 90 days;
- in light of economic, legal or other factors, the Group has made concessions to a borrower in financial difficulties, which would otherwise have been impossible under normal circumstances;
- it is probable that the borrower will be insolvent or carry out other financial restructurings;
- due to serious financial difficulties, the financial asset cannot continue to be traded in an active market;
- there are other objective evidences that indicate the financial asset is impaired.

Parameters, assumptions and estimation techniques

ECL for a financial instrument is measured at an amount equal to 12-month ECL or lifetime ECL depending on whether a significant increase in credit risk on that financial instrument has occurred since initial recognition and whether an asset is considered to be credit-impaired. The loss allowance for loans and advances to customers, other than those corporate loans and advance to customers which are credit-impaired, is measured using the risk parameters method. The key parameters include Probability of Default ("PD"), Loss Given Default ("LGD"), and Exposure at Default ("EAD"), considering the time value of money.

PD is the possibility that a customer will default on its obligation within a certain period of time in light of forward-looking information. The Group's PD is adjusted based on the results of the IRB approach under the New Basel Capital Accord, taking the forward-looking information into account and deducting the prudential adjustment to reflect the debtor's point-in-time PD under the current macro-economic environment.

LGD is the magnitude of the likely loss if there is a default in light of forward-looking information. LGD depends on the type of counterparty, the method and priority of the recourse, and the type of collateral, taking the forward-looking adjustments into account.

EAD refers to the total amount of on- and off-balance sheet exposures in the event of default and is determined based on the historical repayment records.

The assumptions underlying the ECL calculation, such as how the PDs and LGDs of different maturity profiles change are monitored and reviewed on a quarterly basis by the Group.

There have been no significant changes in estimation techniques or significant assumptions adopted in ECL calculation during the period.

The impairment loss on credit-impaired corporate loans and advance to customers applied discounted cash flow method. If there is objective evidence that an impairment loss on a loan or advance has incurred, the amount of the loss is measured as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The allowance for impairment loss is deducted in the carrying amount. The impairment loss is recognised in the consolidated statement of profit or loss. In determining allowances on an individual basis, the following factors are considered:

- the sustainability of the borrower's business plan;
- the borrower's ability to improve performance when a financial difficulty arises;
- the estimated recoverable cash flows from projects and liquidation;
- the availability of other financial support and the realisable value of collateral; and
- the timing of the expected cash flows.

It may not be possible to identify a single, or discrete events that result in the impairment, but it may be possible to identify impairment through the combined effect of several events. The impairment losses are evaluated at the end of each reporting period, unless unforeseen circumstances require more careful attention.

Forward-looking information contained in ECL

The assessment of significant increase in credit risk and the calculation of ECL incorporate forward-looking information. The Group has performed historical data analysis and identified Gross Domestic Product ("GDP"), Consumer Price Index ("CPI"), Purchasing Managers' Index ("PMI") and other macro-economic indicators as impacting the ECL for each portfolio. The impact of these economic variables on the PD and LGD has been determined by performing statistical regression analysis to understand the correlations among the historical changes of the economic variables, PD and LGD. The impact of these economic variables on the PD and LGD varies according to different types of business. Forecasts of these economic variables are carried out at least quarterly by the Group that provide the best estimate view of the economy over the next year.

When calculating the weighted average ECL provision, the Group determines the optimistic, neutral and pessimistic scenarios and their weightings through a combination of macro-statistical analysis and expert judgement. The neutral, optimistic and pessimistic scenarios are of comparable weightings, of which, the weighting of neutral scenario is slightly higher than the other two scenarios. The weightings of the scenarios are consistent with those as at 31 December 2021.

As at 30 June 2022, the Group has taken into account different macro-economic scenarios, combined with the impact of factors such as COVID-19, effect of prior period base data on economic development trends, and made forward-looking forecasts of macro-economic indicators. Of which, the year-on-year GDP growth rate used to estimate ECL is 6.20% in the neutral scenario in the coming year (from July 2022 to June 2023).

Financial assets contract modification

The Group might modify the terms of loan with a customer based on commercial renegotiations, or when the customer is in financial difficulty, with a view to maximise the recovery of loan.

Such modifications include restructuring the loan to provide extended payment term arrangements, payment holidays or payment forgiveness. Restructuring policies and practices are based on indicators or criteria which, in the judgement of management, indicate that payment will most likely continue, and reviewed regularly. Such restructures are especially common for medium-term loans. The classification of a rescheduled loan shall not be upgraded unless it has met certain criteria and after an observation period of at least 6 months.

The following table includes carrying amount of rescheduled loans and advance to customers:

	30 June 2022	31 December 2021
Rescheduled loans and advances to customers	23,567	19,134
Impaired loans and advances to customers included in above	9,427	7,455

Collateral and other credit enhancements

The amount and type of collateral required depends on the assessment of credit risk of the counterparty. Guidelines are in place specifying the types of collateral and valuation parameters which can be accepted.

Reverse repurchase business is mainly collateralised by bills and investment securities. As part of certain reverse repurchase agreements, the Group has received collateral that it is allowed to sell or repledge in the absence of default by their owners.

Corporate loans and discounted bills are mainly collateralised by properties or other assets. As at 30 June 2022, the gross carrying amount of corporate loans and discounted bills amounted to RMB14,201,963 million (31 December 2021: RMB12,722,464 million), of which credit exposure covered by collateral amounted to RMB4,347,738 million (31 December 2021: RMB3,849,616 million).

Retail loans are mainly collateralised by residential properties. As at 30 June 2022, the gross carrying amount of retail loans amounted to RMB8,139,397 million (31 December 2021: RMB7,944,781 million), of which credit exposure covered by collateral amounted to RMB7,277,459 million (31 December 2021: RMB7,056,652 million).

The Group prefers more liquid collateral with relatively stable market value and does not accept collateral that is illiquid, with difficulties in registration or high fluctuations in market value. The value of collateral should be appraised and confirmed by the Group or valuation specialists engaged by the Group. The value of collateral should adequately cover the outstanding balance of loans. The Group takes into consideration the types of collateral, state of condition, liquidity, price volatility and realisation cost to determine the loan-to-value ratio of collateral. All collateral has to be registered in accordance with the relevant laws and regulations. The credit officers inspect the collateral and assess the changes in the value of collateral regularly.

The Group monitors the market value of the collateral and when needed, require additional collateral according to agreements. The Group disposes of repossessed assets in an orderly manner.

(i) *Maximum exposure to credit risk without taking into account of any collateral and other credit enhancements*

As at the end of the reporting period, the maximum credit risk exposure of the Group without taking into account of any collateral and other credit enhancements is set out below:

	30 June 2022	31 December 2021
Balances with central banks	3,287,760	3,035,566
Due from banks and other financial institutions	1,009,220	827,150
Derivative financial assets	116,493	76,140
Reverse repurchase agreements	1,178,806	663,496
Loans and advances to customers	21,737,421	20,109,200
Financial investments		
— Financial investments measured at FVTPL	604,365	465,064
— Financial investments measured at FVTOCI	1,628,219	1,704,164
— Financial investments measured at amortised cost	7,678,849	6,830,933
Other	264,853	294,960
	37,505,986	34,006,673
Credit commitments	2,911,089	2,730,369
Total maximum credit risk exposure	40,417,075	36,737,042

(ii) *Risk concentrations*

Credit risk is often greater when counterparties are concentrated in one single industry or geographic location or have comparable economic features. In addition, different geographic areas and industrial sectors have their unique characteristics in terms of economic development, and could present a different credit risk.

(1) Loans and advances to customers

By geographical distribution

The composition of the Group's gross loans and advances to customers (excluding accrued interest) by geographical distribution is as follows:

	30 June 2022		31 December 2021	
	Amount	Percentage	Amount	Percentage
Head Office	784,347	3.51%	791,994	3.83%
Yangtze River Delta	4,592,357	20.56%	4,163,732	20.15%
Pearl River Delta	3,437,308	15.39%	3,134,781	15.17%
Bohai Rim	3,685,311	16.50%	3,371,325	16.31%
Central China	3,387,211	15.16%	3,133,539	15.16%
Western China	4,062,593	18.18%	3,746,867	18.13%
Northeastern China	941,274	4.21%	895,238	4.33%
Overseas and other	1,450,959	6.49%	1,429,769	6.92%
Total	22,341,360	100.00%	20,667,245	100.00%

By industry distribution

The composition of the Group's gross loans and advances to customers (excluding accrued interest) by industry is as follows:

	30 June 2022	31 December 2021
Transportation, storage and postal services	3,204,024	3,017,397
Manufacturing	2,028,710	1,801,933
Leasing and commercial services	1,922,434	1,739,367
Water, environment and public utility management	1,492,819	1,388,883
Production and supply of electricity, heating, gas and water	1,218,263	1,152,584
Real estate	941,852	932,390
Wholesale and retail	646,669	559,559
Finance	452,347	357,229
Construction	425,364	343,860
Science, education, culture and sanitation	341,645	312,352
Mining	261,149	239,155
Other	375,125	349,997
Subtotal for corporate loans	13,310,401	12,194,706
Personal mortgage and business loans	7,270,434	7,065,126
Other	868,963	879,655
Subtotal for personal loans	8,139,397	7,944,781
Discounted bills	891,562	527,758
Total for loans and advances to customers	22,341,360	20,667,245

By collateral

The composition of the Group's gross loans and advances to customers (excluding accrued interest) by collateral is as follows:

	30 June 2022	31 December 2021
Unsecured loans	7,751,954	6,988,877
Guaranteed loans	2,548,671	2,459,887
Loans secured by mortgages	9,853,922	9,497,898
Pledged loans	2,186,813	1,720,583
Total	22,341,360	20,667,245

Overdue loans

The composition of the Group's gross overdue loans (excluding accrued interest) by collateral is as follows:

	30 June 2022				Total
	Overdue for 1 to 90 days	Overdue for 91 days to 1 year	Overdue for 1 to 3 years	Overdue for over 3 years	
Unsecured loans	19,419	27,176	24,103	4,327	75,025
Guaranteed loans	22,508	19,130	18,504	6,817	66,959
Loans secured by mortgages	35,972	36,729	33,906	9,569	116,176
Pledged loans	2,919	3,546	2,875	1,163	10,503
Total	80,818	86,581	79,388	21,876	268,663

	31 December 2021				Total
	Overdue for 1 to 90 days	Overdue for 91 days to 1 year	Overdue for 1 to 3 years	Overdue for over 3 years	
Unsecured loans	22,405	22,502	29,315	3,269	77,491
Guaranteed loans	10,326	15,031	26,406	6,117	57,880
Loans secured by mortgages	38,491	30,029	33,485	8,546	110,551
Pledged loans	1,222	2,495	4,041	1,221	8,979
Total	72,444	70,057	93,247	19,153	254,901

(2) Debt securities investments

By issuers distribution

The following tables present an analysis of the Group's debt securities (excluding accrued interest) by types of issuers and investments:

	30 June 2022			Total
	Financial investments measured at FVTPL	Financial investments measured at FVTOCI	Financial investments measured at amortised cost	
Governments and central banks	215,881	512,667	6,539,866	7,268,414
Policy banks	19,906	147,487	504,270	671,663
Banks and other financial institutions	208,655	414,607	449,001	1,072,263
Corporate entities	109,190	535,844	54,806	699,840
	553,632	1,610,605	7,547,943	9,712,180

	31 December 2021			Total
	Financial investments measured at FVTPL	Financial investments measured at FVTOCI	Financial investments measured at amortised cost	
Governments and central banks	97,364	653,774	5,658,676	6,409,814
Policy banks	23,862	171,130	559,727	754,719
Banks and other financial institutions	201,855	310,160	430,758	942,773
Corporate entities	97,202	551,757	61,080	710,039
	420,283	1,686,821	6,710,241	8,817,345

By rating distribution

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

	30 June 2022					Total
	Unrated	AAA	AA	A	Below A	
Governments and central banks	2,009,167	5,170,293	33,853	25,895	29,206	7,268,414
Policy banks	612,540	40,635	4,460	13,641	387	671,663
Banks and other financial institutions	498,796	396,528	15,454	102,855	58,630	1,072,263
Corporate entities	153,236	397,688	3,404	102,533	42,979	699,840
	3,273,739	6,005,144	57,171	244,924	131,202	9,712,180

	31 December 2021					Total
	Unrated	AAA	AA	A	Below A	
Governments and central banks	1,890,581	4,454,127	18,348	18,747	28,011	6,409,814
Policy banks	698,003	38,194	6,324	12,167	31	754,719
Banks and other financial institutions	380,276	382,264	12,010	103,667	64,556	942,773
Corporate entities	165,078	384,700	4,868	98,708	56,685	710,039
	3,133,938	5,259,285	41,550	233,289	149,283	8,817,345

(iii) Three-stage analysis of financial instruments' risk exposure

The Group's credit risk stages of financial instruments are as follows:

	30 June 2022							
	Gross carrying amount				Provision for ECL			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Financial assets measured at amortised cost								
Cash and balances with central banks	3,348,474	-	-	3,348,474	-	-	-	-
Due from banks and other financial institutions	1,010,269	119	-	1,010,388	(1,167)	(1)	-	(1,168)
Reverse repurchase agreements	1,041,191	-	-	1,041,191	(220)	-	-	(220)
Loans and advances to customers	20,695,059	479,506	315,929	21,490,494	(315,971)	(100,745)	(236,953)	(653,669)
Financial investments	7,704,843	2,818	3,161	7,710,822	(28,154)	(1,127)	(2,692)	(31,973)
Precious metal leasing and lending	190,996	288	159	191,443	(1,682)	(73)	(116)	(1,871)
Total	33,990,832	482,731	319,249	34,792,812	(347,194)	(101,946)	(239,761)	(688,901)

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(In RMB millions, unless otherwise stated)

	30 June 2022							
	Gross carrying amount				Provision for ECL			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Financial assets measured at FVTOCI								
Loans and advances to customers	896,899	–	33	896,932	(427)	–	(28)	(455)
Financial investments	1,627,347	603	269	1,628,219	(4,172)	(661)	(1,664)	(6,497)
Total	2,524,246	603	302	2,525,151	(4,599)	(661)	(1,692)	(6,952)
Credit commitments	2,889,292	21,166	631	2,911,089	(23,355)	(2,824)	(364)	(26,543)

	31 December 2021							
	Gross carrying amount				Provision for ECL			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Financial assets measured at amortised cost								
Cash and balances with central banks	3,098,438	–	–	3,098,438	–	–	–	–
Due from banks and other financial institutions	828,241	–	–	828,241	(1,091)	–	–	(1,091)
Reverse repurchase agreements	505,969	–	–	505,969	(128)	–	–	(128)
Loans and advances to customers	19,380,019	501,286	293,394	20,174,699	(269,376)	(110,649)	(223,739)	(603,764)
Financial investments	6,832,308	6,425	157	6,838,890	(5,639)	(2,200)	(118)	(7,957)
Precious metal leasing and lending	166,184	298	24	166,506	(1,177)	(58)	(21)	(1,256)
Total	30,811,159	508,009	293,575	31,612,743	(277,411)	(112,907)	(223,878)	(614,196)

	31 December 2021							
	Gross carrying amount				Provision for ECL			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Financial assets measured at FVTOCI								
Loans and advances to customers	534,636	–	35	534,671	(191)	–	(28)	(219)
Financial investments	1,703,228	630	306	1,704,164	(2,674)	(355)	(1,341)	(4,370)
Total	2,237,864	630	341	2,238,835	(2,865)	(355)	(1,369)	(4,589)
Credit commitments	2,711,256	17,598	1,515	2,730,369	(19,881)	(3,581)	(987)	(24,449)

(b) Liquidity risk

Liquidity risk is the risk that funds will not be sufficient or funds will not be raised at a reasonable cost in a timely manner to meet the need of asset growth or repayment of debts due, although the Group remains solvent. This may arise from amount or maturity mismatches of assets and liabilities.

The Group manages its liquidity risk through the Asset and Liability Management Department and aims at:

- optimising the structure of assets and liabilities;
- maintaining the stability of the deposit base;
- projecting cash flows and evaluating the extent of current assets; and
- maintaining an efficient internal fund transfer mechanism to ensure sufficient liquidity at branch level.

(i) Maturity analysis of assets and liabilities

The tables below summarise the maturity profile of the Group's assets and liabilities. The Group's actual remaining maturity of its financial instruments may vary significantly from the following analysis. For example, demand deposits from customers are expected to maintain a stable or increasing balance although they have been classified as repayable on demand in the following tables.

	30 June 2022							Total
	Overdue/ repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	Over five years	Undated (iii)	
Assets:								
Cash and balances with central banks	758,049	2,020	2,227	9,635	–	–	2,576,543	3,348,474
Due from banks and other financial institutions (i)	265,034	1,391,589	164,515	319,258	46,565	1,065	–	2,188,026
Derivative financial assets	2,399	20,949	24,103	36,721	20,794	11,527	–	116,493
Loans and advances to customers	26,968	1,161,251	916,956	4,001,564	3,457,960	12,078,867	93,855	21,737,421
Financial investments								
— Financial investments measured at FVTPL	98,228	41,628	64,097	198,114	116,939	163,700	83,081	765,787
— Financial investments measured at FVTOCI	–	113,883	159,482	278,101	674,451	402,223	101,419	1,729,559
— Financial investments measured at amortised cost	–	207,034	234,233	726,041	2,829,390	3,681,502	649	7,678,849
Investments in associates and joint ventures	–	–	–	–	–	–	65,020	65,020
Property and equipment	–	–	–	–	–	–	292,772	292,772
Other	109,391	229,522	44,763	174,002	32,343	80,338	151,616	821,975
Total assets	1,260,069	3,167,876	1,610,376	5,743,436	7,178,442	16,419,222	3,364,955	38,744,376
Liabilities:								
Due to central banks	–	–	5,892	59,119	1,913	–	–	66,924
Due to banks and other financial institutions (ii)	2,697,923	352,681	188,065	463,161	67,064	24,743	–	3,793,637
Financial liabilities measured at FVTPL	62,891	1,839	14,289	1,260	5,114	1,857	–	87,250
Derivative financial liabilities	2,783	23,121	21,334	40,805	18,109	10,739	–	116,891
Certificates of deposit	–	70,326	71,837	116,049	468	–	–	258,680
Due to customers	13,860,745	2,083,190	1,659,602	5,189,686	6,458,704	20,074	–	29,272,001
Debt securities issued	–	8,742	15,793	63,816	222,478	541,295	–	852,124
Other	–	289,287	222,967	140,145	124,811	186,353	–	963,563
Total liabilities	16,624,342	2,829,186	2,199,779	6,074,041	6,898,661	785,061	–	35,411,070
Net liquidity gap	(15,364,273)	338,690	(589,403)	(330,605)	279,781	15,634,161	3,364,955	3,333,306

(i) Includes reverse repurchase agreements.

(ii) Includes repurchase agreements.

(iii) Undated loans and advances to customers and financial investments are impaired or not impaired but overdue for more than one month.

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	31 December 2021							Total
	Overdue/ repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	Over five years	Undated (iii)	
Assets:								
Cash and balances with central banks	621,110	9,741	1,965	6,220	-	-	2,459,402	3,098,438
Due from banks and other financial institutions (i)	239,523	778,638	225,730	204,230	39,484	3,041	-	1,490,646
Derivative financial assets	261	12,784	14,924	29,509	11,996	6,666	-	76,140
Loans and advances to customers	17,882	1,097,463	849,883	3,116,875	3,219,890	11,723,988	83,219	20,109,200
Financial investments								
— Financial investments measured at FVTPL	88,573	6,662	23,625	163,412	81,410	167,956	91,585	623,223
— Financial investments measured at FVTOCI	-	66,225	206,666	347,980	702,386	380,896	99,451	1,803,604
— Financial investments measured at amortised cost	-	81,718	137,289	748,029	2,831,810	3,029,696	2,391	6,830,933
Investments in associates and joint ventures	-	-	-	-	-	-	61,782	61,782
Property and equipment	-	-	-	-	-	-	290,296	290,296
Other	106,055	279,318	59,652	136,411	80,479	23,055	102,151	787,121
Total assets	1,073,404	2,332,549	1,519,734	4,752,666	6,967,455	15,335,298	3,190,277	35,171,383
Liabilities:								
Due to central banks	-	-	1,111	36,252	2,360	-	-	39,723
Due to banks and other financial institutions (ii)	2,268,162	488,000	175,347	278,804	52,944	23,715	-	3,286,972
Financial liabilities measured at FVTPL	64,944	622	1,304	12,378	3,689	4,243	-	87,180
Derivative financial liabilities	165	10,670	13,773	26,766	12,768	7,195	-	71,337
Certificates of deposit	-	65,193	106,765	109,507	8,877	-	-	290,342
Due to customers	13,002,739	1,546,301	1,491,308	4,409,851	5,972,715	18,860	-	26,441,774
Debt securities issued	-	9,544	28,189	86,298	203,003	464,341	-	791,375
Other	-	301,667	117,672	170,157	173,032	124,894	-	887,422
Total liabilities	15,336,010	2,421,997	1,935,469	5,130,013	6,429,388	643,248	-	31,896,125
Net liquidity gap	(14,262,606)	(89,448)	(415,735)	(377,347)	538,067	14,692,050	3,190,277	3,275,258

(i) Includes reverse repurchase agreements.

(ii) Includes repurchase agreements.

(iii) Undated loans and advances to customers and financial investments are impaired or not impaired but overdue for more than one month.

(ii) *Maturity analysis of undiscounted contractual cash flows*

The tables below summarise the maturity profile of the Group's financial instruments based on the undiscounted contractual cash flows. The balances of some items in the tables below are different from the balances in the consolidated statement of financial position as the tables incorporate all cash flows relating to both principal and interest. The Group's actual cash flows on these instruments may vary significantly from the following analysis. For example, demand deposits from customers are expected to maintain a stable or increasing balance although they have been classified as repayable on demand in the following tables.

	30 June 2022							Total
	Overdue/ repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	Over five years	Undated (iv)	
Non-derivative cash flows:								
Financial assets:								
Cash and balances with central banks	758,049	2,024	2,275	10,106	–	–	2,576,543	3,348,997
Due from banks and other financial institutions (i)	265,036	1,392,268	165,772	325,261	50,840	1,080	–	2,200,257
Loans and advances to customers (ii)	34,701	1,262,009	1,099,547	4,783,264	6,558,774	20,058,082	494,131	34,290,508
Financial investments								
— Financial investments measured at FVTPL	98,228	46,490	66,628	203,753	144,528	178,931	83,674	822,232
— Financial investments measured at FVTOCI	–	119,378	167,513	306,256	765,885	486,619	102,066	1,947,717
— Financial investments measured at amortised cost	–	246,855	279,738	890,330	3,489,663	4,523,656	3,170	9,433,412
Other	102,524	225,413	35,077	161,242	25,340	96,176	44,152	689,924
	1,258,538	3,294,437	1,816,550	6,680,212	11,035,030	25,344,544	3,303,736	52,733,047
Financial liabilities:								
Due to central banks	–	2	5,905	59,704	1,913	–	–	67,524
Due to banks and other financial institutions (iii)	2,697,923	353,664	189,035	470,504	71,424	29,255	–	3,811,805
Financial liabilities measured at FVTPL	62,905	1,919	14,291	1,278	5,126	1,858	–	87,377
Certificates of deposit	–	70,347	71,954	117,060	497	–	–	259,858
Due to customers	13,862,050	2,097,446	1,682,561	5,297,621	6,790,261	23,145	–	29,753,084
Debt securities issued	–	8,989	19,257	85,928	329,511	606,361	–	1,050,046
Other	–	283,611	38,239	14,503	41,959	98,349	–	476,661
	16,622,878	2,815,978	2,021,242	6,046,598	7,240,691	758,968	–	35,506,355
Derivative cash flows:								
Derivative financial instruments settled on net basis	–	(413)	2,837	2,726	1,974	338	–	7,462
Derivative financial instruments settled on gross basis								
Including: Cash inflow	92,727	1,352,050	497,149	923,683	222,898	34,494	–	3,123,001
Cash outflow	(87,330)	(1,337,971)	(502,492)	(920,579)	(223,910)	(35,102)	–	(3,107,384)
	5,397	14,079	(5,343)	3,104	(1,012)	(608)	–	15,617

(i) Includes reverse repurchase agreements.

(ii) The maturity profile of the rescheduled loans' undiscounted contractual cash flows is determined according to the negotiated terms.

(iii) Includes repurchase agreements.

(iv) Undated loans and advances to customers and financial investments are impaired or not impaired but overdue for more than one month.

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	31 December 2021							Total
	Overdue/ repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	Over five years	Undated (iv)	
Non-derivative cash flows:								
Financial assets:								
Cash and balances with central banks	621,110	9,748	1,978	6,356	-	-	2,459,402	3,098,594
Due from banks and other financial institutions (i)	239,524	779,758	227,507	208,024	42,720	3,340	-	1,500,873
Loans and advances to customers (ii)	22,930	1,194,834	1,025,340	3,837,204	6,198,405	19,491,028	468,472	32,238,213
Financial investments								
— Financial investments measured at FVTPL	88,573	6,717	24,438	173,529	106,924	184,838	92,607	677,626
— Financial investments measured at FVTOCI	-	69,799	212,545	385,083	777,859	444,114	99,726	1,989,126
— Financial investments measured at amortised cost	-	116,381	167,261	919,230	3,404,308	3,666,299	3,147	8,276,626
Other	98,177	279,659	49,188	128,358	83,643	5,041	3	644,069
	1,070,314	2,456,896	1,708,257	5,657,784	10,613,859	23,794,660	3,123,357	48,425,127
Financial liabilities:								
Due to central banks	-	1	1,114	36,614	2,360	-	-	40,089
Due to banks and other financial institutions (iii)	2,268,538	488,702	175,898	290,018	61,495	24,381	-	3,309,032
Financial liabilities measured at FVTPL	64,944	623	1,306	12,476	3,701	4,249	-	87,299
Certificates of deposit	-	65,201	106,862	109,863	9,076	-	-	291,002
Due to customers	13,003,897	1,551,479	1,510,507	4,519,399	6,274,552	21,447	-	26,881,281
Debt securities issued	-	10,862	31,300	108,543	298,841	535,026	-	984,572
Other	-	286,731	36,804	16,089	100,695	7,190	-	447,509
	15,337,379	2,403,599	1,863,791	5,093,002	6,750,720	592,293	-	32,040,784
Derivative cash flows:								
Derivative financial instruments settled on net basis	-	215	1,308	2,138	493	260	-	4,414
Derivative financial instruments settled on gross basis								
Including: Cash inflow	65,958	1,097,393	450,359	647,297	179,297	23,254	-	2,463,558
Cash outflow	(65,601)	(1,080,685)	(449,200)	(638,174)	(181,812)	(22,948)	-	(2,438,420)
	357	16,708	1,159	9,123	(2,515)	306	-	25,138

- (i) Includes reverse repurchase agreements.
- (ii) The maturity profile of the rescheduled loans' undiscounted contractual cash flows is determined according to the negotiated terms.
- (iii) Includes repurchase agreements.
- (iv) Undated loans and advances to customers and financial investments are impaired or not impaired but overdue for more than one month.

(iii) Analysis of credit commitments by contractual expiry date

Management does not expect all of the commitments to be drawn down before the expiry of the commitments.

	30 June 2022						Total
	Repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	Over five years	
Credit commitments	1,221,855	130,562	225,409	683,676	464,673	184,914	2,911,089

	31 December 2021						Total
	Repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	Over five years	
Credit commitments	1,211,830	105,556	215,011	497,709	420,178	280,085	2,730,369

(c) Market risk

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

The Group is primarily exposed to structural interest rate risk arising from commercial banking and interest rate risk arising from treasury business positions. Interest rate risk is inherent in many of its businesses and largely arises from mismatches between the repricing dates of interest-generating assets and interest-bearing liabilities. The analysis of the interest rate risk in the banking book is disclosed in Note 42(d).

The Group's currency risk mainly results from the risk arising from exchange rate fluctuations on its foreign exchange exposures. Foreign exchange exposures include the mismatch of foreign currency assets and liabilities, and off-balance sheet foreign exchange positions arising from exchange rate derivative transactions.

The Group considers the market risk arising from stock price fluctuations in respect of its investment portfolios to be immaterial.

Sensitivity analysis, interest rate repricing gap analysis and foreign exchange risk concentration analysis are the major market risk management tools used by the Group. The Bank monitors market risk separately in respect of trading and other non-trading portfolios. The Value-at-risk ("VaR") analysis is a major tool used by the Bank to measure and monitor the market risk of its trading portfolios. The following sections include a VaR analysis by risk type of the Group's trading portfolios and a sensitivity analysis based on the Group's currency risk exposure and interest rate risk exposure (both trading and non-trading portfolios).

(i) VaR

VaR analysis is a statistical technique which estimates the potential maximum losses that could occur on risk positions taken due to movements in interest rates, foreign exchange rates or prices over a specified time horizon and at a specified level of confidence. The Bank adopts a historical simulation model to calculate and monitor trading portfolio VaR with 250 days' historical market data (with a 99% confidence level, and one-day holding period) on a daily basis.

A summary of VaRs by risk type of trading portfolios is as follows:

	Six months ended 30 June 2022			
	End of period	Average	Maximum	Minimum
Interest rate risk	73	67	91	30
Currency risk	155	136	159	83
Commodity risk	8	10	27	7
Total portfolio VaR	154	148	171	89

	Six months ended 30 June 2021			
	End of period	Average	Maximum	Minimum
Interest rate risk	78	109	153	70
Currency risk	197	237	288	163
Commodity risk	40	55	105	32
Total portfolio VaR	215	267	347	164

VaR for each risk factor is the derived largest potential loss due to fluctuations solely in that risk factor. As there is a diversification effect due to the correlation amongst the risk factors, the individual VaRs do not add up to the total portfolio VaR.

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

- (1) VaR does not reflect liquidity risk. In the VaR model, a one-day holding period assumes that it is possible to hedge or dispose positions within that period without restriction, the price of the financial instruments will fluctuate in the specified range, and the correlation between these market prices will remain unchanged. This may not fully reflect the market risk arising at times of severe illiquidity, when a one-day holding period may be insufficient to hedge or dispose all positions fully;
- (2) Even though positions may change throughout the day, VaR only represents the risk of the portfolios at the close of each business day, and it does not account for any losses that may occur beyond the 99% confidence level; and
- (3) VaR relies heavily on historical data to provide information and may not clearly predict the future changes and modifications of the risk factors, especially those of an exceptional nature due to significant market moves.

(ii) *Currency risk*

The Group conducts its businesses mainly in RMB, with certain transactions denominated in USD, HKD, and other currencies to a lesser extent. The exchange rate of RMB to USD is managed under a floating exchange rate system. The HKD exchange rate has been pegged to the USD and therefore the exchange rate of RMB to HKD has fluctuated in line with the changes in the exchange rate of RMB to USD. Transactions in foreign currencies mainly arise from the Group's foreign currency treasury operations, foreign exchange dealings and overseas investments.

The Group manages its currency risk through various methods, including limit management and risk hedging to hedge currency risk, and performs currency risk sensitivity analysis and stress testing regularly.

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The tables below indicate a sensitivity analysis of exchange rate changes to which the Group had significant on- and off-balance sheet exposure on its monetary assets and liabilities and its forecasted cash flows. The analysis calculates the effect of a reasonably possible movement in the currency rates against RMB, with all other variables held constant, on profit before taxation and equity. A negative amount in the table reflects a potential net reduction in profit before taxation or equity, while a positive amount reflects a potential net increase. While the table below indicates the effect on profit before taxation and equity of a 1% depreciation of USD and HKD against RMB, there will be an opposite effect with the same amount if the currencies appreciate by the same percentage. This effect, however, is based on the assumption that the Group's foreign exchange exposures as at the end of the reporting period are kept unchanged and, therefore, have not incorporated actions that would be taken by the Group to mitigate the adverse impact of this currency risk.

Currency	Change in currency rate	Effect on profit before taxation		Effect on equity	
		30 June 2022	31 December 2021	30 June 2022	31 December 2021
USD	-1%	(277)	(210)	(590)	(448)
HKD	-1%	303	566	(1,397)	(1,331)

A breakdown of the assets and liabilities analysed by currency is as follows:

	30 June 2022				
	RMB	USD (in RMB equivalent)	HKD (in RMB equivalent)	Other (in RMB equivalent)	Total (in RMB equivalent)
Assets:					
Cash and balances with central banks	3,004,318	169,718	34,360	140,078	3,348,474
Due from banks and other financial institutions (i)	1,510,655	530,643	44,050	102,678	2,188,026
Derivative financial assets	26,967	54,762	10,256	24,508	116,493
Loans and advances to customers	20,239,643	836,150	346,744	314,884	21,737,421
Financial investments					
— Financial investments measured at FVTPL	713,082	34,990	7,273	10,442	765,787
— Financial investments measured at FVTOCI	1,192,993	397,905	30,979	107,682	1,729,559
— Financial investments measured at amortised cost	7,444,267	128,162	15,918	90,502	7,678,849
Investments in associates and joint ventures	36,931	2,557	231	25,301	65,020
Property and equipment	138,104	152,258	678	1,732	292,772
Other	431,427	116,477	7,688	266,383	821,975
Total assets	34,738,387	2,423,622	498,177	1,084,190	38,744,376
Liabilities:					
Due to central banks	64,631	–	–	2,293	66,924
Due to banks and other financial institutions (ii)	2,857,310	671,257	31,621	233,449	3,793,637
Financial liabilities measured at FVTPL	2,145	8,442	–	76,663	87,250
Derivative financial liabilities	30,188	57,034	10,664	19,005	116,891
Certificates of deposit	64,504	148,264	13,451	32,461	258,680
Due to customers	27,603,758	889,543	417,692	361,008	29,272,001
Debt securities issued	607,983	213,192	2,197	28,752	852,124
Other	822,139	124,583	9,800	7,041	963,563
Total liabilities	32,052,658	2,112,315	485,425	760,672	35,411,070
Net long position	2,685,729	311,307	12,752	323,518	3,333,306
Credit commitments	2,230,134	377,381	99,996	203,578	2,911,089

(i) Includes reverse repurchase agreements.

(ii) Includes repurchase agreements.

	31 December 2021				
	RMB	USD (in RMB equivalent)	HKD (in RMB equivalent)	Other (in RMB equivalent)	Total (in RMB equivalent)
Assets:					
Cash and balances with central banks	2,724,409	174,831	66,652	132,546	3,098,438
Due from banks and other financial institutions (i)	871,298	515,224	25,637	78,487	1,490,646
Derivative financial assets	24,951	33,808	5,804	11,577	76,140
Loans and advances to customers	18,705,303	780,912	319,687	303,298	20,109,200
Financial investments					
— Financial investments measured at FVTPL	565,961	37,844	6,913	12,505	623,223
— Financial investments measured at FVTOCI	1,300,499	338,301	54,886	109,918	1,803,604
— Financial investments measured at amortised cost	6,641,400	106,016	6,607	76,910	6,830,933
Investments in associates and joint ventures	35,768	1,010	130	24,874	61,782
Property and equipment	143,897	143,589	673	2,137	290,296
Other	454,407	79,085	23,585	230,044	787,121
Total assets	31,467,893	2,210,620	510,574	982,296	35,171,383
Liabilities:					
Due to central banks	37,360	—	—	2,363	39,723
Due to banks and other financial institutions (ii)	2,354,265	702,938	42,953	186,816	3,286,972
Financial liabilities measured at FVTPL	611	6,719	—	79,850	87,180
Derivative financial liabilities	18,897	35,831	5,687	10,922	71,337
Certificates of deposit	41,707	177,383	20,490	50,762	290,342
Due to customers	24,914,524	864,226	366,861	296,163	26,441,774
Debt securities issued	528,377	227,278	593	35,127	791,375
Other	741,923	117,020	9,600	18,879	887,422
Total liabilities	28,637,664	2,131,395	446,184	680,882	31,896,125
Net long position	2,830,229	79,225	64,390	301,414	3,275,258
Credit commitments	2,085,604	395,773	76,881	172,111	2,730,369

(i) Includes reverse repurchase agreements.

(ii) Includes repurchase agreements.

(d) Interest rate risk in the banking book

Interest rate risk in the banking book is defined as the risk of loss in the overall return and the economic value of the banking book arising from adverse movements in interest rate and term structure. This type of risk may occur in the following situations:

- the repricing period of different financial instruments are different when the interest rate changes;
- despite the similarities in maturity periods, changes in the benchmark interest rate vary among on- and off-balance sheet business with different pricing benchmark interest rates;
- the Bank or the counterparty can elect to change the level or the maturity of future cash flows of financial instruments when the Bank holds option derivatives or when there are embedded option terms or implied options in the on- and off-banking book businesses; and
- due to changes in expected default levels or market liquidity, the market's assessment of the credit quality of financial instruments changes, leading to changes in credit spreads.

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The Group manages the interest rate risk in the banking book through the Asset and Liability Management Department, and the following methods have been adopted:

- interest rate prediction: analysing the macro-economic factors that may impact the PBOC benchmark interest rates and market interest rates;
- duration management: optimising the differences in timing between contractual repricing (or maturities) of interest-generating assets and interest-bearing liabilities;
- pricing management: managing the deviation of the pricing of interest-generating assets and interest-bearing liabilities from the benchmark interest rates or market interest rates;
- limit management: optimising the positions of interest-generating assets and interest-bearing liabilities and controlling the impact on profit or loss and equity; and
- hedging: using interest rate derivatives for hedging management in a timely manner.

The Group measures interest rate risk mainly by analysing the sensitivity of projected net interest income under various interest rate movements (scenario analysis). The Group aims to mitigate the impact of prospective interest rate movements which might reduce future net interest income, while balancing the cost of hedging on the current revenue.

The following tables demonstrate the sensitivity to a reasonably possible change in interest rate, with all other variables held constant, on the Group's net interest income and equity.

The effect on net interest income is the impact of the assumed changes in interest rates on the net interest income, arising from the financial assets and financial liabilities held at the end of the reporting period that are subject to repricing within the coming year, including the effect of hedging instruments. The effect on equity is the impact of the assumed changes in interest rates on other comprehensive income, calculated by revaluing fixed rate financial assets measured at FVTOCI held at the end of the reporting period, including the effect of any associated hedges.

Currency	30 June 2022			
	Increased by 100 basis points		Decreased by 100 basis points	
	Effect on net interest income	Effect on equity	Effect on net interest income	Effect on equity
RMB	(33,822)	(38,252)	33,822	42,790
USD	(752)	(4,040)	752	4,203
HKD	(542)	(336)	542	82
Other	398	(1,998)	(398)	3,876
Total	(34,718)	(44,626)	34,718	50,951

Currency	31 December 2021			
	Increased by 100 basis points		Decreased by 100 basis points	
	Effect on net interest income	Effect on equity	Effect on net interest income	Effect on equity
RMB	(27,350)	(39,969)	27,350	43,662
USD	1,551	(5,873)	(1,551)	6,126
HKD	(958)	(140)	958	142
Other	1,029	(1,661)	(1,029)	1,694
Total	(25,728)	(47,643)	25,728	51,624

The interest rate sensitivities set out in the tables above are for illustration only and are based on simplified scenarios. The figures represent the effect of the expected movements in net interest income and equity based on the projected yield curve scenarios and the Group's current interest rate risk profile. This effect, however, does not incorporate actions other than hedging that would be taken by management to mitigate the impact of interest rate risk. The projections above also assume that interest rates of all maturities move by the same degree and, therefore, do not reflect the potential impact on net interest income and equity in the case where some rates change while others remain unchanged.

The tables below summarise the contractual repricing or maturity dates, whichever is earlier, of the Group's assets and liabilities:

	30 June 2022					Total
	Less than three months	Three months to one year	One to five years	Over five years	Non-interest-bearing	
Assets:						
Cash and balances with central banks	3,021,153	9,635	–	–	317,686	3,348,474
Due from banks and other financial institutions (i)	1,730,536	317,091	43,896	400	96,103	2,188,026
Derivative financial assets	–	–	–	–	116,493	116,493
Loans and advances to customers	6,825,322	14,166,750	382,690	314,387	48,272	21,737,421
Financial investments						
— Financial investments measured at FVTPL	105,956	199,211	84,515	159,444	216,661	765,787
— Financial investments measured at FVTOCI	339,741	273,431	615,416	381,953	119,018	1,729,559
— Financial investments measured at amortised cost	568,504	712,214	2,725,122	3,576,755	96,254	7,678,849
Investments in associates and joint ventures	–	–	–	–	65,020	65,020
Property and equipment	–	–	–	–	292,772	292,772
Other	235	2,221	18,181	55,351	745,987	821,975
Total assets	12,591,447	15,680,553	3,869,820	4,488,290	2,114,266	38,744,376
Liabilities:						
Due to central banks	5,889	59,119	1,913	–	3	66,924
Due to banks and other financial institutions (ii)	3,227,016	468,300	39,501	11,010	47,810	3,793,637
Financial liabilities measured at FVTPL	7,944	–	2,186	563	76,557	87,250
Derivative financial liabilities	–	–	–	–	116,891	116,891
Certificates of deposit	145,048	112,888	461	–	283	258,680
Due to customers	17,181,055	5,063,020	6,283,421	19,151	725,354	29,272,001
Debt securities issued	59,472	46,749	203,136	531,273	11,494	852,124
Other	2,185	7,312	33,382	62,089	858,595	963,563
Total liabilities	20,628,609	5,757,388	6,564,000	624,086	1,836,987	35,411,070
Interest rate mismatch	(8,037,162)	9,923,165	(2,694,180)	3,864,204	N/A	N/A

(i) Includes reverse repurchase agreements.

(ii) Includes repurchase agreements.

The data set out in the above table includes trading book data.

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(In RMB millions, unless otherwise stated)

	31 December 2021					Total
	Less than three months	Three months to one year	One to five years	Over five years	Non-interest-bearing	
Assets:						
Cash and balances with central banks	2,786,830	-	-	-	311,608	3,098,438
Due from banks and other financial institutions (i)	1,207,522	202,551	36,170	3,041	41,362	1,490,646
Derivative financial assets	-	-	-	-	76,140	76,140
Loans and advances to customers	7,520,367	11,830,293	386,803	327,354	44,383	20,109,200
Financial investments						
— Financial investments measured at FVTPL	33,045	150,390	69,283	164,957	205,548	623,223
— Financial investments measured at FVTOCI	334,480	340,866	642,215	369,260	116,783	1,803,604
— Financial investments measured at amortised cost	350,431	735,724	2,718,515	2,939,372	86,891	6,830,933
Investments in associates and joint ventures	-	-	-	-	61,782	61,782
Property and equipment	-	-	-	-	290,296	290,296
Other	-	4,385	70,493	-	712,243	787,121
Total assets	12,232,675	13,264,209	3,923,479	3,803,984	1,947,036	35,171,383
Liabilities:						
Due to central banks	1,108	36,252	2,360	-	3	39,723
Due to banks and other financial institutions (ii)	2,919,746	302,294	31,688	1,547	31,697	3,286,972
Financial liabilities measured at FVTPL	1,069	7,214	1,066	-	77,831	87,180
Derivative financial liabilities	-	-	-	-	71,337	71,337
Certificates of deposit	174,720	109,344	5,947	-	331	290,342
Due to customers	15,457,811	4,353,175	5,951,386	18,530	660,872	26,441,774
Debt securities issued	116,340	62,391	146,410	456,464	9,770	791,375
Other	1,968	9,834	86,118	7,133	782,369	887,422
Total liabilities	18,672,762	4,880,504	6,224,975	483,674	1,634,210	31,896,125
Interest rate mismatch	(6,440,087)	8,383,705	(2,301,496)	3,320,310	N/A	N/A

(i) Includes reverse repurchase agreements.

(ii) Includes repurchase agreements.

The data set out in the above table includes trading book data.

(e) Capital management

The Group has set the following capital management objectives:

- maintain sound capital adequacy to meet regulatory requirements on capital, keep stable capital base to ensure the Group's business growth and the implementation of business development and strategic plans in order to achieve comprehensive, balanced, and sustainable development;
- adopt the advanced capital measurement approach, improve the internal capital adequacy assessment process (ICAAP), publicly disclose information on capital management, cover all types of material risks, and ensure stable operations of the Group;
- leverage on the results of quantitative assessments of material risks for daily risk management, establish a bank-wide value management mechanism with a core of economic capital, improve the aligned policies, processes, and applications in business management, strengthen the capital constraints and capital incentives mechanism, enhance the product pricing and decision-making support, and improve the capital allocation efficiency; and
- make effective use of various capital instruments, continuously enhance capital strengths, refine the capital structure, improve capital quality, reduce capital costs, and maximise shareholders' returns.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the risk profiles of its business operations. In order to maintain or adjust the capital structure, the Group may adjust its profit distribution policies, issue or repurchase its own shares, eligible additional tier 1 capital instruments, eligible tier 2 capital instruments, or convertible bonds.

The management monitors the capital adequacy ratios regularly based on regulations issued by the CBIRC. The required information is quarterly filed with the CBIRC by the Group and the Bank.

Since 1 January 2013, the Group commenced calculating the capital adequacy ratios in accordance with the Regulation Governing Capital of Commercial Banks (Provisional) and other relevant regulations. In April 2014, the CBIRC officially approved the Bank to adopt the advanced capital management approach. Within the approved scope of risk exposures that meet the regulatory requirements, the Bank can adopt the foundation IRB approach for its corporate credit risk exposures, the IRB approach for its retail credit risk exposures, the internal model approach (IMA) for its market risk exposures, and the standardised approach for its operational risk exposures.

According to Regulation Governing Capital of Commercial Banks (Provisional), Measures for the Assessment of Systemically Important Banks, Additional Regulation of Systemically Important Banks (Provisional), and the capital surcharge applied to global systemically important banks as required by the Basel Committee on Banking Supervision, the minimum common equity tier 1 capital adequacy ratio, the tier 1 capital adequacy ratio and the capital adequacy ratio shall not be lower than 9%, 10% and 12% respectively. In addition, overseas entities are directly regulated by local banking regulators, and the required capital adequacy ratios differ by countries or regions.

The Group calculates the following common equity tier 1 capital adequacy ratio, the tier 1 capital adequacy ratio and the capital adequacy ratio in accordance with the Regulation Governing Capital of Commercial Banks (Provisional) and relevant requirements. The requirements pursuant to these regulations may be different from those applicable in Hong Kong SAR and other jurisdictions.

The capital adequacy ratios and related components of the Group are calculated based on the statutory financial statements of the Group prepared under the PRC GAAP. During the reporting period, the Group has complied in full with all its externally imposed regulatory capital requirements.

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The common equity tier 1 capital adequacy ratio, the tier 1 capital adequacy ratio and the capital adequacy ratio calculated after implementation of the advanced capital measurement approaches approved by the CBIRC are as follows:

	30 June 2022	31 December 2021
Common equity tier 1 capital	2,959,319	2,903,516
Paid-in capital	356,407	356,407
Valid portion of capital reserve	148,102	148,597
Surplus reserve	356,982	356,849
General reserve	442,286	438,640
Retained profits	1,676,221	1,618,142
Valid portion of minority interests	3,561	3,539
Other	(24,240)	(18,658)
Common equity tier 1 capital deductions	17,909	17,138
Goodwill	7,986	7,691
Other intangible assets other than land use rights	5,710	5,669
Cash flow hedging reserve that relates to the hedging of items that are not fair-valued on the balance sheet	(3,767)	(4,202)
Investments in common equity tier 1 capital instruments issued by financial institutions that are under control but not subject to consolidation	7,980	7,980
Net common equity tier 1 capital	2,941,410	2,886,378
Additional tier 1 capital	354,987	354,986
Additional tier 1 capital instruments and related premiums	354,331	354,331
Valid portion of minority interests	656	655
Net tier 1 capital	3,296,397	3,241,364
Tier 2 capital	753,895	668,305
Valid portion of tier 2 capital instruments and related premiums	488,668	418,415
Surplus provision for loan impairment	264,131	248,774
Valid portion of minority interests	1,096	1,116
Net capital base	4,050,292	3,909,669
Risk-weighted assets (i)	22,124,301	21,690,349
Common equity tier 1 capital adequacy ratio	13.29%	13.31%
Tier 1 capital adequacy ratio	14.90%	14.94%
Capital adequacy ratio	18.31%	18.02%

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

43. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Group has established policies and internal controls with respect to the measurement of fair values, specifically the framework of fair value measurement of financial instruments, fair value measurement methodologies and operating procedures. Fair value measurement policies specify valuation techniques, parameter selection and relevant concepts, models and parameter-seeking methods. Operating procedures specify measurement procedures, timing of valuation, market parameter selection and corresponding allocation of responsibilities. In the process of fair value measurement, front office is responsible for daily transaction management. The Finance and Accounting Department plays a lead role in formulating accounting policies of fair value measurement, valuation methodologies and system implementation. The Risk Management Department is responsible for verifying trade details and validating models.

Fair value estimates are generally subjective in nature, and are made as of a specific point in time based on the characteristics of the financial instruments and relevant market information. The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1 inputs: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2 inputs: valuation techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3 inputs: valuation techniques for which certain inputs that have a significant effect on the recorded fair value are not based on observable market data.

The following is a description of the fair value of financial instruments measured at fair value which are determined using valuation techniques. They incorporate the Group's estimate of assumptions that a market participant would make when valuing the instruments.

Financial investments

Financial investments that use valuation techniques for their valuation include debt securities, asset-backed securities, investment funds, unlisted equity instruments and asset management plans. The Group values such securities by incorporating either only observable data or both observable and unobservable data. Observable inputs include assumptions regarding current interest rates; unobservable inputs include assumptions regarding expected future default rates, prepayment rates and market liquidity discounts.

The majority of the debt securities classified as level 2 are RMB bonds. The fair value of these bonds are determined based on the valuation results provided by China Central Depository & Clearing Co., Ltd., which are determined based on a valuation technique for which all significant inputs are observable market data.

Derivatives

Derivatives that use valuation techniques with market observable inputs are mainly interest rate swaps, foreign exchange forwards, swaps and options. The most frequently applied valuation techniques include discounted cash flow model and Black-Scholes model. The models incorporate various inputs including foreign exchange spot and forward rates, foreign exchange rate volatility, interest rate yield curves.

Structured products are mainly valued using dealer's quotations.

Loans and advances to customers

The loans and advances to customers that use valuation techniques are mainly the bill business and discounted cash flow model is used. For bank acceptance bill, based on the different credit risk of the acceptor, interest rate yield curve is set up using the actual market data; for commercial bill, based on the interbank offered rate, interest rate yield curve is constructed according to the credit risk and liquidity point difference adjustment.

Other liabilities at fair value through profit or loss

For unquoted other liabilities at FVTPL, discounted cash flow model is used based on current yield curve appropriate for the remaining term to maturity adjusted for market liquidity and credit spreads; and Heston model is applied based on parameters including yields, foreign exchange forward rates, foreign exchange rate volatilities, which are calibrated by active market quotes of standard European option with the same underlying items.

(a) Financial instruments measured at fair value

	30 June 2022			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Derivative financial assets	12,880	102,915	698	116,493
Reverse repurchase agreements measured at FVTPL	–	137,835	–	137,835
Loans and advances to customers measured at FVTPL	–	3,664	–	3,664
Loans and advances to customers measured at FVTOCI	–	896,932	–	896,932
Financial investments measured at FVTPL				
Debt securities	23,979	526,354	3,299	553,632
Equity investments	18,827	14,002	58,964	91,793
Funds and other investments	58,194	27,536	34,632	120,362
	101,000	567,892	96,895	765,787
Financial investments measured at FVTOCI				
Debt securities	305,211	1,322,340	668	1,628,219
Equity investments	6,172	42,105	53,063	101,340
	311,383	1,364,445	53,731	1,729,559
	425,263	3,073,683	151,324	3,650,270
Financial liabilities:				
Due to customers	–	319,733	–	319,733
Repurchase agreements	–	132,181	–	132,181
Financial liabilities measured at FVTPL	680	86,012	558	87,250
Derivative financial liabilities	12,524	102,487	1,880	116,891
	13,204	640,413	2,438	656,055

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(In RMB millions, unless otherwise stated)

	31 December 2021			Total
	Level 1	Level 2	Level 3	
Financial assets:				
Derivative financial assets	4,440	70,634	1,066	76,140
Reverse repurchase agreements measured at FVTPL	–	157,655	–	157,655
Loans and advances to customers measured at FVTPL	–	3,488	106	3,594
Loans and advances to customers measured at FVTOCI	–	534,671	–	534,671
Financial investments measured at FVTPL				
Debt securities	24,430	392,013	3,840	420,283
Equity investments	15,308	16,751	58,687	90,746
Funds and other investments	52,995	26,400	32,799	112,194
	92,733	435,164	95,326	623,223
Financial investments measured at FVTOCI				
Debt securities	293,759	1,407,578	2,827	1,704,164
Equity investments	5,855	39,746	53,839	99,440
	299,614	1,447,324	56,666	1,803,604
	396,787	2,648,936	153,164	3,198,887
Financial liabilities:				
Due to customers	–	296,128	–	296,128
Financial liabilities measured at FVTPL	15	86,598	567	87,180
Derivative financial liabilities	4,822	65,089	1,426	71,337
	4,837	447,815	1,993	454,645

(b) Movement of level 3 financial instruments measured at fair value

The following table shows the movement of level 3 financial assets and financial liabilities measured at fair value:

	1 January 2022	Total gains/(losses) recorded in profit or loss	Total effects in other comprehensive income	Additions	Disposals and settlements	Transfer in/(out) of level 3	30 June 2022
Financial assets:							
Derivative financial assets	1,066	310	-	2	(714)	34	698
Loans and advances to customers measured at FVTPL	106	5	-	-	(111)	-	-
Financial investments measured at FVTPL							
Debt securities	3,840	(108)	-	341	(1,037)	263	3,299
Equity investments	58,687	397	-	3,782	(3,902)	-	58,964
Funds and other investments	32,799	2,356	-	3,248	(2,491)	(1,280)	34,632
Financial investments measured at FVTOCI							
Debt securities	2,827	107	17	511	(2,794)	-	668
Equity investments	53,839	-	(501)	2,840	(1,115)	(2,000)	53,063
	153,164	3,067	(484)	10,724	(12,164)	(2,983)	151,324
Financial liabilities:							
Financial liabilities measured at FVTPL	(567)	9	-	-	-	-	(558)
Derivative financial liabilities	(1,426)	(1,136)	-	-	558	124	(1,880)
	(1,993)	(1,127)	-	-	558	124	(2,438)

	1 January 2021	Total (losses)/gains recorded in profit or loss	Total effects in other comprehensive income	Additions	Disposals and settlements	Transfer in/(out) of level 3	31 December 2021
Financial assets:							
Derivative financial assets	1,691	(191)	-	57	(589)	98	1,066
Loans and advances to customers measured at FVTPL	328	(9)	-	-	(213)	-	106
Financial investments measured at FVTPL							
Debt securities	66,046	(154)	-	1,001	(356)	(62,697)	3,840
Equity investments	73,710	(2,826)	-	1,878	(9,187)	(4,888)	58,687
Funds and other investments	25,563	4,220	-	9,976	(5,559)	(1,401)	32,799
Financial investments measured at FVTOCI							
Debt securities	464	-	(39)	2,092	(311)	621	2,827
Equity investments	59,216	-	(2,898)	10,733	(6,894)	(6,318)	53,839
	227,018	1,040	(2,937)	25,737	(23,109)	(74,585)	153,164
Financial liabilities:							
Financial liabilities measured at FVTPL	(615)	48	-	-	-	-	(567)
Derivative financial liabilities	(1,596)	(82)	-	(28)	203	77	(1,426)
	(2,211)	(34)	-	(28)	203	77	(1,993)

Net gains or losses on level 3 financial instruments of the Group are set out below:

	Six months ended 30 June	
	2022	2021
Realised	395	222
Unrealised	1,545	1,766
	1,940	1,988

(c) Transfers between levels

(i) Transfers between level 1 and level 2

Due to changes in market conditions for certain securities, quoted prices in active markets were available for these securities. Therefore, these securities were transferred from level 2 to level 1 of the fair value hierarchy as at the end of the reporting period.

Due to changes in market conditions for certain securities, quoted prices in active markets were no longer available for these securities. However, there was sufficient information available to measure the fair values of these securities based on observable market inputs. Therefore, these securities were transferred from level 1 to level 2 of the fair value hierarchy as at the end of the reporting period.

For the six months ended 30 June 2022 and 30 June 2021, the transfers between level 1 and level 2 of the fair value hierarchy for financial assets and liabilities of the Group were not significant.

(ii) Transfers between level 2 and level 3

At the end of the reporting period, certain financial instruments were transferred out from level 2 to level 3 of the fair value hierarchy for financial assets and liabilities when significant inputs used in their fair value measurements, which was previously observable became unobservable.

At the end of the reporting period, certain financial instruments were transferred out from level 3 of the fair value hierarchy for financial assets and liabilities, when significant inputs used in their fair value measurements, which was previously unobservable became observable, or when there was a change in valuation technique.

(d) Valuation of financial instruments with significant unobservable inputs

Financial instruments valued with significant unobservable inputs primarily include certain structured derivatives, certain debt securities and asset-backed securities. These financial instruments are valued using discounted cash flow model. The models incorporate various unobservable assumptions such as discount rates and market rate volatilities.

As at 30 June 2022, the effects of changing the significant unobservable assumptions to reasonably possible alternative assumptions were not significant (31 December 2021: not significant).

(e) Fair value of financial assets and financial liabilities not carried at fair value

There are no significant differences between the carrying amount and the fair value of financial assets and financial liabilities not measured at fair value, except for the following items:

	30 June 2022				
	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets					
Financial investments measured at amortised cost	7,678,849	7,755,999	95,984	7,454,244	205,771
Financial liabilities					
Subordinated bonds and tier 2 capital bonds	548,043	557,128	–	557,128	–

	31 December 2021				
	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets					
Financial investments measured at amortised cost	6,830,933	6,886,188	29,158	6,644,213	212,817
Financial liabilities					
Subordinated bonds and tier 2 capital bonds	470,806	481,954	–	481,954	–

Subject to the existence of an active market, such as an authorised stock exchange, the market value is the best reflection of the fair value of a financial instrument. As there is no available market value for certain financial assets held and financial liabilities issued by the Group, discounted cash flow or other valuation methods described below are adopted to determine the fair values of these financial assets and financial liabilities:

- (i) The fair values of financial investments measured at amortised cost relating to the restructuring of the Bank are estimated on the basis of the stated interest rates and the consideration of the relevant special clauses of the instruments evaluated in the absence of any other relevant observable market data, and the fair values approximate to their carrying amounts. The fair values of financial investments measured at amortised cost irrelevant to the restructuring of the Bank are determined based on the available market values. If quoted market prices are not available, fair values are estimated on the basis of pricing models or discounted cash flows.
- (ii) The fair values of subordinated bonds and tier 2 capital bonds are determined with reference to the available market values. If quoted market prices are not available, fair values are estimated on the basis of pricing models or discounted cash flows.

All of the aforementioned assumptions and methods provide a consistent basis for the calculation of the fair values of the Group's financial assets and financial liabilities. However, other institutions may use different assumptions and methods. Therefore, the fair values disclosed by different financial institutions may not be entirely comparable.

44. EVENTS AFTER THE REPORTING PERIOD

There are no significant events after the reporting period.

45. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform to the current period's presentation.

46. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors on 30 August 2022.

Unaudited Supplementary Information to the Consolidated Financial Statements

(In RMB millions, unless otherwise stated)

1. Statement of differences between the financial statements prepared under IFRSs and those prepared in accordance with PRC GAAP

There are no differences between the profit attributable to equity holders of the parent company under IFRSs and PRC GAAP for the six months ended 30 June 2022 and 2021. There are no differences between the equity attributable to equity holders of the parent company under IFRSs and PRC GAAP as at 30 June 2022 and 31 December 2021.

2. Currency concentration

	30 June 2022			
	USD	HKD	Other	Total
Spot assets	2,268,807	497,268	1,057,157	3,823,232
Spot liabilities	(2,095,463)	(485,425)	(759,724)	(3,340,612)
Forward purchases	2,013,417	222,324	572,241	2,807,982
Forward sales	(2,356,808)	(107,307)	(794,744)	(3,258,859)
Net option position	5,367	1,935	(74)	7,228
Net (short)/long position	(164,680)	128,795	74,856	38,971
Net structural position	137,963	909	26,085	164,957

	31 December 2021			
	USD	HKD	Other	Total
Spot assets	2,066,021	509,771	955,285	3,531,077
Spot liabilities	(2,115,377)	(446,184)	(680,182)	(3,241,743)
Forward purchases	2,112,979	166,543	385,249	2,664,771
Forward sales	(2,210,989)	(153,095)	(580,802)	(2,944,886)
Net option position	1,342	2,443	32	3,817
Net (short)/long position	(146,024)	79,478	79,582	13,036
Net structural position	128,581	803	26,055	155,439

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

- property and equipment, net of depreciation charges;
- capital and statutory reserves of overseas branches; and
- investments in overseas subsidiaries, associates and joint ventures.

3. Loans and advances to customers (excludes accrued interest)

(i) Overdue loans and advances to customers

	30 June 2022	31 December 2021
Gross loans and advances to customers of the Group which have been overdue with respect to either principal or interest for periods of:		
Between 3 and 6 months	39,424	28,208
Between 6 and 12 months	47,157	41,849
Over 12 months	101,264	112,400
	187,845	182,457
As a percentage of the total gross loans and advances to customers:		
Between 3 and 6 months	0.18%	0.14%
Between 6 and 12 months	0.21%	0.20%
Over 12 months	0.45%	0.54%
	0.84%	0.88%

The definition of overdue loans and advances to customers is as follows:

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

For loans and advances repayable by regular instalments, if part of the instalments is overdue, the whole amount of the loans and advances would be classified as overdue.

(ii) Overdue loans and advances to customers by geographical distribution

	30 June 2022	31 December 2021
Head Office	36,376	35,969
Bohai Rim	45,708	50,790
Western China	56,636	33,400
Central China	33,883	37,461
Pearl River Delta	37,072	28,978
Yangtze River Delta	23,755	30,210
Northeastern China	22,649	27,324
Overseas and other	12,584	10,769
	268,663	254,901

(iii) Rescheduled loans and advances to customers

	30 June 2022		31 December 2021	
		% of total loans and advances		% of total loans and advances
Rescheduled loans and advances	23,567	0.10%	19,134	0.09%
Less: Rescheduled loans and advances overdue for more than three months	(2,564)	(0.01%)	(2,301)	(0.01%)
Rescheduled loans and advances overdue for less than three months	21,003	0.09%	16,833	0.08%

4. Exposures to non-bank entities in Chinese mainland

The Bank is a commercial bank incorporated in Chinese mainland with its banking business primarily conducted in Chinese mainland. As at 30 June 2022 and 31 December 2021, substantial amounts of the Bank's exposures arose from businesses with entities or individuals in Chinese mainland. Analyses of various types of exposures by counterparty have been disclosed in the respective notes to the financial statements.

5. Correspondence between balance sheet in published financial statements and capital composition

The disclosure of correspondence between balance sheet in published financial statements and capital composition is based on the Notice on Issuing Regulatory Documents on Capital Regulation for Commercial Banks (Yin Jian Fa, No. 33, 2013) Appendix 2 Notice on Enhancing Disclosure Requirements for Composition of Capital.

(i) Capital composition

Item	30 June 2022	31 December 2021	Reference
Common equity tier 1 capital:			
1 Paid-in capital	356,407	356,407	X18
2 Retained earnings	2,475,489	2,413,631	
2a Surplus reserve	356,982	356,849	X21
2b General reserve	442,286	438,640	X22
2c Retained profits	1,676,221	1,618,142	X23
3 Accumulated other comprehensive income (and other public reserve)	123,862	129,939	
3a Capital reserve	148,102	148,597	X19
3b Other	(24,240)	(18,658)	X24
4 Valid portion to common equity tier 1 capital during the transition period (only applicable to non-joint stock companies. Fill in 0 for joint stock banks)	–	–	
5 Valid portion of minority interests	3,561	3,539	X25
6 Common equity tier 1 capital before regulatory adjustments	2,959,319	2,903,516	
Common equity tier 1 capital: Regulatory adjustments			
7 Prudential valuation adjustments	–	–	
8 Goodwill (net of deferred tax liabilities)	7,986	7,691	X16
9 Other intangible assets other than land use rights (net of deferred tax liabilities)	5,710	5,669	X14–X15
10 Deferred tax assets that rely on future profits excluding those arising from temporary differences (net of deferred tax liabilities)	–	–	
11 Cash flow hedging reserve that relates to the hedging of items that are not fair-valued on the balance sheet	(3,767)	(4,202)	X20
12 Shortfall of provision for loan impairment	–	–	
13 Gain on sales related to asset securitisation	–	–	
14 Unrealised gains and losses due to changes in own credit risk on fair-valued liabilities	–	–	
15 Defined-benefit pension fund net assets (net of deferred tax liabilities)	–	–	
16 Direct or indirect investments in own ordinary shares	–	–	
17 Reciprocal cross-holdings in common equity tier 1 capital between banks, or between banks and other financial institutions	–	–	

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Item	30 June 2022	31 December 2021	Reference
18	–	–	
19	–	–	
20	N/A	N/A	
21	–	–	
22	–	–	
23	–	–	
24	N/A	N/A	
25	–	–	
26a	7,980	7,980	X11
26b	–	–	
26c	–	–	
27	–	–	
28	17,909	17,138	
29	2,941,410	2,886,378	
Additional tier 1 capital:			
30	354,331	354,331	
31	354,331	354,331	X28+X32
32	–	–	
33	–	–	
34	656	655	X26
35	–	–	
36	354,987	354,986	
Additional tier 1 capital: Regulatory adjustments			
37	–	–	

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Item	30 June 2022	31 December 2021	Reference
38	–	–	
39	–	–	
40	–	–	
41a	–	–	
41b	–	–	
41c	–	–	
42	–	–	
43	–	–	
44	354,987	354,986	
45	3,296,397	3,241,364	
Tier 2 capital:			
46	488,668	418,415	X17
47	–	20,285	
48	1,096	1,116	X27
49	–	–	
50	264,131	248,774	X02+X04
51	753,895	668,305	
Tier 2 capital: Regulatory adjustments			
52	–	–	
53	–	–	
54	–	–	
55	–	–	X31
56a	–	–	
56b	–	–	

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Item	30 June 2022	31 December 2021	Reference
56c Other that should be deducted from tier 2 capital	–	–	
57 Total regulatory adjustments to tier 2 capital	–	–	
58 Tier 2 capital	753,895	668,305	
59 Total capital (tier 1 capital + tier 2 capital)	4,050,292	3,909,669	
60 Total risk-weighted assets	22,124,301	21,690,349	
Requirements for capital adequacy ratio and reserve capital			
61 Common equity tier 1 capital adequacy ratio	13.29%	13.31%	
62 Tier 1 capital adequacy ratio	14.90%	14.94%	
63 Capital adequacy ratio	18.31%	18.02%	
64 Institution specific buffer requirements	4.0%	4.0%	
65 Including: Capital conservation buffer requirements	2.5%	2.5%	
66 Including: Countercyclical buffer requirements	–	–	
67 Including: G-SIB buffer requirements	1.5%	1.5%	
68 Percentage of common equity tier 1 capital meeting buffers to risk-weighted assets	8.29%	8.31%	
Domestic minima for regulatory capital			
69 Common equity tier 1 capital adequacy ratio	5.0%	5.0%	
70 Tier 1 capital adequacy ratio	6.0%	6.0%	
71 Capital adequacy ratio	8.0%	8.0%	
Amounts below the thresholds for deduction			
72 Undeducted portion of non-significant minority investments in capital instruments issued by financial institutions that are not subject to consolidation	153,895	155,815	X05+X07+X08+X09+X12+X29+X30
73 Undeducted portion of significant minority investments in capital instruments issued by financial institutions that are not subject to consolidation	29,696	28,773	X06+X10+X13
74 Mortgage servicing rights (net of deferred tax liabilities)	N/A	N/A	
75 Deferred tax assets arising from temporary differences (net of deferred tax liabilities)	97,468	74,611	
Valid caps of surplus provision for loan impairment in tier 2 capital			
76 Provision for loan impairment under the weighted approach	27,257	24,545	X01
77 Valid cap of surplus provision for loan impairment in tier 2 capital under the weighted approach	17,663	15,909	X02
78 Surplus provision for loan impairment under the internal ratings-based approach	626,412	579,219	X03
79 Valid cap of surplus provision for loan impairment in tier 2 capital under the internal ratings-based approach	246,468	232,865	X04
Capital instruments subject to phase-out arrangements			
80 Valid cap to common equity tier 1 capital instruments for the current period due to phase-out arrangements	–	–	
81 Excluded from common equity tier 1 capital due to cap	–	–	
82 Valid cap to additional tier 1 capital instruments for the current period due to phase-out arrangements	–	–	
83 Excluded from additional tier 1 capital due to cap	–	–	
84 Valid cap to tier 2 capital instruments for the current period due to phase-out arrangements	–	20,285	
85 Excluded from tier 2 capital for the current period due to cap	38,000	37,740	

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(ii) Consolidated financial statements

	30 June 2022 Consolidated balance sheet as in published financial statements*	30 June 2022 Balance sheet under regulatory scope of consolidation*	31 December 2021 Consolidated balance sheet as in published financial statements*	31 December 2021 Balance sheet under regulatory scope of consolidation*
Assets				
Cash and balances with central banks	3,348,474	3,348,474	3,098,438	3,098,438
Due from banks and other financial institutions	458,179	407,983	346,457	301,191
Precious metals	312,560	312,560	265,962	265,962
Placements with banks and other financial institutions	551,041	551,041	480,693	480,693
Derivative financial assets	116,493	116,493	76,140	76,140
Reverse repurchase agreements	1,178,806	1,177,750	663,496	662,544
Loans and advances to customers	21,737,421	21,735,453	20,109,200	20,107,266
Financial investments	10,174,195	9,963,135	9,257,760	9,060,427
— Financial investments measured at FVTPL	765,787	694,275	623,223	560,683
— Financial investments measured at FVTOCI	1,729,559	1,668,438	1,803,604	1,743,097
— Financial investments measured at amortised cost	7,678,849	7,600,422	6,830,933	6,756,647
Long-term equity investments	65,020	73,000	61,782	69,762
Fixed assets	272,938	272,876	270,017	269,952
Construction in progress	17,896	17,872	18,182	18,172
Deferred tax assets	97,468	97,468	79,259	79,259
Other assets	413,885	407,750	443,997	430,485
Total assets	38,744,376	38,481,855	35,171,383	34,920,291
Liabilities				
Due to central banks	66,924	66,924	39,723	39,723
Due to banks and other financial institutions	2,798,085	2,798,085	2,431,689	2,431,689
Placements from banks and other financial institutions	504,667	504,667	489,340	489,340
Financial liabilities measured at FVTPL	87,250	87,250	87,180	87,180
Derivative financial liabilities	116,891	116,891	71,337	71,337
Repurchase agreements	490,885	485,687	365,943	351,049
Certificates of deposit	258,680	258,680	290,342	290,342
Due to customers	29,272,001	29,272,001	26,441,774	26,441,774
Employee benefits payable	37,677	37,336	41,083	40,659
Taxes payable	80,036	79,991	108,897	108,871
Debt securities issued	852,124	847,070	791,375	791,375
Deferred tax liabilities	5,016	4,557	5,624	4,648
Other liabilities	840,834	601,657	731,818	508,191
Total liabilities	35,411,070	35,160,796	31,896,125	31,656,178

(*) Prepared in accordance with PRC GAAP.

Unaudited Supplementary Information to the Consolidated Financial Statements
(In RMB millions, unless otherwise stated)

	30 June 2022 Consolidated balance sheet as in published financial statements*	30 June 2022 Balance sheet under regulatory scope of consolidation*	31 December 2021 Consolidated balance sheet as in published financial statements*	31 December 2021 Balance sheet under regulatory scope of consolidation*
Equity				
Share capital	356,407	356,407	356,407	356,407
Other equity instruments	354,331	354,331	354,331	354,331
Capital reserve	148,102	148,102	148,597	148,597
Other comprehensive income	(23,414)	(24,240)	(18,343)	(18,658)
Surplus reserve	357,302	356,982	357,169	356,849
General reserve	442,598	442,286	438,952	438,640
Retained profits	1,678,872	1,676,221	1,620,642	1,618,142
Equity attributable to equity holders of the parent company	3,314,198	3,310,089	3,257,755	3,254,308
Minority interests	19,108	10,970	17,503	9,805
Total equity	3,333,306	3,321,059	3,275,258	3,264,113

(*) Prepared in accordance with PRC GAAP.

(iii) Description of related items

Item	30 June 2022 Balance sheet under regulatory scope of consolidation	Reference
Loans and advances to customers	21,735,453	
Total loans and advances to customers	22,389,122	
Less: Provision for loan impairment under the weighted approach	27,257	X01
Including: Valid cap of surplus provision for loan impairment in tier 2 capital under the weighted approach	17,663	X02
Less: Provision for loan impairment under the internal ratings-based approach	626,412	X03
Including: Valid cap of surplus provision for loan impairment in tier 2 capital under the internal ratings-based approach	246,468	X04
Financial investments		
Financial investments measured at FVTPL	694,275	
Including: Non-significant minority investments in common equity tier 1 capital instruments issued by financial institutions that are not subject to consolidation	192	X05
Including: Significant minority investments in common equity tier 1 capital instruments issued by financial institutions that are not subject to consolidation	10	X06
Including: Non-significant minority investments in additional tier 1 capital instruments issued by financial institutions that are not subject to consolidation	–	X07
Including: Non-significant minority investments in tier 2 capital instruments issued by financial institutions that are not subject to consolidation	136,795	X08

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Item	30 June 2022 Balance sheet under regulatory scope of consolidation	Reference
Financial investments measured at FVTOCI	1,668,438	
Including: Non-significant minority investments in common equity tier 1 capital instruments issued by financial institutions that are not subject to consolidation	14,222	X09
Including: Significant minority investments in common equity tier 1 capital instruments issued by financial institutions that are not subject to consolidation	2,138	X10
Including: Non-significant minority investments in tier 2 capital instruments issued by financial institutions that are not subject to consolidation	–	X29
Financial investments measured at amortised cost	7,600,422	
Including: Non-significant minority investments in tier 2 capital instruments issued by financial institutions that are not subject to consolidation	–	X30
Including: Significant minority investments in tier 2 capital instruments issued by financial institutions that are not subject to consolidation	–	X31
Long-term equity investments	73,000	
Including: Investments in common equity tier 1 capital instruments issued by financial institutions that are under control but not subject to consolidation	7,980	X11
Including: Undeducted portion of non-significant minority investments in capital instruments issued by financial institutions that are not subject to consolidation	2,686	X12
Including: Undeducted portion of significant minority investments in capital instruments issued by financial institutions that are not subject to consolidation	27,548	X13
Other assets	407,750	
Interest receivable	2,173	
Intangible assets	20,916	X14
Including: Land use rights	15,206	X15
Other receivables	250,296	
Goodwill	7,986	X16
Long-term deferred expenses	5,335	
Repossessed assets	3,457	
Other	117,587	
Debt securities issued	847,070	
Including: Valid portion of tier 2 capital instruments and their premiums	488,668	X17
Share capital	356,407	X18
Other equity instruments	354,331	
Including: Preference shares	134,614	X28
Including: Perpetual bonds	219,717	X32
Capital reserve	148,102	X19
Other comprehensive income	(24,240)	X24
Reserve for changes in fair value of financial assets	7,263	
Reserve for cash flow hedging	(3,768)	
Including: Cash flow hedging reserve that relates to the hedging of items that are not fair-valued on the balance sheet	(3,767)	X20

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Item	30 June 2022 Balance sheet under regulatory scope of consolidation	Reference
Changes in share of other owners' equity of associates and joint ventures	(415)	
Foreign currency translation reserve	(27,948)	
Other	628	
Surplus reserve	356,982	X21
General reserve	442,286	X22
Retained profits	1,676,221	X23
Minority interests	10,970	
Including: Valid portion of common equity tier 1 capital	3,561	X25
Including: Valid portion of additional tier 1 capital	656	X26
Including: Valid portion of tier 2 capital	1,096	X27

(iv) Main features of eligible capital instruments

Main features of regulatory capital instrument	Ordinary shares (A share)	Ordinary shares (H share)	Preference shares (Domestic)	Preference shares (Domestic)
Issuer	The Bank	The Bank	The Bank	The Bank
Unique identifier	601398	1398	360011	360036
Governing law(s) of the instrument	Securities Law of the People's Republic of China/China	Securities and Futures Ordinance of Hong Kong/Hong Kong SAR, China	Company Law of the People's Republic of China, Securities Law of the People's Republic of China. Guidance of the State Council on Launch of Preference Shares Pilot, Trial Administrative Measures on Preference Shares, Guidance on the Issuance of Preference Shares of Commercial Banks to Replenish Tier 1 Capital/China	Company Law of the People's Republic of China, Securities Law of the People's Republic of China, Guidance of the State Council on Launch of Preference Shares Pilot, Trial Administrative Measures on Preference Shares, Guidance on the Issuance of Preference Shares of Commercial Banks to Replenish Tier 1 Capital/China
Regulatory treatment				
Including: Transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Common equity tier 1 capital	Common equity tier 1 capital	Additional tier 1 capital	Additional tier 1 capital
Including: Post-transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Common equity tier 1 capital	Common equity tier 1 capital	Additional tier 1 capital	Additional tier 1 capital

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Main features of regulatory capital instrument	Ordinary shares (A share)	Ordinary shares (H share)	Preference shares (Domestic)	Preference shares (Domestic)
Including: Eligible to the parent company/ group level	Parent company/ Group	Parent company/ Group	Parent company/ Group	Parent company/ Group
Instrument type	Common equity tier 1 capital instrument	Common equity tier 1 capital instrument	Additional tier 1 capital instrument	Additional tier 1 capital instrument
Amount recognised in regulatory capital (in millions, as at the latest reporting date)	RMB336,554	RMB168,374	RMB44,947	RMB69,981
Par value of instrument (in millions)	RMB269,612	RMB86,795	RMB45,000	RMB70,000
Accounting treatment	Share capital, capital reserve	Share capital, capital reserve	Other equity	Other equity
Original date of issuance	19 October 2006	19 October 2006	18 November 2015	19 September 2019
Perpetual or dated	Perpetual	Perpetual	Perpetual	Perpetual
Including: Original maturity date	No maturity date	No maturity date	No maturity date	No maturity date
Issuer call (subject to prior supervisory approval)	No	No	Yes	Yes
Including: Optional call date, contingent call dates and redemption amount	N/A	N/A	The First Redemption Date is 18 November 2020, in full or partial amount	The First Redemption Date is 24 September 2024, in full or partial amount
Including: Subsequent call dates, if applicable	N/A	N/A	Commences on the First Redemption Date (18 November 2020) and ends on the completion date of redemption or conversion of all the Domestic Preference Shares	Commences on the First Redemption Date (24 September 2024) and ends on the completion date of redemption or conversion of all the Domestic Preference Shares
Coupons/dividends				
Including: Fixed or floating dividend/coupon	Floating	Floating	Fixed to floating	Fixed to floating
Including: Coupon rate and any related index	N/A	N/A	4.5% (dividend rate) before 23 November 2020, 4.58% (dividend rate) between 23 November 2020 and 22 November 2025	4.2% (dividend rate) before 24 September 2024
Including: Existence of a dividend stopper	N/A	N/A	Yes	Yes
Including: Fully discretionary, partially discretionary or mandatory cancellation of coupons/dividends	Fully discretionary	Fully discretionary	Fully discretionary	Fully discretionary
Including: Redemption incentive mechanism	No	No	No	No
Including: Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible or non-convertible	No	No	Yes	Yes

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Main features of regulatory capital instrument	Ordinary shares (A share)	Ordinary shares (H share)	Preference shares (Domestic)	Preference shares (Domestic)
Including: If convertible, conversion trigger(s)	N/A	N/A	Additional Tier 1 Capital Trigger Event or Tier 2 Capital Trigger Event	Additional Tier 1 Capital Trigger Event or Tier 2 Capital Trigger Event
Including: If convertible, fully or partially	N/A	N/A	Fully or partially convertible when an Additional Tier 1 Capital Trigger Event occurs; fully convertible when a Tier 2 Capital Trigger Event occurs	Fully or partially convertible when an Additional Tier 1 Capital Trigger Event occurs; fully convertible when a Tier 2 Capital Trigger Event occurs
Including: If convertible, conversion rate	N/A	N/A	The initial conversion price is equal to the average trading price of the A shares of the Bank for the 20 trading days preceding 25 July 2014, the date of publication of the Board resolution in respect of the issuance plan	The initial conversion price is equal to the average trading price of the A shares of the Bank for the 20 trading days preceding 30 August 2018, the date of publication of the Board resolution in respect of the issuance plan
Including: If convertible, mandatory or optional conversion	N/A	N/A	Mandatory	Mandatory
Including: If convertible, specify instrument type convertible into	N/A	N/A	Common equity tier 1 capital	Common equity tier 1 capital
Including: If convertible, specify issuer of instrument it converts into	N/A	N/A	The Bank	The Bank
Write-down feature	No	No	No	No
Including: If write-down, write-down trigger(s)	N/A	N/A	N/A	N/A
Including: If write-down, full or partial	N/A	N/A	N/A	N/A
Including: If write-down, permanent or temporary	N/A	N/A	N/A	N/A
Including: If temporary write-down, description of write-up mechanism	N/A	N/A	N/A	N/A
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinated to depositor, general creditor, creditor of the subordinated debts and preference shareholders	Subordinated to depositor, general creditor, creditor of the subordinated debts and preference shareholders	Subordinated to deposits, general debts, subordinated debts, tier 2 capital bonds and undated additional tier 1 capital bonds	Subordinated to deposits, general debts, subordinated debts, tier 2 capital bonds and undated additional tier 1 capital bonds
Non-compliant transitioned features	No	No	No	No
Including: If yes, specify non-compliant features	N/A	N/A	N/A	N/A

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Main features of regulatory capital instrument	Preference shares (Offshore)	Undated additional tier 1 capital bonds (Domestic)	Undated additional tier 1 capital bonds (Domestic)	Undated additional tier 1 capital bonds (Offshore)	Undated additional tier 1 capital bonds (Domestic)
Issuer	The Bank	The Bank	The Bank	The Bank	The Bank
Unique identifier	4620	1928018	2128021	Regulation S ISIN: XS2383421711	2128044
Governing law(s) of the instrument	The creation and issue of the Offshore Preference Shares and the rights and obligations (including non-contractual rights and obligations) attached to them are governed by, and shall be construed in accordance with, PRC law	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents/China	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents/China	The Notes and any other non-contractual obligations arising out of or in connection with them shall be governed by and construed in accordance with English law. However, the provisions in the terms and conditions of the Notes relating to subordination of the Notes shall be governed by and construed in accordance with PRC law and regulations	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents/China
Regulatory treatment					
Including: Transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Additional tier 1 capital	Additional tier 1 capital	Additional tier 1 capital	Additional tier 1 capital	Additional tier 1 capital
Including: Post-transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Additional tier 1 capital	Additional tier 1 capital	Additional tier 1 capital	Additional tier 1 capital	Additional tier 1 capital
Including: Eligible to the parent company/group level	Parent company/Group	Parent company/Group	Parent company/Group	Parent company/Group	Parent company/Group
Instrument type	Additional tier 1 capital instrument	Additional tier 1 capital instrument	Additional tier 1 capital instrument	Additional tier 1 capital instrument	Additional tier 1 capital instrument
Amount recognised in regulatory capital (in millions, as at the latest reporting date)	RMB equivalent 19,687	RMB79,987	RMB69,992	RMB equivalent 39,742	RMB29,997
Par value of instrument (in millions)	USD2,900	RMB80,000	RMB70,000	USD6,160	RMB30,000
Accounting treatment	Other equity	Other equity	Other equity	Other equity	Other equity
Original date of issuance	23 September 2020	26 July 2019	4 June 2021	24 September 2021	24 November 2021
Perpetual or dated	Perpetual	Perpetual	Perpetual	Perpetual	Perpetual
Including: Original maturity date	No maturity date	No maturity date	No maturity date	No maturity date	No maturity date
Issuer call (subject to prior supervisory approval)	Yes	Yes	Yes	Yes	Yes
Including: Optional call date, contingent call dates and redemption amount	The First Redemption Date is 23 September 2025, in full or partial amount	The First Redemption Date is 30 July 2024, in full or partial amount	The First Redemption Date is 8 June 2026, in full or partial amount	The First Redemption Date is 24 September 2026, in full or partial amount	The First Redemption Date is 26 November 2026, in full or partial amount

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Main features of regulatory capital instrument	Preference shares (Offshore)	Undated additional tier 1 capital bonds (Domestic)	Undated additional tier 1 capital bonds (Domestic)	Undated additional tier 1 capital bonds (Offshore)	Undated additional tier 1 capital bonds (Domestic)
Including: Subsequent call dates, if applicable	23 September in each year after the First Redemption Date	Redemption of present bonds in full or in part on each Distribution Payment Date since the First Redemption Date (30 July 2024). The Issuer has the right to redeem the present bonds in full rather than in part if the present bonds are no longer qualified as additional tier 1 capital after they are issued due to unpredictable changes in regulatory rules	Redemption of present bonds in full or in part on each Distribution Payment Date since the First Redemption Date (8 June 2026). The Issuer has the right to redeem the present bonds in full rather than in part if the present bonds are no longer qualified as additional tier 1 capital after they are issued due to unpredictable changes in regulatory rules	Redemption of present bonds in full or in part on each Distribution Payment Date since the First Redemption Date (24 September 2026). The Issuer has the right to redeem the present bonds in full rather than in part if the present bonds are no longer qualified as additional tier 1 capital after they are issued due to unpredictable changes in regulatory rules	Redemption of present bonds in full or in part on each Distribution Payment Date since the First Redemption Date (26 November 2026). The Issuer has the right to redeem the present bonds in full rather than in part if the present bonds are no longer qualified as additional tier 1 capital after they are issued due to unpredictable changes in regulatory rules
Coupons/dividends					
Including: Fixed or floating dividend/coupon	Fixed to floating	Fixed to floating	Fixed to floating	Fixed to floating	Fixed to floating
Including: Coupon rate and any related index	3.58% (dividend rate) before 23 September 2025	4.45% (interest rate) before 30 July 2024	4.04% (interest rate) before 8 June 2026	3.20% (interest rate) before 24 September 2026	3.65% (interest rate) before 26 November 2026
Including: Existence of a dividend stopper	Yes	Yes	Yes	Yes	Yes
Including: Fully discretionary, partially discretionary or mandatory cancellation of coupons/dividends	Fully discretionary	Fully discretionary	Fully discretionary	Fully discretionary	Fully discretionary
Including: Redemption incentive mechanism	No	No	No	No	No
Including: Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible or non-convertible	Yes	No	No	No	No
Including: If convertible, conversion trigger(s)	Non-viability Trigger Event	N/A	N/A	N/A	N/A
Including: If convertible, fully or partially convertible when a Non-viability Trigger Event occurs	Fully or partially convertible when a Non-viability Trigger Event occurs	N/A	N/A	N/A	N/A

Unaudited Supplementary Information to the Consolidated Financial Statements
(In RMB millions, unless otherwise stated)

Main features of regulatory capital instrument	Preference shares (Offshore)	Undated additional tier 1 capital bonds (Domestic)	Undated additional tier 1 capital bonds (Domestic)	Undated additional tier 1 capital bonds (Offshore)	Undated additional tier 1 capital bonds (Domestic)
Including: If convertible, conversion rate	The initial conversion price is equal to the average trading price of the H shares of the Bank for the 20 trading days preceding 30 August 2018, the date of publication of the Board resolution in respect of the issuance plan	N/A	N/A	N/A	N/A
Including: If convertible, mandatory or optional conversion	Mandatory	N/A	N/A	N/A	N/A
Including: If convertible, specify instrument type convertible into	Common equity tier 1 capital	N/A	N/A	N/A	N/A
Including: If convertible, specify issuer of instrument it converts into	The Bank	N/A	N/A	N/A	N/A
Write-down feature	No	Yes	Yes	Yes	Yes
Including: If write-down, write-down trigger(s)	N/A	Additional Tier 1 Capital Trigger Event or Tier 2 Capital Trigger Event	Non-viability Trigger Event	Non-viability Trigger Event	Non-viability Trigger Event
Including: If write-down, full or partial	N/A	Full or partial write-down when an Additional Tier 1 Capital Trigger Event occurs; full write-down when a Tier 2 Capital Trigger Event occurs	Full or partial write-down when a Non-viability Trigger Event occurs	Full or partial write-down when a Non-viability Trigger Event occurs	Full or partial write-down when a Non-viability Trigger Event occurs
Including: If write-down, permanent or temporary	N/A	Permanent write-down	Permanent write-down	Permanent write-down	Permanent write-down
Including: If temporary write-down, description of write-up mechanism	N/A	N/A	N/A	N/A	N/A
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinated to deposits, general debts, subordinated debts, tier 2 capital bonds and undated additional tier 1 capital bonds	Subordinated to deposits, general debts, subordinated debts and tier 2 capital bonds	Subordinated to deposits, general debts, subordinated debts and tier 2 capital bonds	Subordinated to deposits, general debts, subordinated debts and tier 2 capital bonds	Subordinated to deposits, general debts, subordinated debts and tier 2 capital bonds
Non-compliant transitioned features	No	No	No	No	No
Including: If yes, specify non-compliant features	N/A	N/A	N/A	N/A	N/A

Unaudited Supplementary Information to the Consolidated Financial Statements
(In RMB millions, unless otherwise stated)

Main features of regulatory capital instrument	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds
Issuer	The Bank	The Bank	The Bank	The Bank
Unique identifier	Rule 144A ISIN: US455881AD47 Regulation S ISIN: USY39656AC06	1728021	1728022	1928006
Governing law(s) of the instrument	The Notes and the Fiscal Agency Agreement shall be governed by, and shall be construed in accordance with New York law, except that the provisions of the Notes relating to subordination shall be governed by, and construed in accordance with PRC law	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents
Regulatory treatment				
Including: Transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
Including: Post-transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
Including: Eligible to the parent company/group level	Parent company/ Group	Parent company/ Group	Parent company/ Group	Parent company/ Group
Instrument type	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument
Amount recognised in regulatory capital (in millions, as at the latest reporting date)	RMB equivalent 10,665	RMB44,000	RMB44,000	RMB45,000
Par value of instrument (in millions)	USD2,000	RMB44,000	RMB44,000	RMB45,000
Accounting treatment	Debt securities issued	Debt securities issued	Debt securities issued	Debt securities issued
Original date of issuance	21 September 2015	6 November 2017	20 November 2017	21 March 2019
Perpetual or dated	Dated	Dated	Dated	Dated
Including: Original maturity date	21 September 2025	8 November 2027	22 November 2027	25 March 2029
Issuer call (subject to prior supervisory approval)	No	Yes	Yes	Yes
Including: Optional call date, contingent call dates and redemption amount	N/A	8 November 2022, in full amount	22 November 2022, in full amount	25 March 2024, in full amount
Including: Subsequent call dates, if applicable	N/A	N/A	N/A	N/A
Coupons/dividends				
Including: Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed
Including: Coupon rate and any related index	4.875%	4.45%	4.45%	4.26%
Including: Existence of a dividend stopper	No	No	No	No
Including: Fully discretionary, partially discretionary or mandatory cancellation of coupons/dividends	Mandatory	Mandatory	Mandatory	Mandatory
Including: Redemption incentive mechanism	No	No	No	No
Including: Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative

Unaudited Supplementary Information to the Consolidated Financial Statements
(In RMB millions, unless otherwise stated)

Main features of regulatory capital instrument	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds
Convertible or non-convertible	No	No	No	No
Including: If convertible, conversion trigger(s)	N/A	N/A	N/A	N/A
Including: If convertible, fully or partially	N/A	N/A	N/A	N/A
Including: If convertible, conversion rate	N/A	N/A	N/A	N/A
Including: If convertible, mandatory or optional conversion	N/A	N/A	N/A	N/A
Including: If convertible, specify instrument type convertible into	N/A	N/A	N/A	N/A
Including: If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A	N/A
Write-down feature	Yes	Yes	Yes	Yes
Including: If write-down, write-down trigger(s)	Whichever occurs earlier: (i) CBIRC having decided that a write-down is necessary, without which the Issuer would become non-viable; or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable	Whichever occurs earlier: (i) CBIRC having decided that a write-down is necessary, without which the Issuer would become non-viable; or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable	Whichever occurs earlier: (i) CBIRC having decided that a write-down is necessary, without which the Issuer would become non-viable; or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable	Whichever occurs earlier: (i) CBIRC having decided that a write-down is necessary, without which the Issuer would become non-viable; or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable
Including: If write-down, full or partial	Partial or full write-down	Partial or full write-down	Partial or full write-down	Partial or full write-down
Including: If write-down, permanent or temporary	Permanent write-down	Permanent write-down	Permanent write-down	Permanent write-down
Including: If temporary write-down, description of write-up mechanism	N/A	N/A	N/A	N/A

Unaudited Supplementary Information to the Consolidated Financial Statements
(In RMB millions, unless otherwise stated)

Main features of regulatory capital instrument	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinated to depositor and general creditor, pari passu with other subordinated debts	Subordinated to depositor and general creditor; but senior to equity capital, additional tier 1 capital instruments and hybrid capital bonds; pari passu with other subordinated debts that have been issued by the Issuer and are pari passu with the present bonds; and pari passu with other tier 2 capital instruments that will possibly be issued in the future and are pari passu with the present bonds	Subordinated to depositor and general creditor; but senior to equity capital, additional tier 1 capital instruments and hybrid capital bonds; pari passu with other subordinated debts that have been issued by the Issuer and are pari passu with the present bonds; and pari passu with other tier 2 capital instruments that will possibly be issued in the future and are pari passu with the present bonds	Subordinated to depositor and general creditor; but senior to equity capital, additional tier 1 capital instruments and hybrid capital bonds; pari passu with other subordinated debts that have been issued by the Issuer and are pari passu with the present bonds; and pari passu with other tier 2 capital instruments that will possibly be issued in the future and are pari passu with the present bonds
Non-compliant transitioned features	No	No	No	No
Including: If yes, specify non-compliant features	N/A	N/A	N/A	N/A

Main features of regulatory capital instrument	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds
Issuer	The Bank	The Bank	The Bank	The Bank
Unique identifier	1928007	1928011	1928012	2028041
Governing law(s) of the instrument	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents
Regulatory treatment				
Including: Transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital

Unaudited Supplementary Information to the Consolidated Financial Statements
(In RMB millions, unless otherwise stated)

Main features of regulatory capital instrument	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds
Including: Post-transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
Including: Eligible to the parent company/group level	Parent company/ Group	Parent company/ Group	Parent company/ Group	Parent company/ Group
Instrument type	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument
Amount recognised in regulatory capital (in millions, as at the latest reporting date)	RMB10,000	RMB45,000	RMB10,000	RMB60,000
Par value of instrument (in millions)	RMB10,000	RMB45,000	RMB10,000	RMB60,000
Accounting treatment	Debt securities issued	Debt securities issued	Debt securities issued	Debt securities issued
Original date of issuance	21 March 2019	24 April 2019	24 April 2019	22 September 2020
Perpetual or dated	Dated	Dated	Dated	Dated
Including: Original maturity date	25 March 2034	26 April 2029	26 April 2034	24 September 2030
Issuer call (subject to prior supervisory approval)	Yes	Yes	Yes	Yes
Including: Optional call date, contingent call dates and redemption amount	25 March 2029, in full amount	26 April 2024, in full amount	26 April 2029, in full amount	24 September 2025, in full amount
Including: Subsequent call dates, if applicable	N/A	N/A	N/A	N/A
Coupons/dividends				
Including: Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed
Including: Coupon rate and any related index	4.51%	4.40%	4.69%	4.20%
Including: Existence of a dividend stopper	No	No	No	No
Including: Fully discretionary, partially discretionary or mandatory cancellation of coupons/dividends	Mandatory	Mandatory	Mandatory	Mandatory
Including: Redemption incentive mechanism	No	No	No	No
Including: Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible or non-convertible	No	No	No	No
Including: If convertible, conversion trigger(s)	N/A	N/A	N/A	N/A
Including: If convertible, fully or partially	N/A	N/A	N/A	N/A
Including: If convertible, conversion rate	N/A	N/A	N/A	N/A
Including: If convertible, mandatory or optional conversion	N/A	N/A	N/A	N/A
Including: If convertible, specify instrument type convertible into	N/A	N/A	N/A	N/A
Including: If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A	N/A

Unaudited Supplementary Information to the Consolidated Financial Statements
(In RMB millions, unless otherwise stated)

Main features of regulatory capital instrument	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds
Write-down feature	Yes	Yes	Yes	Yes
Including: If write-down, write-down trigger(s)	Whichever occurs earlier: (i) CBIRC having decided that a write-down is necessary, without which the Issuer would become non-viable; or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable	Whichever occurs earlier: (i) CBIRC having decided that a write-down is necessary, without which the Issuer would become non-viable; or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable	Whichever occurs earlier: (i) CBIRC having decided that a write-down is necessary, without which the Issuer would become non-viable; or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable	Whichever occurs earlier: (i) CBIRC having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable
Including: If write-down, full or partial	Partial or full write-down	Partial or full write-down	Partial or full write-down	Partial or full write-down
Including: If write-down, permanent or temporary	Permanent write-down	Permanent write-down	Permanent write-down	Permanent write-down
Including: If temporary write-down, description of write-up mechanism	N/A	N/A	N/A	N/A
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinated to depositor and general creditor; but senior to equity capital, additional tier 1 capital instruments and hybrid capital bonds; pari passu with other subordinated debts that have been issued by the Issuer and are pari passu with the present bonds; and pari passu with other tier 2 capital instruments that will possibly be issued in the future and are pari passu with the present bonds	Subordinated to depositor and general creditor; but senior to equity capital, additional tier 1 capital instruments and hybrid capital bonds; pari passu with other subordinated debts that have been issued by the Issuer and are pari passu with the present bonds; and pari passu with other tier 2 capital instruments that will possibly be issued in the future and are pari passu with the present bonds	Subordinated to depositor and general creditor; but senior to equity capital, additional tier 1 capital instruments and hybrid capital bonds; pari passu with other subordinated debts that have been issued by the Issuer and are pari passu with the present bonds; and pari passu with other tier 2 capital instruments that will possibly be issued in the future and are pari passu with the present bonds	Subordinated to depositor and general creditor; but senior to equity capital, additional tier 1 capital instruments and hybrid capital bonds; pari passu with other subordinated debts that have been issued by the Issuer and are pari passu with the present bonds; and pari passu with other tier 2 capital instruments that will possibly be issued in the future and are pari passu with the present bonds
Non-compliant transitioned features	No	No	No	No
Including: If yes, specify non-compliant features	N/A	N/A	N/A	N/A

Unaudited Supplementary Information to the Consolidated Financial Statements
(In RMB millions, unless otherwise stated)

Main features of regulatory capital instrument	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds
Issuer	The Bank	The Bank	The Bank	The Bank
Unique identifier	2028049	2028050	2128002	2128051
Governing law(s) of the instrument	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents
Regulatory treatment				
Including: Transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
Including: Post-transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
Including: Eligible to the parent company/group level	Parent company/ Group	Parent company/ Group	Parent company/ Group	Parent company/ Group
Instrument type	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument
Amount recognised in regulatory capital (in millions, as at the latest reporting date)	RMB30,000	RMB10,000	RMB30,000	RMB50,000
Par value of instrument (in millions)	RMB30,000	RMB10,000	RMB30,000	RMB50,000
Accounting treatment	Debt securities issued	Debt securities issued	Debt securities issued	Debt securities issued
Original date of issuance	12 November 2020	12 November 2020	19 January 2021	13 December 2021
Perpetual or dated	Dated	Dated	Dated	Dated
Including: Original maturity date	16 November 2030	16 November 2035	21 January 2031	15 December 2031
Issuer call (subject to prior supervisory approval)	Yes	Yes	Yes	Yes
Including: Optional call date, contingent call dates and redemption amount	16 November 2025, in full amount	16 November 2030, in full amount	21 January 2026, in full amount	15 December 2026, in full amount
Including: Subsequent call dates, if applicable	N/A	N/A	N/A	N/A
Coupons/dividends				
Including: Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed
Including: Coupon rate and any related index	4.15%	4.45%	4.15%	3.48%
Including: Existence of a dividend stopper	No	No	No	No
Including: Fully discretionary, partially discretionary or mandatory cancellation of coupons/dividends	Mandatory	Mandatory	Mandatory	Mandatory
Including: Redemption incentive mechanism	No	No	No	No
Including: Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative

Unaudited Supplementary Information to the Consolidated Financial Statements
(In RMB millions, unless otherwise stated)

Main features of regulatory capital instrument	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds
Convertible or non-convertible	No	No	No	No
Including: If convertible, conversion trigger(s)	N/A	N/A	N/A	N/A
Including: If convertible, fully or partially	N/A	N/A	N/A	N/A
Including: If convertible, conversion rate	N/A	N/A	N/A	N/A
Including: If convertible, mandatory or optional conversion	N/A	N/A	N/A	N/A
Including: If convertible, specify instrument type convertible into	N/A	N/A	N/A	N/A
Including: If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A	N/A
Write-down feature	Yes	Yes	Yes	Yes
Including: If write-down, write-down trigger(s)	Whichever occurs earlier: (i) CBIRC having decided that a write-down is necessary, without which the Issuer would become non-viable; or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable	Whichever occurs earlier: (i) CBIRC having decided that a write-down is necessary, without which the Issuer would become non-viable; or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable	Whichever occurs earlier: (i) CBIRC having decided that a write-down is necessary, without which the Issuer would become non-viable; or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable	Whichever occurs earlier: (i) CBIRC having decided that a write-down is necessary, without which the Issuer would become non-viable; or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable
Including: If write-down, full or partial	Partial or full write-down	Partial or full write-down	Partial or full write-down	Partial or full write-down
Including: If write-down, permanent or temporary	Permanent write-down	Permanent write-down	Permanent write-down	Permanent write-down
Including: If temporary write-down, description of write-up mechanism	N/A	N/A	N/A	N/A
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinated to depositor and general creditor; but senior to equity capital, additional tier 1 capital instruments and hybrid capital bonds; pari passu with other subordinated debts that have been issued by the Issuer and are pari passu with the present bonds; and pari passu with other tier 2 capital instruments that will possibly be issued in the future and are pari passu with the present bonds	Subordinated to depositor and general creditor; but senior to equity capital, additional tier 1 capital instruments and hybrid capital bonds; pari passu with other subordinated debts that have been issued by the Issuer and are pari passu with the present bonds; and pari passu with other tier 2 capital instruments that will possibly be issued in the future and are pari passu with the present bonds	Subordinated to depositor and general creditor; but senior to equity capital, additional tier 1 capital instruments and hybrid capital bonds; pari passu with other subordinated debts that have been issued by the Issuer and are pari passu with the present bonds; and pari passu with other tier 2 capital instruments that will possibly be issued in the future and are pari passu with the present bonds	Subordinated to depositor and general creditor; but senior to equity capital, additional tier 1 capital instruments and hybrid capital bonds; pari passu with other subordinated debts that have been issued by the Issuer and are pari passu with the present bonds; and pari passu with other tier 2 capital instruments that will possibly be issued in the future and are pari passu with the present bonds
Non-compliant transitioned features	No	No	No	No
Including: If yes, specify non-compliant features	N/A	N/A	N/A	N/A

Unaudited Supplementary Information to the Consolidated Financial Statements
(In RMB millions, unless otherwise stated)

Main features of regulatory capital instrument	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds
Issuer	The Bank	The Bank	The Bank	The Bank	The Bank
Unique identifier	2128052	2228004	2228005	2228024	2228025
Governing law(s) of the instrument	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents
Regulatory treatment					
Including: Transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
Including: Post-transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
Including: Eligible to the parent company/group level	Parent company/Group	Parent company/Group	Parent company/Group	Parent company/Group	Parent company/Group
Instrument type	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument
Amount recognised in regulatory capital (in millions, as at the latest reporting date)	RMB10,000	RMB35,000	RMB5,000	RMB45,000	RMB5,000
Par value of instrument (in millions)	RMB10,000	RMB35,000	RMB5,000	RMB45,000	RMB5,000
Accounting treatment	Debt securities issued	Debt securities issued	Debt securities issued	Debt securities issued	Debt securities issued
Original date of issuance	13 December 2021	18 January 2022	18 January 2022	12 April 2022	12 April 2022
Perpetual or dated	Dated	Dated	Dated	Dated	Dated
Including: Original maturity date	15 December 2036	20 January 2032	20 January 2037	14 April 2032	14 April 2037
Issuer call (subject to prior supervisory approval)	Yes	Yes	Yes	Yes	Yes
Including: Optional call date, contingent call dates and redemption amount	15 December 2031, in full amount	18 January 2027, in full amount	18 January 2032, in full amount	12 April 2027, in full amount	12 April 2032, in full amount
Including: Subsequent call dates, if applicable	N/A	N/A	N/A	N/A	N/A
Coupons/dividends					
Including: Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed	Fixed
Including: Coupon rate and any related index	3.74%	3.28%	3.60%	3.50%	3.74%
Including: Existence of a dividend stopper	No	No	No	No	No
Including: Fully discretionary, partially discretionary or mandatory cancellation of coupons/dividends	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory
Including: Redemption incentive mechanism	No	No	No	No	No
Including: Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative

Unaudited Supplementary Information to the Consolidated Financial Statements
(In RMB millions, unless otherwise stated)

Main features of regulatory capital instrument	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds
Convertible or non-convertible	No	No	No	No	No
Including: If convertible, conversion trigger(s)	N/A	N/A	N/A	N/A	N/A
Including: If convertible, fully or partially	N/A	N/A	N/A	N/A	N/A
Including: If convertible, conversion rate	N/A	N/A	N/A	N/A	N/A
Including: If convertible, mandatory or optional conversion	N/A	N/A	N/A	N/A	N/A
Including: If convertible, specify instrument type convertible into	N/A	N/A	N/A	N/A	N/A
Including: If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A	N/A	N/A
Write-down feature	Yes	Yes	Yes	Yes	Yes
Including: If write-down, write-down trigger(s)	Whichever occurs earlier: (i) CBIRC having decided that a write-down is necessary, without which the Issuer would become non-viable; or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable	Whichever occurs earlier: (i) CBIRC having decided that a write-down is necessary, without which the Issuer would become non-viable; or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable	Whichever occurs earlier: (i) CBIRC having decided that a write-down is necessary, without which the Issuer would become non-viable; or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable	Whichever occurs earlier: (i) CBIRC having decided that a write-down is necessary, without which the Issuer would become non-viable; or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable	Whichever occurs earlier: (i) CBIRC having decided that a write-down is necessary, without which the Issuer would become non-viable; or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable
Including: If write-down, full or partial	Partial or full write-down	Partial or full write-down	Partial or full write-down	Partial or full write-down	Partial or full write-down
Including: If write-down, permanent or temporary	Permanent write-down	Permanent write-down	Permanent write-down	Permanent write-down	Permanent write-down
Including: If temporary write-down, description of write-up mechanism	N/A	N/A	N/A	N/A	N/A
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinated to depositor and general creditor; but senior to equity capital, additional tier 1 capital instruments and hybrid capital bonds; pari passu with other subordinated debts that have been issued by the Issuer and are pari passu with the present bonds; and pari passu with other tier 2 capital instruments that will possibly be issued in the future and are pari passu with the present bonds	Subordinated to depositor and general creditor; but senior to equity capital, additional tier 1 capital instruments and hybrid capital bonds; pari passu with other subordinated debts that have been issued by the Issuer and are pari passu with the present bonds; and pari passu with other tier 2 capital instruments that will possibly be issued in the future and are pari passu with the present bonds	Subordinated to depositor and general creditor; but senior to equity capital, additional tier 1 capital instruments and hybrid capital bonds; pari passu with other subordinated debts that have been issued by the Issuer and are pari passu with the present bonds; and pari passu with other tier 2 capital instruments that will possibly be issued in the future and are pari passu with the present bonds	Subordinated to depositor and general creditor; but senior to equity capital, additional tier 1 capital instruments and hybrid capital bonds; pari passu with other subordinated debts that have been issued by the Issuer and are pari passu with the present bonds; and pari passu with other tier 2 capital instruments that will possibly be issued in the future and are pari passu with the present bonds	Subordinated to depositor and general creditor; but senior to equity capital, additional tier 1 capital instruments and hybrid capital bonds; pari passu with other subordinated debts that have been issued by the Issuer and are pari passu with the present bonds; and pari passu with other tier 2 capital instruments that will possibly be issued in the future and are pari passu with the present bonds
Non-compliant transitioned features	No	No	No	No	No
Including: If yes, specify non-compliant features	N/A	N/A	N/A	N/A	N/A

6. Disclosure of Leverage Ratio

The following information is disclosed in accordance with the Administrative Measures for Leverage Ratio of Commercial Banks (Revised) (CBRC No. 1, 2015).

(i) Correspondence between Regulatory Leverage Ratio Items and Accounting Items and their differences

S/N	Item	30 June 2022	31 December 2021
1	Total consolidated assets as per published financial statements	38,744,376	35,171,383
2	Consolidated adjustments for accounting purposes but outside the scope of regulatory consolidation	(262,521)	(251,092)
3	Adjustments for fiduciary assets	–	–
4	Adjustments for derivative financial instruments	178,114	104,865
5	Adjustment for securities financing transactions	39,574	40,027
6	Adjustment for off-balance sheet items	2,324,478	2,244,477
7	Other adjustments	(17,909)	(17,138)
8	Balance of adjusted on- and off-balance sheet assets	41,006,112	37,292,522

(ii) Leverage Ratio, Net Tier 1 Capital, Balance of Adjusted On- and Off-balance Sheet Assets and Related Information

S/N	Item	30 June 2022	31 December 2021
1	On-balance sheet items (excluding derivatives and SFTs)	37,442,607	34,436,056
2	Less: Asset amounts deducted in determining Basel III tier 1 capital	(17,909)	(17,138)
3	Balance of adjusted on-balance sheet assets (excluding derivatives and SFTs)	37,424,698	34,418,918
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	131,402	84,898
5	Add-on amounts for PFE associated with all derivatives transactions	160,285	91,940
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	–	–
7	Less: Deductions of receivables assets for cash variation margin provided in derivatives transactions	–	–
8	Less: Exempted CCP leg of client-cleared trade exposures	(17)	(128)
9	Effective notional amount of written credit derivatives	62,864	37,702
10	Less: Adjusted effective notional deductions for written credit derivatives	(59,927)	(33,407)
11	Total derivative exposures	294,607	181,005
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	922,755	408,095
13	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	–	–
14	CCR exposure for SFT assets	39,574	40,027
15	Agent transaction exposures	–	–
16	Total securities financing transaction exposures	962,329	448,122
17	Off-balance sheet exposure at gross notional amount	6,719,687	6,328,760
18	Less: Adjustments for conversion to credit equivalent amounts	(4,395,209)	(4,084,283)
19	Balance of adjusted off-balance sheet assets	2,324,478	2,244,477
20	Net tier 1 capital	3,296,397	3,241,364
21	Balance of adjusted on- and off-balance sheet assets	41,006,112	37,292,522
22	Leverage ratio	8.04%	8.69%

7. Quantitative Information Disclosure of Liquidity Coverage Ratio Using Advanced Capital Management Approach

The Group discloses liquidity coverage ratio using Advanced Capital Management Approach in accordance with Measures for the Disclosure of Information on Liquidity Coverage Ratio by Commercial Banks (Yin Jian Fa [2015] No. 52).

S/N	Item	Second-quarter 2022	
		Total unweighted value	Total weighted value
High-quality liquid assets			
1	Total high-quality liquid assets (HQLA)		5,999,669
Cash outflows			
2	Retail deposits and deposits from small business customers of which:	14,204,585	1,416,808
3	Stable deposits	57,196	2,069
4	Less stable deposits	14,147,389	1,414,739
5	Unsecured wholesale funding, of which:	15,911,581	5,319,756
6	Operational deposits (excluding those generated from correspondent banking activities)	9,295,092	2,262,614
7	Non-operational deposits (all counterparties)	6,538,792	2,979,445
8	Unsecured debt	77,697	77,697
9	Secured funding		11,307
10	Additional requirements, of which:	3,330,951	1,432,166
11	Outflows related to derivative exposures and other collateral requirements	1,272,227	1,272,227
12	Outflows related to loss of funding on debt products	–	–
13	Credit and liquidity facilities	2,058,724	159,939
14	Other contractual funding obligations	78,173	78,151
15	Other contingent funding obligations	5,360,999	103,876
16	Total cash outflows		8,362,064
Cash inflows			
17	Secured lending (including reverse repos and securities borrowing)	1,161,127	925,496
18	Inflows from fully performing exposures	1,666,129	1,127,045
19	Other cash inflows	1,280,095	1,277,510
20	Total cash inflows	4,107,351	3,330,051
			Total Adjusted Value
21	Total HQLA		5,999,669
22	Total net cash outflows		5,032,013
23	Liquidity coverage ratio (%)		119.33%

Data of the above table are the simple arithmetic average of the 91 calendar days' figures of the recent quarter.

8. Quantitative Information Disclosure of Net Stable Funding Ratio (NSFR) Using Advanced Capital Management Approach

The Group discloses net stable funding ratio information in accordance with Measures for the Disclosure of Information on Net Stable Funding Ratio by Commercial Banks (Yin Bao Jian Fa [2019] No. 11).

No.	Item	30 June 2022				Weighted value
		Unweighted value				
		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	
Available stable funding (ASF) item						
1	Capital:	3,583,225	–	–	400,665	3,983,890
2	Regulatory capital	3,583,225	–	–	400,665	3,983,890
3	Other capital instruments	–	–	–	–	–
4	Retail deposits and deposits from small business customers:	6,746,911	8,083,155	30,735	10,870	13,390,379
5	Stable deposits	42,647	36,390	16,706	6,997	97,953
6	Less stable deposits	6,704,264	8,046,765	14,029	3,873	13,292,426
7	Wholesale funding:	9,391,190	7,695,662	491,149	235,128	8,466,370
8	Operational deposits	8,995,350	627,988	9,774	2,673	4,819,229
9	Other wholesale funding	395,840	7,067,674	481,375	232,455	3,647,141
10	Liabilities with matching interdependent assets	–	–	–	–	–
11	Other liabilities:	9,395	1,201,431	21,285	615,658	565,353
12	NSFR derivative liabilities	–	–	–	70,343	–
13	All other liabilities and equities not included in the above categories	9,395	1,201,431	21,285	545,315	565,353
14	Total ASF					26,405,992
Required stable funding (RSF) item						
15	Total NSFR high-quality liquid assets (HQLA)					1,139,190
16	Deposits held at other financial institutions for operational purposes	194,095	18,163	259	983	107,480
17	Loans and securities:	560	4,657,192	3,467,415	17,932,323	18,578,399
18	Loans to financial institutions secured by Level 1 HQLA	–	749,789	–	–	111,382
19	Loans to financial institutions secured by non-Level 1 HQLA and unsecured loans to financial institutions	–	1,133,743	341,540	211,698	552,530
20	Loans to retail and small business customers, non-financial institutions, sovereigns, central banks and PSEs, of which:	–	2,384,540	2,991,647	10,276,498	11,326,206
21	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	–	484,943	744,938	317,348	807,535
22	Residential mortgages, of which:	–	2,131	3,593	6,455,006	5,487,260
23	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	–	408	405	12,676	8,823
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	560	386,989	130,635	989,121	1,101,021
25	Assets with matching interdependent liabilities	–	–	–	–	–
26	Other assets:	323,646	388,932	36,284	116,118	721,431
27	Physical traded commodities, including gold	38,457	–	–	–	32,688
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	–	–	–	38,249	32,512
29	NSFR derivative assets	–	–	–	62,748	–
30	NSFR derivative liabilities with additional variation margin posted	–	–	–	86,599*	17,320
31	All other assets not included in the above categories	285,189	388,932	36,284	15,121	638,911
32	Off-balance sheet items	–	–	–	8,210,983	241,869
33	Total RSF					20,788,369
34	Net Stable Funding Ratio (%)					127.02%

(*) The amount of derivative liabilities shall be filled in for this item, which is the amount of NSFR derivative liabilities without regard to maturity before deducting variation margin. It is excluded from the item 26 "Other assets".

Unaudited Supplementary Information to the Consolidated Financial Statements
(In RMB millions, unless otherwise stated)

		31 March 2022				
		Unweighted value				
No.	Item	No maturity	< 6 months	6 months to < 1 year	≥ 1 year	Weighted value
Available stable funding (ASF) item						
1	Capital:	3,610,100	–	–	350,103	3,960,203
2	Regulatory capital	3,610,100	–	–	350,103	3,960,203
3	Other capital instruments	–	–	–	–	–
4	Retail deposits and deposits from small business customers:	6,608,445	7,873,901	18,402	9,699	13,064,862
5	Stable deposits	39,466	38,660	11,664	6,804	92,104
6	Less stable deposits	6,568,979	7,835,241	6,738	2,895	12,972,758
7	Wholesale funding:	8,907,893	7,254,109	490,465	262,371	8,061,546
8	Operational deposits	8,531,753	662,626	21,425	3,919	4,611,821
9	Other wholesale funding	376,140	6,591,483	469,040	258,452	3,449,725
10	Liabilities with matching interdependent assets	–	–	–	–	–
11	Other liabilities:	9,226	942,222	116,702	667,079	672,890
12	NSFR derivative liabilities	–	–	–	61,766	–
13	All other liabilities and equities not included in the above categories	9,226	942,222	116,702	605,313	672,890
14	Total ASF					25,759,501
Required stable funding (RSF) item						
15	Total NSFR high-quality liquid assets (HQLA)					1,074,553
16	Deposits held at other financial institutions for operational purposes	138,878	59,689	247	980	101,422
17	Loans and securities:	745	4,395,450	2,976,868	17,515,092	17,899,225
18	Loans to financial institutions secured by Level 1 HQLA	–	642,863	–	–	95,565
19	Loans to financial institutions secured by non-Level 1 HQLA and unsecured loans to financial institutions	–	1,092,671	255,535	168,298	459,967
20	Loans to retail and small business customers, non-financial institutions, sovereigns, central banks and PSEs, of which:	–	2,328,431	2,605,859	9,985,974	10,864,156
21	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	–	411,344	513,995	305,058	646,795
22	Residential mortgages, of which:	–	2,074	3,575	6,456,203	5,487,911
23	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	–	423	425	14,393	9,971
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	745	329,411	111,899	904,617	991,626
25	Assets with matching interdependent liabilities	–	–	–	–	–
26	Other assets:	314,854	461,279	45,484	121,378	795,527
27	Physical traded commodities, including gold	36,333	–	–	–	30,883
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	–	–	–	43,541	37,010
29	NSFR derivative assets	–	–	–	58,214	–
30	NSFR derivative liabilities with additional variation margin posted	–	–	–	83,045*	16,609
31	All other assets not included in the above categories	278,521	461,279	45,484	19,623	711,025
32	Off-balance sheet items	–	–	–	7,966,429	238,873
33	Total RSF					20,109,600
34	Net Stable Funding Ratio (%)					128.10%

(*) The amount of derivative liabilities shall be filled in for this item, which is the amount of NSFR derivative liabilities without regard to maturity before deducting variation margin. It is excluded from the item 26 "Other assets".



中國北京市西城區復興門內大街55號 郵編：100140
55 Fuxingmennei Avenue, Xicheng District, Beijing, China Post Code: 100140
www.icbc.com.cn, www.icbc-ltd.com