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**交通銀行股份有限公司**  
**Bank of Communications Co., Ltd.**

*(A joint stock company incorporated in the People's Republic of China with limited liability)*  
**(Stock Code: 03328)**

**RESULTS ANNOUNCEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

The Board of Directors (the “**Board of Directors**”) of Bank of Communications Co., Ltd. (the “**Bank**”) is pleased to announce the audited consolidated financial information (the “**Annual Results**”) of the Bank and its subsidiaries (the “**Group**”) for the year ended 31 December 2022 (the “**Reporting Period**”), which was prepared in accordance with the *International Financial Reporting Standards* (the “**IFRSs**”) issued by the International Accounting Standards Board. The Board of Directors of the Bank and the Audit Committee of the Board of Directors have reviewed and confirmed the Annual Results.

**I. GENERAL INFORMATION**

	<b>Stock name</b>	<b>Stock code</b>	<b>Stock exchange</b>
<b>A Share</b>	Bank of Communications	601328	Shanghai Stock Exchange
<b>H Share</b>	BANKCOMM	03328	The Stock Exchange of Hong Kong Limited
<b>Domestic Preference Share</b>	BOCOM PREF1	360021	Shanghai Stock Exchange

**Secretary of the Board of Directors and Company Secretary**

Name	Zhou Wanfu (temporary)
Contact address	188 Yin Cheng Zhong Lu, Pudong New District, Shanghai
Tel	86-21-58766688
Fax	86-21-58798398
E-mail	investor@bankcomm.com

## II. KEY FINANCIAL DATA AND FINANCIAL INDICATORS

As at the end of the Reporting Period, key financial data and financial indicators prepared by the Group under IFRSs are as follows:

Items	2022	2021	2020	2019	2018
<b>Full year results</b>				<i>(in millions of RMB)</i>	
Net interest income	<b>169,937</b>	161,693	153,336	144,083	130,908
Net fee and commission income	<b>44,639</b>	47,573	45,086	43,625	41,237
Net operating income	<b>273,528</b>	269,748	246,724	232,857	213,055
Credit impairment losses	<b>60,411</b>	66,371	62,059	51,954	43,454
Operating expenses	<b>76,825</b>	74,545	66,004	66,560	64,040
Profit before tax	<b>98,215</b>	93,959	86,425	88,200	86,067
Net profit (attributable to shareholders of the Bank)	<b>92,149</b>	87,581	78,274	77,281	73,630
<b>As at the end of the year</b>				<i>(in millions of RMB)</i>	
Total assets	<b>12,992,419</b>	11,665,757	10,697,616	9,905,600	9,531,171
Loans and advances to customers <sup>1</sup>	<b>7,296,155</b>	6,560,400	5,848,424	5,304,275	4,854,228
Total liabilities	<b>11,956,679</b>	10,688,521	9,818,988	9,104,688	8,825,863
Due to customers <sup>1</sup>	<b>7,949,072</b>	7,039,777	6,607,330	6,072,908	5,793,324
Shareholders' equity (attributable to shareholders of the Bank)	<b>1,023,409</b>	964,647	866,607	793,247	698,405

Items	2022	2021	2020	2019	2018
<b>Per share</b>					(in RMB)
Earnings per share (attributable to the ordinary shareholders of the Bank) <sup>2</sup>	<b>1.14</b>	1.10	0.99	1.00	0.96
Net assets per share (attributable to the ordinary shareholders of the Bank) <sup>3</sup>	<b>11.43</b>	10.64	9.87	9.34	8.60
<b>Key financial ratios</b>					(%)
Return on average assets	<b>0.75</b>	0.80	0.77	0.80	0.80
Return on weighted-average shareholders' equity <sup>2</sup>	<b>10.33</b>	10.76	10.35	11.20	11.36
Net interest margin <sup>4</sup>	<b>1.48</b>	1.56	1.57	1.58	1.51
Cost-to-income ratio <sup>5</sup>	<b>28.14</b>	27.67	26.81	28.63	30.11
Non-performing loan ratio	<b>1.35</b>	1.48	1.67	1.47	1.49
Provision coverage ratio	<b>180.68</b>	166.50	143.87	171.77	173.13
<b>Capital adequacy ratios</b>					(in millions of RMB unless otherwise stated)
Net capital <sup>6</sup>	<b>1,250,317</b>	1,139,957	1,021,246	911,256	817,549
Including: Net core tier-1 capital <sup>6</sup>	<b>840,164</b>	783,877	727,611	689,489	634,807
Other tier-1 capital <sup>6</sup>	<b>176,480</b>	176,348	134,610	100,057	60,025
Tier-2 capital <sup>6</sup>	<b>233,673</b>	179,732	159,025	121,710	122,717
Risk-weighted assets <sup>6</sup>	<b>8,350,074</b>	7,379,912	6,695,462	6,144,459	5,690,542
Capital adequacy ratio (%) <sup>6</sup>	<b>14.97</b>	15.45	15.25	14.83	14.37
Tier-1 capital adequacy ratio (%) <sup>6</sup>	<b>12.18</b>	13.01	12.88	12.85	12.21
Core tier-1 capital adequacy ratio (%) <sup>6</sup>	<b>10.06</b>	10.62	10.87	11.22	11.16

*Notes:*

- Loans and advances to customers do not include interest receivable on related loans. Due to customers includes interest payable of related deposits.
- Calculated pursuant to the requirements of *Regulations on the Preparation of Information Disclosure for Companies Offering Securities to the Public No. 9 – Calculation and Disclosure of Return on Net Assets and Earnings per Share (2010 Revision)* issued by the China Securities Regulatory Commission (the “CSRC”).
- Refer to shareholder's equity attributable to the ordinary shareholders of the Bank after the deduction of other equity instruments against the total issued ordinary shares as at the end of the period.
- Represented the ratio of net interest income to total average interest-bearing assets.
- Calculated pursuant to China Accounting Standards, as business and management fees divided by operating income, which is consistent with the financial report prepared under China Accounting Standards. Comparative data have been restated in accordance with the current presentation.
- Calculated pursuant to the *Administrative Measures on the Capital of Commercial Banks (for Trial Implementation)* by the China Banking and Insurance Regulatory Commission (the “CBIRC”).

### III. CHANGES IN SHARES AND SHAREHOLDERS

#### (I). Changes in Ordinary Shares

As at the end of the Reporting Period, the Bank issued a total of 74,262,726,645 ordinary shares including 39,250,864,015 A shares and 35,011,862,630 H shares, which accounted for 52.85% and 47.15% respectively. All the ordinary shares issued by the Bank are not subject to sales restrictions.

#### 1. *Shareholdings of Top 10 Ordinary Shareholders as at the end of the Reporting Period*<sup>1</sup>

Name of shareholders (Full name)	Increase or decrease during the Reporting Period (share)	Number of shares held as at the end of the Reporting Period (share)	Percentage (%)	Class of shares	Shares pledged or frozen	Nature of shareholders
The Ministry of Finance of the People's Republic of China	–	13,178,424,446	17.75	A Share	Nil	Government
The Hongkong and Shanghai Banking Corporation Limited <sup>2,4</sup>	–	4,553,999,999	6.13	H Share	Nil	Foreign legal entity
The National Council for Social Security Fund <sup>3,4</sup>	–	14,135,636,613	19.03	H Share	Nil	Government
Hong Kong Securities Clearing Company Nominees Limited <sup>4,5</sup>	–	3,105,155,568	4.18	A Share	Nil	Government
China Securities Finance Corporation Limited	–	8,433,333,332	11.36	H Share	Nil	Government
Capital Airports Holdings Company Limited	4,052,857	7,706,614,849	10.38	H Share	Unknown	Foreign legal entity
Hong Kong Securities Clearing Company Limited	–	1,891,651,202	2.55	A Share	Nil	State-owned legal entity
Shanghai Haiyan Investment Management Co., Ltd. <sup>5</sup>	–	1,246,591,087	1.68	A Share	Nil	State-owned legal entity
Yunnan Hehe (Group) Co., Ltd. <sup>5</sup>	209,374,254	1,068,284,710	1.44	A Share	Nil	Foreign legal entity
FAW Equity Investment (Tianjin) Co., Ltd.	–	808,145,417	1.09	A Share	Nil	State-owned legal entity
	–	745,305,404	1.00	A Share	Nil	State-owned legal entity
	–	663,941,711	0.89	A Share	Nil	State-owned legal entity

*Notes:*

1. The relevant data and information are based on the Bank's register of members at the Share Registrar and Transfer Office and the information provided by shareholders to the Bank.
2. According to the Bank's register of members, the Hongkong and Shanghai Banking Corporation Limited ("HSBC") held 13,886,417,698 H shares of the Bank. HSBC beneficially held 249,218,915 more H shares than shown on the Bank's register of members. The discrepancy was due to a purchase of H shares by HSBC from the secondary market in 2007 and thereafter receiving bonus shares issued by the Bank and participating in the rights issue of the Bank. Those extra shares have been registered under Hong Kong Securities Clearing Company Nominees Limited ("HKSCC Nominees Limited").
3. Including the 1,970,269,383 A shares of the Bank held by the Sixth Transfer Account for State-owned Capital of the National Council for Social Security Fund ("SSF"). Other than the above shareholdings, the SSF held additional 616,795,000 H shares, which were indirectly held by certain asset managers (including Hong Kong Stock Connect). **As at the end of the Reporting Period, the SSF held a total of 12,155,283,900 A shares and H shares of the Bank, representing 16.37% of the Bank's total ordinary shares issued.**
4. HKSCC Nominees Limited held the H shares of the Bank as a nominee. The aggregate number of shares held by HKSCC Nominees Limited represents the total number of H shares of the Bank held by all institutional and individual investors who maintained an account with it as at the end of the Reporting Period. The data did not include 249,218,915 and 7,027,777,777 H shares indirectly held by HSBC and SSF respectively, which were registered under HKSCC Nominees Limited. The data did not include 13,886,417,698 and 1,405,555,555 H shares of the Bank directly held by the aforementioned two shareholders respectively as well, which were registered in the Bank's register of members.
5. Shanghai Haiyan Investment Management Co., Ltd. and Yunnan Hehe (Group) Co., Ltd. are parties acting in concert as defined under the *Provisional Measures on Shareholdings Administration of Commercial Banks (China Banking Regulatory Commission Order No.1 of 2018)*. 7 subordinate enterprises of China National Tobacco Corporation including Shanghai Haiyan Investment Management Co., Ltd. and Yunnan Hehe (Group) Co., Ltd. authorised and entrusted China National Tobacco Corporation to present at the Shareholders' General Meeting of the Bank and to exercise the voting rights on their behalf. HKSCC Nominees Limited is a wholly-owned subsidiary of Hong Kong Securities Clearing Company Limited ("HKSCC"). Furthermore, The Bank is not aware of the existence of any related relationship among the other Top 10 shareholders, or whether they are parties acting in concert as defined in the *Provisional Measures on Shareholdings Administration of Commercial Banks*.

**2. Substantial Shareholders and Holders of Interest or Short Positions Required to be Disclosed under Division 2 and 3 of Part XV of the Securities and Futures Ordinance (“SFO”)**

As at the end of the Reporting Period, to the knowledge of the directors, supervisors and chief executive of the Bank, the substantial shareholders and other persons (excluding the directors, supervisors and chief executive of the Bank) who had interests or short positions in the shares or underlying shares of the Bank as recorded in the register required to be kept pursuant to Section 336 of the *SFO* are as follows:

Name of substantial shareholders	Capacity	Number of A shares	Nature of interest <sup>1</sup>	Percentage of total issued A shares (%)	Percentage of total issued shares (%)
The Ministry of Finance of the People’s Republic of China	Beneficial owner	13,178,424,446 <sup>2</sup>	Long position	33.57	17.75
The National Council for Social Security Fund	Beneficial owner	3,105,155,568 <sup>4</sup>	Long position	7.91	4.18

Name of substantial shareholders	Capacity	Number of H shares	Nature of interest <sup>1</sup>	Percentage of total issued H shares (%)	Percentage of total issued shares (%)
The Ministry of Finance of the People’s Republic of China	Beneficial owner	4,553,999,999 <sup>2</sup>	Long position	13.01	6.13
HSBC Holdings plc	Interests of controlled corporations	14,135,636,613 <sup>3</sup>	Long position	40.37	19.03
The National Council for Social Security Fund	Beneficial owner	9,050,128,332 <sup>4</sup>	Long position	25.85	12.19

*Notes:*

1. Long positions held other than through equity derivatives.
2. To the knowledge of the Bank, as at the end of the Reporting Period, the Ministry of Finance held 4,553,999,999 H shares and 13,178,424,446 A shares of the Bank, respectively representing 6.13% and 17.75% of the total ordinary shares issued by the Bank.
3. HSBC Holdings plc wholly owns HSBC Asia Holdings Limited, which wholly owns HSBC. HSBC beneficially held 14,135,636,613 H shares of the Bank. Pursuant to the *SFO*, HSBC Holdings plc was deemed to own the interests associated with the 14,135,636,613 H shares held by HSBC.
4. To the knowledge of the Bank, as at the end of the Reporting Period, the SSF held 9,050,128,332 H shares and 3,105,155,568 A shares (please refer to the details in *Shareholdings of Top 10 Ordinary Shareholders* and relevant notes) of the Bank, respectively representing 12.19% and 4.18% of the Bank's total ordinary shares issued.

Save as disclosed above, as at the end of the Reporting Period, no other person (excluding the directors, supervisors and chief executives of the Bank) or corporation were recorded in the register required to be kept under Section 336 of the *SFO* as holding any interests or short positions in the shares or underlying shares of the Bank that would fall to be disclosed to the Bank and the Hong Kong Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the *SFO*.

## (II). Information of Preference Shares

### 1. Top 10 Preference Shareholders and Their Shareholdings as at the end of the Reporting Period

Name of shareholders	Increase or decrease during the Reporting Period (share)	Number of shares held as at the end of the Reporting Period (share)	Percentage (%)	Class of shares held	Shares pledged or frozen	Nature of shareholders
China Mobile Communications Group Co. Ltd.	–	100,000,000	22.22	Domestic preference share	Nil	State-owned legal entity
HwaBoo Trust Co., Ltd. –HwaBoo Trust –Baofu Investment No.1 Collective Capital Trust Plan	–	48,910,000	10.87	Domestic preference share	Nil	Others
CCB Trust Co., Ltd. –“Qian Yuan –Ri Xin Yue Yi” Open-ended Wealth Management Single Fund Trust	–	20,000,000	4.44	Domestic preference share	Nil	Others
Bosera Funds –ICBC –Bosera –ICBC – Flexible Allocation No. 5 Specific Multi-customer Asset Management Plan	–	20,000,000	4.44	Domestic preference share	Nil	Others
Ping An Life Insurance Co., Ltd. – Proprietary fund	–	18,000,000	4.00	Domestic preference share	Nil	Others
China National Tobacco Corporation – Henan Branch	–	15,000,000	3.33	Domestic preference share	Nil	State-owned legal entity
China Life Property & Casualty Insurance Company Limited –Traditional – Common insurance product	–	15,000,000	3.33	Domestic preference share	Nil	Others
CITIC Securities –Postal Saving Bank– CITIC Securities Xingchen No.28 Collective Asset Management Plan	–	14,000,000	3.11	Domestic preference share	Nil	Others
Everbright Securities Asset Management (“EBSAM”) –Everbright Bank – EBSAM Xinyou No.4 Collective Asset Management Plan	–	13,000,000	2.89	Domestic preference share	Nil	Others
CMW Asset Management –CMB –China Merchants Wealth –Chengcai No.1 Collective Asset Management Plan	–	10,225,000	2.27	Domestic preference share	Nil	Others



Notes:

1. Shareholdings of preference shareholders are summarised according to the Bank's register members of preference shareholders.
2. "Percentage" refers to the percentage of number of preference shares held by preference shareholders in the total number of preference shares.
3. According to the *Administrative Measures on the Connected Transactions of Banking and Insurance Institutions* issued by the CBIRC, to the knowledge of the Bank, China National Tobacco Corporation Henan Branch is related with Shanghai Haiyan Investment Management Co., Ltd. and Yunnan Hehe (Group) Co., Ltd., which are among top 10 ordinary shareholders of the Bank.
4. The Bank is not aware of the existence of any related relationship among the top 10 preference shareholders or any relationship between the above shareholders and top 10 ordinary shareholders, or whether they are parties acting in concert.

## **2. Dividends Distribution of Preference Shares**

The Bank distributed dividends annually for the preference shares in cash. In the event that the Bank resolved to cancel part or all of the dividends of preference shares, the difference in the amount of dividends not fully paid to the shareholders of preference shares in the current period did not accrue to the subsequent interest period. Preference shareholders would not participate in the distribution of the residual earnings with ordinary shareholders after receiving dividends as agreed.

In accordance with the resolution and authorisation of the Shareholders' General Meeting, the 26th meeting of the 9th Session of the Board of Directors of the Bank was held on 29 April 2022, at which the proposal for the dividend distribution of "BOCOM PREF1" was considered and approved. The dividend on "BOCOM PREF1" was calculated at the nominal dividend yield of 4.07% and amounted to RMB1,831,500,000, which was distributed on 7 September 2022 in cash. Please refer to the announcement published by the Bank for details of dividend distribution of preference shares.

## **3. Other Information of Preference Shares**

According to the *Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments*, the *Accounting Standards for Business Enterprises No. 37 – Presentation of Financial Instruments* issued by the Ministry of Finance, the *International Financial Report Standards 9 – Financial Instruments* and the *International Accounting Standards 32 – Financial Instruments: Presentation* issued by International Accounting Standards Board as well as substantial terms and conditions of the preference shares issued by the Bank, the preference shares of the Bank were classified as equity instruments.

During the Reporting Period, there was no restoration of voting rights for preference shares.

### (III). Issuance, Listing, Trading and Redemption/Payment of Securities

During the Reporting Period, the Bank issued neither ordinary shares and convertible bonds, nor corporate bonds that were required to be disclosed in accordance with the *Standards on the Content and Format of Information Disclosure of Publicly Listed Company No.2 – Content and Format of the Annual Report (2021 Revision)* and the *Administrative Measures for Information Disclosure of Enterprise Credit Bonds*. During the Reporting Period, the Bank and its subsidiaries did not purchase or sell any of the Bank's listed securities. Please refer to "2. Redemption/Payment of Bonds" below for the redemption or payment of the Bank's bonds during the Reporting Period.

The Bank did not issue preference shares during the past three years. During the Reporting Period, there was neither any redemption nor conversion of preference shares.

The Bank has no employee stock.

#### 1. Issuance of Bonds

According to the resolution of the 2021 First Extraordinary General Meeting, and with the approvals by the CBIRC and the People's Bank of China (the "PBOC"), the Bank issued a 30.0 billion tier-2 capital bond in China's National Interbank Bond Market in February 2022 with a fixed coupon rate of 3.45% and a term of 10 years. The issuer is entitled to the right of redemption with pre-conditions at the end of the 5th year. The net proceeds after deducting offering-related expenses were all used to replenish the tier-2 capital of the Bank.

According to the resolution of the 24th meeting of the 9th Board of Directors, and with the approvals by the CBIRC and the PBOC, the Bank issued a 30.0 billion special financial bond for loans to small and micro enterprises in China's National Interbank Bond Market in June 2022 with a term of 3 years and a coupon rate of 2.75%. The proceeds were all used for loans to small and micro enterprises.

According to the resolution of the 24th meeting of the 9th Board of Directors, and with the approvals by the CBIRC and the PBOC, the Bank issued a 20.0 billion green financial bond in China's National Interbank Bond Market in August 2022 with a term of 3 years and a coupon rate of 2.42%. The proceeds were all used for green industry projects stipulated in the *Green Bond Endorsed Projects Catalogue (2021 Edition)*.

According to the resolution of the 2021 First Extraordinary General Meeting, and with the approvals by the CBIRC and the PBOC, the Bank issued a 50.0 billion tier-2 capital bond in China's National Interbank Bond Market in November 2022. Of which, one was with a fixed coupon rate of 3.03%, an aggregate nominal amount of 37.0 billion and a term of 10 years. The issuer is entitled to the right of redemption with pre-conditions at the end of the 5th year. The other one was with a fixed coupon rate of 3.36%, an aggregate nominal amount of 13.0 billion and a term of 15 years. The issuer is entitled to the right of redemption with pre-conditions at the end of the 10th year. The net proceeds after deducting offering related expenses were all used to replenish the tier-2 capital of the Bank.

According to the resolution of the 24th meeting of the 9th Board of Directors, and with the approvals by the CBIRC and the PBOC, the Bank issued a 30.0 billion special financial bond for loans to small and micro enterprises in China's National Interbank Bond Market in December 2022 with a term of 3 years and a coupon rate of 2.98%. The proceeds were all used for loans to small and micro enterprises.

According to the resolution of the 24th meeting of the 9th Board of Directors, and with the approvals by the CBIRC and the PBOC, the Bank issued a 10.0 billion green financial bond in China's National Interbank Bond Market in December 2022 with a term of 3 years and a coupon rate of 2.96%. The proceeds were all used for green industry projects stipulated in the *Green Bond Endorsed Projects Catalogue (2021 Edition)*.

## **2. *Redemption/Payment of Bonds***

With the approval by the CBIRC, the Bank fully redeemed the 30.0 billion tier-2 capital bond issued in April 2017 in China's National Interbank Bond Market in advance in April 2022. The bond had a term of 10 years and the issuer is entitled to the right of redemption with pre-conditions at the end of the 5th year.

In November 2022, the Bank paid the 50.0 billion 3-year straight bonds issued in November 2019 in China's National Interbank Bond Market on the due date.

In December 2022, the Bank paid the 40.0 billion 3-year straight bonds issued in December 2019 in China's National Interbank Bond Market on the due date.

## **3. *Equity Linked Agreement***

The Bank privately issued domestic preference shares with an amount of 450 million in September 2016. Assuming that the Bank triggers a mandatory share conversion event and all preference shares are mandatorily required to be converted into ordinary shares at the initial share conversion price, the number of the above domestic preference shares being converted into ordinary A shares will not exceed 7.2 billion shares.

## IV. MANAGEMENT DISCUSSION AND ANALYSIS

### (I). Financial Statement Analysis

During the Reporting Period, the Group strictly carried out the decisions and arrangements by the CPC Central Committee. It continued to adhere to the general work keynote of making progress while remaining stability. The Group also fully implemented the overall requirements of “preventing the epidemic, stabilising the economy and coordinating development with safety” and continuously executed the “three major tasks” to keep and consolidate “the development status of maintaining stability with progress made and quality improved”.

**Focus on value creation with stable profitability.** During the Reporting Period, the Group’s net profit (attributable to shareholders of the Bank) amounted to 92.149 billion, representing a year-on-year increase of 5.22%; the Group’s net operating income amounted to 273.528 billion, representing a year-on-year increase of 1.40%; the net interest margin stood at 1.48%. The return on average assets stood at 0.75%. The return on weighted average net assets stood at 10.33%.

**Increase credit allocation to actively serve the real economy.** As at the end of the Reporting Period, the total assets of the Group increased by 11.37% over the end of the previous year to 12.99 trillion, of which, the balance of the Group’s loans and advances to customers increased by 735.8 billion or 11.22% over the end of the previous year to 7.30 trillion, representing a year-on-year increase of 23.8 billion; the balance of bond investment increased by 395.4 billion or 13.09% over the end of the previous year to 3.42 trillion, representing a year-on-year increase of 161.8 billion.

**Build a strong safety base to solidify the foundation of risk management.** The Bank gained remarkable results from the battle for asset quality. As at the end of the Reporting Period, non-performing loan ratio of the Group was 1.35%, representing a decrease of 0.13 percentage points over the end of the previous year. Provision coverage ratio was 180.68%, representing an increase of 14.18 percentage points over the end of the previous year. Overdue loan ratio was 1.16%, representing a decrease of 0.17 percentage points over the end of the previous year.

## 1. Analysis on Key Income Statement Items

### (1) Profit before tax

During the Reporting Period, the Group's profit before tax increased by 4.256 billion on a year-on-year basis, representing an increase of 4.53% to 98.215 billion. The increase of profit was mainly derived from the year-on-year increase of net interest income and the year-on-year decrease of credit impairment losses. During the Reporting Period, the Group's net interest income increased by 8.244 billion or 5.10% on a year-on-year basis. Credit impairment losses decreased by 5.96 billion or 8.98% on a year-on-year basis.

The selected items from the income statement of the Group during the periods indicated are shown below:

	<i>(in millions of RMB unless otherwise stated)</i>		
	<b>2022</b>	2021	Increase/ (decrease)(%)
Net interest income	<b>169,937</b>	161,693	5.10
Net non-interest income	<b>103,591</b>	108,055	(4.13)
Including: Net fee and commission income	<b>44,639</b>	47,573	(6.17)
<b>Net operating income</b>	<b>273,528</b>	269,748	1.40
Credit impairment losses	<b>(60,411)</b>	(66,371)	(8.98)
Impairment losses on other assets	<b>(1,897)</b>	(2,320)	(18.23)
Insurance business expense	<b>(19,380)</b>	(17,054)	13.64
Other operating expenses	<b>(93,625)</b>	(90,044)	3.98
Including: Operating expenses	<b>(76,825)</b>	(74,545)	3.06
<b>Profit before tax</b>	<b>98,215</b>	93,959	4.53
Income tax	<b>(6,185)</b>	(5,020)	23.21
<b>Net profit</b>	<b>92,030</b>	88,939	3.48
<b>Net profit attributable to shareholders of the Bank</b>	<b>92,149</b>	87,581	5.22

The breakdown of the net operating income of the Group during the period indicated is shown below:

*(in millions of RMB unless otherwise stated)*

	<b>2022</b>		
	<b>Amount</b>	<b>Proportion (%)</b>	<b>Increase/ (decrease) on a year-on-year basis (%)</b>
Net interest income	<b>169,937</b>	<b>62.13</b>	<b>5.10</b>
Net fee and commission income	<b>44,639</b>	<b>16.32</b>	<b>(6.17)</b>
Net gains arising from trading activities	<b>17,607</b>	<b>6.44</b>	<b>(24.58)</b>
Net gains arising from financial investments	<b>494</b>	<b>0.18</b>	<b>(62.32)</b>
Net share of profits of associates and joint ventures	<b>292</b>	<b>0.11</b>	<b>5.42</b>
Insurance business income	<b>18,100</b>	<b>6.62</b>	<b>9.60</b>
Other operating income	<b>22,459</b>	<b>8.20</b>	<b>17.99</b>
<b>Total net operating incomes</b>	<b>273,528</b>	<b>100.00</b>	<b>1.40</b>

*(2) Net interest income*

During the Reporting Period, the Group's net interest income increased by 8.244 billion on a year-on-year basis to 169.937 billion, accounting for 62.13% of the net operating income, which was a major component of the Group's income. During the Reporting Period, the Group made every effort to increase its financial support for the real economy and people's livelihood by continuously increasing the proportion of loans to customers, while at the same time, in response to the trend of time deposits actively. It offset some of the upward pressure on costs by adjusting and optimising the internal structure of liabilities, driving a year-on-year increase in net interest income.

The average balances, associated interest income and expenses and average rate of return or average rate of cost of the Group's interest-bearing assets and interest-bearing liabilities during the periods indicated are shown below:

*(in millions of RMB unless otherwise stated)*

	From January to December 2022			From January to December 2021		
	Average balance	Interest income/ (expense)	Average rate of return/ (cost) (%)	Average balance	Interest income/ (expense)	Average rate of return/ (cost) (%)
<b>Assets</b>						
Cash and balances with central banks	766,989	11,020	1.44	780,069	10,699	1.37
Due from and placements with banks and other financial institutions	853,328	17,886	2.10	737,444	12,266	1.66
Loans and advances to customers	6,934,959	291,905	4.21	6,154,222	266,419	4.33
Investment securities	2,954,940	97,311	3.29	2,716,367	88,262	3.25
<b>Interest-bearing assets</b>	<b>11,510,216</b>	<b>418,122</b>	<b>3.63</b>	<b>10,388,102</b>	<b>377,646</b>	<b>3.64</b>
<b>Non-interest-bearing assets</b>	<b>1,103,261</b>			<b>1,018,481</b>		
<b>Total assets</b>	<b>12,613,477</b>			<b>11,406,583</b>		
<b>Liabilities and Shareholders' Equity</b>						
Due to customers	7,466,070	163,457	2.19	6,708,100	140,982	2.10
Due to and placements from banks and other financial institutions	2,114,882	44,696	2.11	1,982,978	38,581	1.95
Debt securities and others	1,415,962	40,032	2.83	1,270,806	36,390	2.86
<b>Interest-bearing liabilities</b>	<b>10,996,914</b>	<b>248,185</b>	<b>2.26</b>	<b>9,961,884</b>	<b>215,953</b>	<b>2.17</b>
<b>Shareholders' equity and non-interest-bearing liabilities</b>	<b>1,616,563</b>			<b>1,444,699</b>		
<b>Total liabilities and shareholders' equity</b>	<b>12,613,477</b>			<b>11,406,583</b>		
<b>Net interest income</b>		<b>169,937</b>			<b>161,693</b>	
<b>Net interest spread<sup>1</sup></b>			<b>1.37</b>			<b>1.47</b>
<b>Net interest margin<sup>2</sup></b>			<b>1.48</b>			<b>1.56</b>
<b>Net interest spread<sup>1,3</sup></b>			<b>1.58</b>			<b>1.68</b>
<b>Net interest margin<sup>2,3</sup></b>			<b>1.69</b>			<b>1.77</b>

Notes:

1. Represented the difference between the average rate of return on total average interest-bearing assets and the average rate of cost of total average interest-bearing liabilities.
2. Represented the ratio of net interest income to total average interest-bearing assets.
3. Taken into account the tax exemption on the interest income from bonds.

During the Reporting Period, the Group's net interest income increased by 5.10% on a year-on-year basis. The net interest spread was 1.37%, representing a decrease of 10 basis points on a year-on-year basis. The net interest margin decreased by 8 basis points on a year-on-year basis to 1.48%.

The table below shows the net interest spreads and net interest margin of the Group for each quarter of the period indicated:

(%)	2022			
	January – March	April – June	July – September	October – December
<b>Net interest spread</b>	1.48	1.39	1.36	1.29
<b>Net interest margin</b>	1.56	1.49	1.46	1.41
<b>Net interest spread<sup>Note</sup></b>	1.69	1.60	1.56	1.50
<b>Net interest margin<sup>Note</sup></b>	1.78	1.70	1.66	1.62

Note: Taken into account the tax exemption on the interest income from bond investment.

The table below illustrates the impact of changes in scales and interest rates on the Group's interest income and interest expenses. The changes in scales and interest rates are based on the changes in average balance and the changes on interest rates of interest-bearing assets and interest-bearing liabilities during the periods indicated.

<i>(in millions of RMB)</i>			
<b>Comparison between 2022 and 2021 Increase/ (Decrease) due to</b>			
	<b>Amount</b>	<b>Interest rate</b>	<b>Net increase/ (decrease)</b>
<b>Interest-bearing assets</b>			
Cash and balances with central banks	(179)	500	321
Due from and placements with banks and other financial institutions	1,924	3,696	5,620
Loans and advances to customers	33,806	(8,320)	25,486
Investment securities	7,754	1,295	9,049
Changes in interest income	43,305	(2,829)	40,476
<b>Interest-bearing liabilities</b>			
Due to customers	15,917	6,558	22,475
Due to and placements from banks and other financial institutions	2,572	3,543	6,115
Debt securities and others	4,151	(509)	3,642
Changes in interest expenses	22,640	9,592	32,232
<b>Changes in net interest income</b>	<b>20,665</b>	<b>(12,421)</b>	<b>8,244</b>

During the Reporting Period, the Group's net interest income increased by 8.244 billion on a year-on-year basis, of which the increase of 20.665 billion was due to changes in the average balances of assets and liabilities and the decrease of 12.421 billion was due to changes in the average rate of return and average rate of cost.



① Interest income

During the Reporting Period, the Group's interest income increased by 40.476 billion or 10.72% on a year-on-year basis to 418.122 billion. The interest income from loans and advances to customers, investment securities and cash and balances with central banks accounted for 69.81%, 23.27% and 2.64% of total interest income respectively.

A. Interest income from loans and advances to customers

Interest income from loans and advances to customers was the largest component of the Group's interest income. During the Reporting Period, interest income from loans and advances to customers increased by 25.486 billion or 9.57% on a year-on-year basis to 291.905 billion, which was mainly due to the impact of the average balance of loans and advances to customers increasing by 780.737 billion or 12.69%. The increase was mainly generated from medium and long-term corporate and personal loans.

Analysis of the average income of loans and advances to customers by business type and term structure

*(in millions of RMB unless otherwise stated)*

	From January to December 2022			From January to December 2021		
	Average balance	Interest income	Average rate of return (%)	Average balance	Interest income	Average rate of return (%)
<b>Corporate loans</b>	<b>4,412,329</b>	<b>176,385</b>	<b>4.00</b>	3,917,298	158,362	4.04
– Short-term loans	1,390,254	47,582	3.42	1,300,743	44,440	3.42
– Medium and long-term loans	3,022,075	128,803	4.26	2,616,555	113,922	4.35
<b>Personal loans</b>	<b>2,287,938</b>	<b>111,439</b>	<b>4.87</b>	2,075,137	103,576	4.99
– Short-term loans	584,594	28,849	4.93	547,418	29,541	5.40
– Medium and long-term loans	1,703,344	82,590	4.85	1,527,719	74,035	4.85
<b>Discounted bills</b>	<b>234,692</b>	<b>4,081</b>	<b>1.74</b>	161,787	4,481	2.77
<b>Total loans and advances to customers</b>	<b>6,934,959</b>	<b>291,905</b>	<b>4.21</b>	6,154,222	266,419	4.33

B. Interest income from investment securities

During the Reporting Period, interest income from investment securities increased by 9.049 billion or 10.25% on a year-on-year basis to 97.311 billion, which was mainly due to the year-on-year increase of 238.573 billion or 8.78% in the average balance of investment securities.

C. Interest income from cash and balances with central banks

The balances with central banks mainly included balances in statutory reserves and excess reserves. During the Reporting Period, interest income from cash and balances with central banks increased by 321 million or 3.00% on a year-on-year basis to 11.020 billion, which was mainly due to the year-on-year increase by 7 basis points in the average rate return on cash and balances with central banks.

D. Interest income from due from and placements with banks and other financial institutions

During the Reporting Period, the interest income from due from and placements with banks and other financial institutions increased by 5.620 billion or 45.82% on a year-on-year basis to 17.886 billion, which was mainly due to the year-on-year increase of 44 basis points in the average rate of return on due from and placements with banks and other financial institutions and due to the year-on-year increase of 115.884 billion or 15.71% in the average balance.

② Interest expenses

During the Reporting Period, the Group's interest expenses increased by 32.232 billion or 14.93% on a year-on-year basis to 248.185 billion.

A. Interest expenses on due to customers

Due to customers is the Group's primary funding source. During the Reporting Period, interest expenses on due to customers increased by 22.475 billion or 15.94% on a year-on-year basis to 163.457 billion, accounting for 65.86% of total interest expenses.

## Analysis of the average cost of due to customers by product category

*(in millions of RMB unless otherwise stated)*

	From January to December 2022			From January to December 2021		
	Average balance	Interest expenses	Average rate of cost (%)	Average balance	Interest expenses	Average rate of cost (%)
<b>Corporate deposits</b>	<b>4,800,242</b>	<b>102,342</b>	<b>2.13</b>	4,395,310	88,165	2.01
– Demand deposits	1,911,196	18,489	0.97	1,897,980	16,706	0.88
– Time deposits	2,889,046	83,853	2.90	2,497,330	71,459	2.86
<b>Personal deposits</b>	<b>2,665,828</b>	<b>61,115</b>	<b>2.29</b>	2,312,790	52,817	2.28
– Demand deposits	789,468	2,394	0.30	774,599	3,689	0.48
– Time deposits	1,876,360	58,721	3.13	1,538,191	49,128	3.19
<b>Total due to customers</b>	<b>7,466,070</b>	<b>163,457</b>	<b>2.19</b>	6,708,100	140,982	2.10

### B. Interest expenses on due to and placements from banks and other financial institutions

During the Reporting Period, interest expenses on due to and placements from banks and other financial institutions increased by 6.115 billion or 15.85% on a year-on-year basis to 44.696 billion, which was mainly due to a year-on-year increase of 16 basis points in the average rate of cost of due to and placements from banks and other financial institutions and due to a year-on-year increase of 131.904 billion or 6.65% in the average balance.

### C. Interest expenses on debt securities issued and other interest-bearing liabilities

During the Reporting Period, interest expenses on debt securities issued and other interest-bearing liabilities increased by 3.642 billion or 10.01% on a year-on-year basis to 40.032 billion, which was mainly due to a year-on-year increase of 145.156 billion or 11.42% in the average balance of debt securities issued and others.

(3) *Net fee and commission income*

During the Reporting Period, relying on the advantage of full licenses, the Group created a “second curve” of sustained profit growth starting from building the feature of wealth management brand, with a focus on key businesses such as wealth management, bank cards and custody. However, this was affected by various factors such as the ongoing turbulence in the capital market, the transformation of the net value of wealth management products and the reduction of fees and concessions. The Group’s net fee and commission income decreased by 2.934 billion or 6.17% on a year-on-year basis to 44.639 billion, of which wealth management income decreased by 1.621 billion or 13.77% on a year-on-year basis; agency services income decreased by 684 million or 12.08% on a year-on-year basis; bank cards income decreased by 995 million or 4.94% on a year-on-year basis.

The breakdown of the Group’s net fee and commission income for the periods indicated is shown below:

	<i>(in millions of RMB unless otherwise stated)</i>		
	<b>2022</b>	2021	Increase/ (decrease) (%)
Bank cards	<b>19,141</b>	20,136	(4.94)
Wealth management business	<b>10,154</b>	11,775	(13.77)
Custody and other fiduciary businesses	<b>7,496</b>	7,484	0.16
Agency services	<b>4,980</b>	5,664	(12.08)
Investment banking	<b>3,093</b>	3,120	(0.87)
Guarantee and commitment	<b>2,884</b>	2,527	14.13
Settlement services	<b>1,364</b>	1,296	5.25
Others	<b>227</b>	283	(19.79)
<b>Total fee and commission income</b>	<b>49,339</b>	52,285	(5.63)
<b>Less: Fee and commission expenses</b>	<b>(4,700)</b>	(4,712)	(0.25)
<b>Net fee and commission income</b>	<b>44,639</b>	47,573	(6.17)

(4) *Operating expenses*

During the Reporting Period, the Group's operating expenses increased by 2.280 billion or 3.06% on a year-on-year basis to 76.825 billion. The Group's cost-to-income ratio was 28.14%, representing a year-on-year increase of 0.47 percentage points. The cost-to-income ratio is around 26% if the tax exemption effect of bond interest income and other income was restored.

The breakdown of the Group's operating expenses for the periods indicated is shown below:

*(in millions of RMB unless otherwise stated)*

	<b>2022</b>	2021	Increase/ (decrease) (%)
Staff remuneration, bonus, allowance and welfare	<b>26,918</b>	25,383	6.05
Other staff costs	<b>12,396</b>	11,442	8.34
Operating expenses	<b>28,861</b>	29,621	(2.57)
Depreciation and amortisation	<b>8,650</b>	8,099	6.80
<b>Total operating expenses</b>	<b>76,825</b>	74,545	3.06

(5) *Asset impairment losses*

During the Reporting Period, the Group's asset impairment losses were 62.308 billion, representing a year-on-year decrease of 6.383 billion or 9.29%, of which the credit impairment losses on loans decreased by 4.843 billion or 7.69% on a year-on-year basis to 58.102 billion. Pursuant to the CBIRC Notice on Promulgation of *the Administrative Measures for Implementation of the Expected Credit Losses Method by Commercial Banks* (Yin Bao Jian Gui [2022] No. 10), the Group continued to adopt the expected credit loss method and updated the parameters of the impairment model in a timely manner to reflect the impact of changes in the external environment on asset credit risk. At the same time, the quality of the Group's assets has continued to improve in recent years, and the reasonable and full provision for asset impairment can adequately cover the expected loss of risk and has sufficient risk protection and loss absorption capacity.

(6) *Income tax*

During the Reporting Period, the Group's income tax expenses increased by 1.165 billion or 23.21% on a year-on-year basis to 6.185 billion. The effective tax rate of 6.30% was lower than the statutory tax rate of 25%, which was mainly due to the tax exemption on interest income from treasury bonds and local treasury bonds held by the Group, as promulgated in relevant tax provisions.

## 2. Analysis on Key Balance Sheet Items

### (1) Assets

As at the end of the Reporting Period, the Group's total assets increased by 1,326.662 billion or 11.37% over the end of the previous year to 12,992.419 billion, which was mainly due to the increase in the scale of loans and advances to customers as well as financial investments.

The balances (after provision) of the key components of the Group's total assets and their proportions to the total assets as at the dates indicated are shown below:

*(in millions of RMB unless otherwise stated)*

	31 December 2022		31 December 2021	
	Balance	Proportion (%)	Balance	Proportion (%)
Loans and advances to customers	7,136,677	54.93	6,412,201	54.97
Financial investments	3,955,207	30.44	3,523,249	30.20
Cash and balances with central banks	806,102	6.20	734,728	6.30
Due from and placements with banks and other financial institutions	690,421	5.32	632,708	5.42
Others	404,012	3.11	362,871	3.11
<b>Total assets</b>	<b>12,992,419</b>	<b>100.00</b>	<b>11,665,757</b>	<b>100.00</b>

#### ① Loans and advances to customers

During the Reporting Period, the Group focused on its main business and carried out its mission to stabilise the economy. It continued to improve the quality and effectiveness of its services to the real economy and closely connected with the construction of the modernised industrial system. The Group deeply involved into the coordinated development of the region, focused on the key areas and weaknesses of unbalanced and inadequate economic and social development, and further increased credit allocation in inclusive small and micro businesses, manufacturing, strategic emerging industries, green and agriculture-related areas, achieving a steady growth in the total amount of loans and consistent improvement of the loan structure.

The balance and breakdown of the Group's loans and advances to customers at the dates indicated are shown below:

*(in millions of RMB unless otherwise stated)*

	31 December 2022		31 December 2021		31 December 2020	
	Balance	Proportion (%)	Balance	Proportion (%)	Balance	Proportion (%)
<b>Corporate loans</b>	<b>4,711,353</b>	<b>64.57</b>	4,138,582	63.09	3,707,471	63.39
– Short-term loans	1,438,252	19.71	1,309,291	19.96	1,251,162	21.39
– Medium and long-term loans	3,273,101	44.86	2,829,291	43.13	2,456,309	42.00
<b>Personal loans</b>	<b>2,366,507</b>	<b>32.43</b>	2,285,096	34.83	1,980,882	33.87
– Mortgage	1,512,648	20.73	1,489,517	22.70	1,293,773	22.12
– Credit card	477,746	6.55	492,580	7.51	464,110	7.94
– Others	376,113	5.15	302,999	4.62	222,999	3.81
<b>Discounted bills</b>	<b>218,295</b>	<b>3.00</b>	136,722	2.08	160,071	2.74
<b>Total loans and advances to customers</b>	<b>7,296,155</b>	<b>100.00</b>	6,560,400	100.00	5,848,424	100.00

As at the end of the Reporting Period, the Group's total loans and advances to customers increased by 735.755 billion or 11.22% over the end of the previous year to 7,296.155 billion, which the RMB loans increased by 786.730 billion or 12.98% to 6,848.263 billion over the end of the previous year.

The corporate loan balance was 4,711.353 billion, achieving an increase of 572.771 billion or 13.84% over the end of the previous year, whose proportion in loans and advances to customers increased by 1.48 percentage points to 64.57% over the end of the previous year. Short-term loans increased by 128.961 billion, and medium and long-term loans increased by 443.810 billion, whose proportion in loans and advances to customers increased to 44.86%.

The balance of personal loans was 2,366.507 billion, representing an increase of 81.411 billion or 3.56% over the end of the previous year, whose proportion in loans and advances to customers decreased by 2.40 percentage points to 32.43% over the end of the previous year. Mortgage loans increased by 23.131 billion or 1.55% over the end of the previous year, whose proportion in loans and advances to customers decreased by 1.97 percentage points to 20.73% over the end of the previous year. Credit card loans decreased by 14.834 billion or 3.01% over the end of the previous year.

Discounted bills increased by 81.573 billion or 59.66% over the end of the previous year.

### **Distribution of loans and advances to customers by security types**

*(In millions of RMB unless otherwise stated)*

	31 December 2022		31 December 2021	
	Balance	Proportion (%)	Balance	Proportion (%)
Unsecured loans	2,461,988	33.75	2,085,835	31.79
Guaranteed loans	1,179,381	16.16	1,056,138	16.10
Loans secured by collateral	2,579,866	35.36	2,488,276	37.93
Pledged loans	1,074,920	14.73	930,151	14.18
<b>Total</b>	<b>7,296,155</b>	<b>100.00</b>	<b>6,560,400</b>	<b>100.00</b>

### **Expected credit loss allowance for loans and advances to customers**

*(in millions of RMB)*

	<b>31 December 2022</b>	31 December 2021
Balance at the end of the previous year	<b>161,162</b>	140,561
Accrual/(Reversal) in the period	<b>58,102</b>	62,945
Write-offs and disposals in the period	<b>(46,313)</b>	(47,519)
Recovered after written-off	<b>5,146</b>	6,324
Other movements	<b>(78)</b>	(1,149)
Balance at the end of the period	<b>178,019</b>	161,162



② Financial investments

As at the end of the Reporting Period, the Group's net balance of financial investments increased by 431.958 billion or 12.26% over the end of the previous year to 3, 955.207 billion.

**The breakdown of investments by nature**

*(in millions of RMB unless otherwise stated)*

	31 December 2022		31 December 2021	
	Balance	Proportion (%)	Balance	Proportion (%)
Bonds	3,416,632	86.38	3,021,272	85.75
Equity instruments and others	538,575	13.62	501,977	14.25
<b>Total</b>	<b>3,955,207</b>	<b>100.00</b>	<b>3,523,249</b>	<b>100.00</b>

**The breakdown of investments by the presentation basis of financial statements**

*(in millions of RMB unless otherwise stated)*

	31 December 2022		31 December 2021	
	Balance	Proportion (%)	Balance	Proportion (%)
Financial investments at fair value through profit and loss	705,357	17.83	638,483	18.12
Financial investments at amortised cost	2,450,775	61.97	2,203,037	62.53
Financial investments at fair value through other comprehensive income	799,075	20.20	681,729	19.35
<b>Total</b>	<b>3,955,207</b>	<b>100.00</b>	<b>3,523,249</b>	<b>100.00</b>

As at the end of the Reporting Period, the balance of the Group's bond investments increased by 395.360 billion or 13.09% over the end of the previous year to 3,416.632 billion. In the future, the Bank will reinforce the research and judgement of the economic and financial situation, and focus on the allocation of incremental investment and optimisation of historical bond investments. Firstly is to maintain the overall strategy of investing mainly in interest rate bonds and make reasonable arrangements for investment in treasury bonds and local treasury bonds. Secondly is to serve the new development pattern, actively connected with the financing needs of debt-issuing entities in areas such as science and technology innovation, green development and infrastructure construction, and make a sound project reserve for credit bonds and investment arrangements. Thirdly is to increase the bond transaction volume and expedite the turnover of treasury bonds and policy bank financial bonds. Fourthly is to seize the market opportunity of higher US bond yields to enhance the value contribution of foreign currency bonds based on good liquidity management.

### The breakdown of securities investment by issuers

	<i>(in millions of RMB unless otherwise stated)</i>			
	31 December 2022		31 December 2021	
	Balance	Proportion (%)	Balance	Proportion (%)
Government and central banks	2,626,005	76.86	2,325,896	76.98
Public sector entities	37,930	1.11	27,073	0.90
Interbank institutions and other financial institutions	539,009	15.78	472,688	15.65
Corporate entities	213,688	6.25	195,615	6.47
<b>Total</b>	<b>3,416,632</b>	<b>100.00</b>	<b>3,021,272</b>	<b>100.00</b>

As at the end of the Reporting Period, financial bonds held by the Group amounted to 539.009 billion, including bonds issued by policy banks of 115.803 billion and by interbank institutions and non-bank financial institutions of 423.206 billion, which accounted for 21.48% and 78.52% of the total bonds respectively.

## Top 10 financial bonds held by the Group

(in millions of RMB unless otherwise stated)

Bond name	Face value	Annual	Maturity date	Impairment allowance
		interest rate (%)		
Policy Bank Bond issued in 2018	6,903	4.99	24/01/2023	1.58
Policy Bank Bond issued in 2017	6,330	4.39	08/09/2027	1.37
Policy Bank Bond issued in 2018	5,000	4.98	12/01/2025	1.15
Policy Bank Bond issued in 2018	4,400	4.97	29/01/2023	1.01
Commercial Bank subordinated Bond issued in 2022	3,500	3.00	07/11/2032	–
Commercial Bank Bond issued in 2022	3,484	SOFR+1.06	29/09/2027	1.99
Commercial Bank subordinated Bond issued in 2022	3,360	3.00	10/11/2032	–
Policy Bank Bond issued in 2017	3,332	4.30	21/08/2024	0.73
Policy Bank Bond issued in 2019	3,126	2.70	19/03/2024	0.42
Commercial Bank Bond issued in 2022	3,103	SOFR+0.78	28/04/2025	0.37

### ③ Foreclosed asset

The selected information of the Group's foreclosed asset on the dates indicated is shown below:

(in millions of RMB)

	31 December 2022	31 December 2021
Original value of foreclosed assets	1,412	1,437
Less: Impairment allowance	(412)	(407)
<b>Net value of foreclosed assets</b>	<b>1,000</b>	<b>1,030</b>

## (2) *Liabilities*

Thoroughly implementing the *Measures for Liability Quality Management of Commercial Banks* issued by the CBIRC, the Group established and completed a liability quality management system commensurate with the amount and complexity of the Bank's liabilities in accordance with the principle of compatibility with business strategy, risk appetite and overall business characteristics, and continuously improved the capability and level of liability quality management. During the Reporting Period, the Bank conscientiously implemented the requirements of the "six characteristics" of liability quality management, strengthened the foundation for the development of our liabilities business, while strengthening the monitoring, analysis and management of the sources, structure and costs of our liabilities, resulting in a steady development of overall liabilities business.

As at the end of the Reporting Period, the Group's total liabilities increased by 1,268.158 billion or 11.86% over the end of the previous year to 11,956.679 billion. Among them, due to customers increased by 909.295 billion or 12.92% over the end of the previous year, which accounted for 66.48% of total liabilities and represented an increase of 0.62 percentage points over the end of the previous year. The balance of due to and placements from interbank institutions and other financial institutions decreased by 18.047 billion or 1.65% over the end of the previous year, which accounted for 9.02% of total liabilities and represented a decrease of 1.24 percentage points over the end of the previous year.

### **Due to customers**

Due to customers is the Group's primary funding source. As at the end of the Reporting Period, the Group's balance of due to customers increased by 909.295 billion or 12.92% over the end of the previous year to 7,949.072 billion. In terms of customer structure, the proportion of corporate deposits was 61.36%, representing a decrease of 3.27 percentage points over the end of the previous year. The proportion of personal deposits was 37.18%, representing an increase of 3.05 percentage points over the end of the previous year. In terms of deposit tenure, the proportion of demand deposits decreased by 5.21 percentage points over the end of the previous year to 36.16%, while the proportion of time deposits increased by 4.99 percentage points over the end of the previous year to 62.38%.

The balance and breakdown of the Group's due to customers as of the dates indicated are shown below:

*(in millions of RMB unless otherwise stated)*

	31 December 2022		31 December 2021		31 December 2020	
	Balance	Proportion (%)	Balance	Proportion (%)	Balance	Proportion (%)
<b>Corporate deposits</b>	<b>4,877,033</b>	<b>61.36</b>	4,550,020	64.63	4,341,524	65.71
– Demand deposits	1,989,383	25.03	2,061,672	29.28	2,005,934	30.36
– Time deposits	2,887,650	36.33	2,488,348	35.35	2,335,590	35.35
<b>Personal deposits</b>	<b>2,955,724</b>	<b>37.18</b>	2,402,812	34.13	2,192,231	33.18
– Demand deposits	885,013	11.13	850,831	12.09	812,534	12.30
– Time deposits	2,070,711	26.05	1,551,981	22.04	1,379,697	20.88
Other deposits	4,227	0.05	3,359	0.05	5,499	0.08
Accrued interest	112,088	1.41	83,586	1.19	68,076	1.03
<b>Total</b>	<b>7,949,072</b>	<b>100.00</b>	7,039,777	100.00	6,607,330	100.00

*(3) Off-balance sheet items*

The Group's off-balance sheet items included derivative financial instruments, contingencies and commitments as well as collaterals.

The Group entered into various derivative financial instruments including interest rate contracts, exchange rate contracts, precious metals and commodity contracts for trading, hedging, asset and liability management and on behalf of customers. Please refer to VI. FINANCIAL REPORT 8. Derivative Financial Instruments for the details of nominal amount and fair value of the derivative financial instruments.

The Group's contingencies and commitments mainly included outstanding litigations, credit related commitments and financial guarantees, capital expenditure commitments, operating leasing commitments, commitments on security underwriting and bond acceptance. Please refer to VI. FINANCIAL REPORT 10. Contingencies for the details of contingencies, and VI. FINANCIAL REPORT 11. Commitments for the details of commitments.

The Group uses part of its assets as collaterals for interbank repurchase arrangements and other liabilities-related business.

### 3. *Analysis on Key Cash Flow Items*

As at the end of the Reporting Period, the balance of Group's cash and cash equivalents increased by 54.495 billion over the end of the previous year to 248.803 billion.

The net cash inflows from operating activities increased by 402.996 billion on a year-on-year basis to 368.221 billion, which was mainly resulted from increases of cash inflows from due to customers and from due to central banks.

The net cash outflows from investing activities increased by 209.349 billion on a year-on-year basis to 284.897 billion, which was mainly due to the increase of bond investments.

The net cash outflows from financing activities increased by 34.281 billion on a year-on-year basis to 32.975 billion, which was mainly due to the year-on-year decrease of cash inflows of the perpetual bonds issued in the same period last year.

### 4. *Segment Analysis*

#### (1) *Operating results by geographical segments*

The profit before tax and net operating income from each of the Group's geographical segments for the periods indicated are as below:

*(in millions of RMB unless otherwise stated)*

	2022				2021			
	Profit	Proportion	Net	Proportion	Profit	Proportion	Net	Proportion
	before tax	(%)	operating income <sup>1</sup>	(%)	before tax	(%)	operating income <sup>1</sup>	(%)
Yangtze River Delta	47,589	48.45	103,288	37.76	45,781	48.72	98,807	36.63
Pearl River Delta	11,037	11.24	24,962	9.13	12,027	12.80	23,432	8.69
Bohai Rim								
Economic Zone	8,425	8.58	31,472	11.51	13,312	14.17	30,220	11.20
Central China	27,866	28.37	38,222	13.97	18,922	20.14	37,080	13.75
Western China	9,205	9.37	23,161	8.47	7,520	8.00	24,100	8.93
North Eastern China	(59)	(0.06)	7,280	2.66	(5,899)	(6.28)	7,273	2.70
Overseas	3,791	3.86	12,920	4.72	7,769	8.27	13,135	4.87
Head Office	(9,639)	(9.81)	32,223	11.78	(5,473)	(5.82)	35,701	13.23
<b>Total</b>	<b>98,215</b>	<b>100.00</b>	<b>273,528</b>	<b>100.00</b>	<b>93,959</b>	<b>100.00</b>	<b>269,748</b>	<b>100.00</b>

Notes:

1. Including net interest income, net fee and commission income, net gains arising from trading activities, net gains arising from financial investments, net gains from investments in associates and joint ventures, insurance business income and other operating income. Same applies hereinafter.
2. Head Office included the Pacific Credit Card Centre. Same applies hereinafter.
3. Total included profit/(loss) attributable to non-controlling interests.

(2) *Deposits and loans and advances by geographical segments*

The Group's loans and advances balances by geographical segments as at the dates indicated are as below:

<i>(in millions of RMB unless otherwise stated)</i>				
	31 December 2022		31 December 2021	
	Loans and advances balances	Proportion (%)	Loans and advances balances	Proportion (%)
Yangtze River Delta	2,000,365	27.42	1,780,637	27.14
Pearl River Delta	978,749	13.41	857,521	13.07
Bohai Rim Economic Zone	1,137,282	15.59	965,957	14.72
Central China	1,196,075	16.39	1,092,985	16.66
Western China	875,476	12.00	774,445	11.80
North Eastern China	250,190	3.43	247,023	3.77
Overseas	376,277	5.16	348,948	5.32
Head Office	481,741	6.60	492,884	7.52
<b>Total</b>	<b>7,296,155</b>	<b>100.00</b>	<b>6,560,400</b>	<b>100.00</b>

The Group's deposit balances by geographical segments as at the dates indicated are as below:

*(in millions of RMB unless otherwise stated)*

	31 December 2022		31 December 2021	
	Deposit balances	Proportion (%)	Deposit balances	Proportion (%)
Yangtze River Delta	2,157,812	27.15	1,878,481	26.68
Pearl River Delta	1,024,315	12.89	871,667	12.38
Bohai Rim Economic Zone	1,671,923	21.02	1,491,168	21.18
Central China	1,260,425	15.86	1,130,712	16.06
Western China	846,610	10.65	763,629	10.85
North Eastern China	391,719	4.93	360,775	5.12
Overseas	480,408	6.04	456,074	6.48
Head Office	3,772	0.05	3,685	0.05
Accrued interest	112,088	1.41	83,586	1.20
<b>Total</b>	<b>7,949,072</b>	<b>100.00</b>	<b>7,039,777</b>	<b>100.00</b>

(3) *Operating results by business segments*

The Group's four main business segments are corporate banking, personal banking, treasury businesses and other businesses.

The Group's profit before tax and net operating income from each of the Group's business segments for the periods indicated are as below:

*(in millions of RMB unless otherwise stated)*

	2022		2021	
	Amount	Proportion (%)	Amount	Proportion (%)
<b>Net operating income</b>	<b>273,528</b>	<b>100.00</b>	269,748	100.00
Corporate banking	126,182	46.13	126,010	46.71
Personal banking	119,903	43.84	117,642	43.61
Treasury businesses	25,793	9.43	24,459	9.07
Other businesses	1,650	0.60	1,637	0.61
<b>Profit before tax</b>	<b>98,215</b>	<b>100.00</b>	93,959	100.00
Corporate banking	45,441	46.27	38,263	40.72
Personal banking	31,098	31.66	36,844	39.21
Treasury businesses	21,885	22.28	18,563	19.76
Other businesses	(209)	(0.21)	289	0.31

Note: Due to the adjustment to the assessment rules for income and expense distribution among business segments, comparative data have been prepared in accordance with the current presentation.



## 5. *Capital Adequacy Ratio*

The Group calculated the capital adequacy ratios pursuant to the *Administrative Measures on the Capital of Commercial Banks (for Trial Implementation)* issued by the CBIRC and the relevant requirements. Since the adoption of the Advanced Approach of Capital Management upon the first approval by the CBIRC in 2014, the Bank steadily promoted the implementation and deepened the application of advanced methods in accordance with regulatory requirements. Upon the approval by the CBIRC in 2018, the Bank expanded the application scope of advanced methods and ended the parallel period. According to the *Additional Regulatory Rules for Systemically Important Banks (for Trial Implementation)* issued by the PBOC and the CBIRC, the additional capital requirement of the Group is 0.75%. As at the end of the Reporting Period, the Group's capital adequacy ratio, tier-1 capital adequacy ratio and core tier-1 capital adequacy ratio were 14.97%, 12.18%, and 10.06% respectively, all of which met various regulatory capital requirements.

	<i>(in millions of RMB unless otherwise stated)</i>			
	<b>31 December 2022</b>		31 December 2021	
	<b>The Group</b>	<b>The Bank</b>	The Group	The Bank
Net core tier-1 capital	<b>840,164</b>	<b>701,902</b>	783,877	659,155
Net tier-1 capital	<b>1,016,644</b>	<b>876,692</b>	960,225	833,945
Net capital	<b>1,250,317</b>	<b>1,104,732</b>	1,139,957	1,006,266
Core tier-1 capital adequacy ratio (%)	<b>10.06</b>	<b>9.40</b>	10.62	10.01
Tier-1 capital adequacy ratio (%)	<b>12.18</b>	<b>11.74</b>	13.01	12.67
Capital adequacy ratio (%)	<b>14.97</b>	<b>14.80</b>	15.45	15.29

Notes:

1. The above calculation excluded China BoCom Insurance Co., Ltd. and BOCOM MSIG Life Insurance Company Limited.
2. According to the implementation scope of the Advanced Measurement Approach of Capital Management approved by the CBIRC, the credit risk that met the regulatory requirements was assessed by the internal rating-based approach, the market risk by the internal model approach, and the operational risk by the standardised approach. The credit risk not covered by the internal rating-based approach was assessed by the weighted approach. The market risk not covered by the internal rating-based approach was assessed by the standardised approach. The operational risk not covered by the standardised approach was assessed by the basic-indicator approach.

For further information on the Group's capital measurement, please refer to the *2022 Capital Adequacy Ratio of Bank of Communications Co., Ltd.* at the website of SSE, the website of HKEX News or the official website of the Bank.

## 6. *Leverage Ratio*

The Group calculated the leverage ratio pursuant to the *Administrative Measures for the Leverage Ratio of Commercial Banks (Revised)* issued by the CBIRC. Also, according to the *Additional Regulatory Rules for Systemically Important Banks (for Trial Implementation)* promulgated by PBOC and CBIRC in 2021, the additional required leverage ratio of the Group is 0.375%. As at the end of the Reporting Period, the Group's leverage ratio was 7.08%, which met the regulatory requirements.

	<i>(in millions of RMB unless otherwise stated)</i>			
	<b>31 December 2022</b>	<b>30 September 2022</b>	<b>30 June 2022</b>	<b>31 March 2022</b>
Net tier-1 capital	<b>1,016,644</b>	993,562	970,873	979,545
Balance of adjusted on – and off-balance sheet assets	<b>14,349,614</b>	14,005,204	13,770,696	13,416,205
Leverage ratio (%)	<b>7.08</b>	7.09	7.05	7.30

## (II). Business Review

### 1. *Development Strategies and Implementation*

During the Reporting Period, the Group is guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and is led by the strategic goal of “build a world-class banking group with business features and advantages”, performed the enterprise mission of “Creating Common Value”, consistently creating four major business features, took Green as the background of the Group's business operation and development, took the construction of Shanghai Base and digital transformation as two breakthroughs of strategy implementation, promoting the implementation of strategies.

(1) *Create business features*

**Inclusive finance.** The Bank intensified its efforts in the strategic deployment of “Enhancing the Inclusiveness of Finance” and expanding domestic demand, and steadily improved the quality and efficiency of inclusive financial businesses. As at the end of the Reporting Period, the balance of inclusive loans for small and micro enterprises increased by 34.66% compared with over the end of the previous year, the number of customers with loan balance increased by 38.09% over the end of the previous year. The Bank promoted consumer finance as a new growth pole of retail business, the balance of retail loans of domestic branches<sup>1</sup> increased by 3.09% compared with over the end of the previous year, in which personal consumption loans increased by 58.38% compared with over the end of the previous year. The Bank upgraded the rural revitalisation financial service system, and the balance of agriculture-related loans increased by 22.15% over the end of the previous year.

**Trade finance.** The Bank actively served the development of industrial chain and supply chain and high-level opening to the outside world under the background of “Dual Circulation”, opened domestic and overseas, local and foreign currency, onshore and offshore integrated financial services. During the Reporting Period, by virtue of the scenario that ecology drives innovation in product portfolio solutions, the Bank created a benchmarking chain for key enterprises, the volume of industrial value chain financial business increased by 41.92% on a year-on-year basis. The Bank promoted the convenience level of trade and investment, the amount of international settlement increased by 11.5% on a year-on-year basis. The Bank launched online “Digital Trade Services” and intelligent trade finance products, actively supported the development of new forms of foreign trade, the volume of Easy series products exceeded trillion. The Bank accelerated cross-border Renminbi product and service innovation, the volume of collection and payment of cross-border Renminbi has set a new record.

**Sci-tech finance.** The Bank kept up with the pace of national technological self-reliance and industrial transformation and upgrading, served and supported a virtuous cycle of “Technology-Industry-Finance”. As at the end of the Reporting Period, sci-tech finance customer segment consistently grew, sci-tech finance credit customers increased by 49.55% over the end of the previous year, the market share of “little giant” customers of “specialization, delicacy, characterization and novelty” and Sci-Tech Innovation Board customers increased 1.81 percentage points and 1.15 percentage points respectively. The Bank launched supporting policies closely around the characteristics of technological enterprises, strongly supported the construction of a modern industrial system, the balance of loans to strategic emerging industries increased by 110% over the end of the previous year.

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<sup>1</sup> Including personal housing loans, personal consumption loans, credit card loans, personal business loans.

**Wealth finance.** The Bank strengthened the operation of full volume of customers, brought wealth management products' and service brand's superiorities into full play, better met the multi-level wealth management needs of the people. As at the end of the Reporting Period, individual financial assets under management (AUM<sup>2</sup>) managed by domestic branches increased by 8.57% over the end of the previous year. The Bank continuously deepened customer expansion and potential exploration, and the number of middle and high-end customers increased by 10.73% over the end of the previous year. The Bank enriched the system of wealth management products, more than 2, 500 new wealth management products were launched throughout the year. The Bank was one of the first group to obtain the qualification of personal pension business, the number of pension customers increased by 7.5% over the end of the previous year.

The Bank integrated the concept of green development into the entire process of creating business characteristics and enhanced the market influence of green financial services. The Bank formulated the "Action Plan for Achieving Carbon Peak and Carbon Neutrality of the Bank of Communications" which strengthened the management requirements for green finance in credit granting policy. The bank also improved the "2+N" green finance policy system. The bank actively promoted the construction of green intelligent identification and ESG evaluation system, integrating green credit, green investment banking, green inclusive finance, and other product solutions based on green development scenarios, and won the "2022 A-share Listed Companies' Best Practice Case for ESG". At the end of the Reporting Period, the balance of green loan increased by 33% over the end of the previous year.

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<sup>2</sup> Excluding the fair value of customers' securities, same applies hereinafter.

(2) *Focusing on two breakthroughs and continuing to exert efforts*

**Leverage the advantages of “Shanghai Base” and leading role**

The Group regarded the construction of “Shanghai Base” as a strategic arrangement and continued to promote innovation and breakthroughs, focused on serving the strategic tasks assigned by the CPC Central Committee to Shanghai, and was committed to making “Shanghai Base” a source of innovation for the Group. During the Reporting Period, the Bank increased policy and funding support to help Shanghai speed up economic recovery and revitalization, achieving a penetration rate of 15.6% for technology enterprises in Shanghai and increasing the proportion of chain finance balance in the Bank by more than 11 percentage points in the past two years. The Bank actively participated in the innovation of the financial factor market, continuously increased the scale of financial market business, and helped to form the “Shanghai Price”. The Bank promoted the demonstration and leading role of “Shanghai Base” through the “One-Stop-Process” and Special Team Mechanisms. The “One-Stop-Process for Medical Treatment Payments” was launched in 29 provincial branches of the Group, and “Jiaozhengtong”, the cross-provincial business, ranked first among peers in the Yangtze River Delta region. The authorization of the industrial chain project achieved full coverage of the branches in the Yangtze River Delta region, and the balance of financing business of regional industrial chains increased by 50% year-on-year.

**Deeply promoting digital transformation**

The Bank deeply promoted digital transformation, fully utilised the new elements empowerment business of “Data + Technology” to improve the quality and enhance the efficiency, and continuously strengthened the ability of value creation of financial technology. During the Reporting Period, the Bank continued to increase investment in digital transformation, representing an increase of 32.93% year-on-year in investment in financial technology, accounting for 5.26% of operating income. As at the end of the Reporting Period, financial technology talent of the Group accounted for 6.38% of the total staff of the Group. The construction of digital scenarios was accelerated, and the new versions of Personal Mobile Banking 7.0 and Corporate Online Banking was launched. The maturity level of open banking scenarios and construction of the ecosystem was steadily improved. Retail credit and B2B payment, the two Enterprise Architecture pilot projects, were successfully launched, and the role of middle office and Enterprise Architecture construction in supporting business innovation was gradually emerged. The Bank strengthened its digital infrastructure, became the first large state-owned bank to use the autonomous and controllable distributed core system and won the first prize for financial technology development of the People’s Bank of China.

## 2. *Corporate Banking Business*

- ◆ The Bank supported the real economy and promoted an increase in total credit allocation with an excellent structure. During the Reporting Period, the Group's corporate loan balance increased by 572.771 billion or 13.84% over the end of the previous year, in which related loans to the manufacturing industry, green credit, and the agriculture-related loans increased by 23.23%, 33.28% and 22.15% respectively, all exceeding the average growth rate of the Group's loans.
- ◆ The Bank served national strategies and supported the development of key areas. As at the end of the Reporting Period, the balance of loans of three major regions including the Yangtze River Delta, the Guangdong-Hong Kong-Macao Greater Bay Area and the Beijing-Tianjin-Hebei Region increased by 14.02% over the end of the previous year, exceeding the average growth rate of the Group's loans by 2.80 percentage points. Balance of loans in these three major regions accounted for 53.47%, representing an increase of 1.32 percentage points over the end of the previous year.
- ◆ The Bank deepened business features and accelerated the rapid development of sci-tech finance as well as industrial chain finance. At the end of the Reporting Period, the number of credit customers in sci-tech finance increased by 49.55% compared with the end of the previous year, and loans to strategic emerging industries increased by 109.88% compared with the end of the previous year; the business volume of industrial chain finance increased by 41.92% year-on-year.

### *(1) Customer development*

The Bank continuously optimised the management of corporate customers by tiered classification and built a refined and professional service system. As at the end of the Reporting Period, the total number of corporate customers of domestic branches increased by 10.91% over the end of the previous year.

For group customers, the Bank increased its services and support for national strategies such as strong manufacturing and transportation and continued to optimise credit management policies and processes. It also established a group-wide integrated and collaborative service system and improved the level of group customer service. As at the end of the Reporting Period, the number of the Bank's group customers reached 88.7 thousand, representing an increase of 11,987 over the end of the previous year. For government institutions customers, the Bank actively participated in the construction of digital government and the process of urban digital transformation. It assisted in the provision of convenient government services and built a smart government product system. As at the end of the Reporting Period, the number of government institutions customers reached 74.0 thousand, representing an increase of 3,599 over the end of the previous year. For small and micro basic customers, the Bank further implemented "Online Management and Remote Management", built an outbound call strategy support system, enhanced digital marketing support and improved services for basic customers. As at the end of the Reporting Period, the number of small and micro basic customers reached 2,255.8 thousand, representing an increase of 223.6 thousand over the end of the previous year.

(2) *Scenario construction*

The Bank intensively explored scenario construction through digital thinking and gained noticeable achievement in subdivided scenarios such as medical care, schools, parks and central corporate treasury. The "Credit for Medical Treatment" initiative has been launched in 45 cities, including Shanghai, Nanjing, Dalian, Guangzhou and Kunming, to solve the problem in queuing for medical treatment through the new model of "Treatment First and Payment Later". The service capability of BoCom Smart Schools continued to improve, and the "Education Management Information Service Platform" has been completed, with functions covering fee reconciliation, fund supervision, qualification filing, annual inspection and audit, etc., providing precise services to niche customer groups in the education industry. The total number of customers signed up on the Intelligent Financial Services Platform exceeded 110 thousand, an increase of 31,600 from the end of the previous year, with a collection and settlement volume of RMB898.086 billion, an increase of 274.86% year-on-year. Ten major treasury services, including account management, payment and settlement, domestic fund collection, overseas visibility and control, bill management and system docking, were launched to better serve the construction of the treasury system of state-owned groups.



(3) *Services to inclusive small and micro enterprises*

The Group continued to increase credit allocation to inclusive small and micro enterprises and strengthened support for “First-time Lenders” and small and micro manufacturing enterprises. With the help of fintech and big data, the Bank relied on “Inclusive e-Loan” to build a comprehensive online financing product system and realised the dual driving forces of online standard products and customised scenario products, while increasing the coverage and availability of financing for small and micro enterprises; online standardised products achieved a variety of combinations of collateral, credit and guarantee to meet the differentiated needs of customers. The Bank performed financial services of key areas and realised scenario customisation in key areas such as supply chain, sci-tech innovation, rural revitalisation, medical insurance, mass entrepreneurship and innovation and individual industrial and commercial households.

At the end of the Reporting Period, the balance of inclusive loans to small and micro enterprises was 456.239 billion, which was an increase of 34.66% over the end of the previous year. The number of customers with loan balances was 293.1 thousand, representing an increase of 38.09% over the end of the previous year. The accumulated average interest rate of inclusive loans to small and micro enterprises was 3.75%, representing a year-on-year decrease of 26 basis points. Non-performing loan ratio of inclusive small and micro enterprises was 0.81%, representing a decrease of 0.35 percentage points over the end of the previous year. Also, 2,771 business outlets of the Bank provided financing services to small and micro enterprises.

(4) *Industrial chain finance*

Using innovative products, the Bank deepened cooperation with leading enterprises in key industries such as electricity, construction, automobiles and pharmaceuticals to meet their upstream and downstream financing needs and serve the construction of modern industrial systems. Concentrating on technological empowerment, the Bank developed an industrial chain rapid financing product line. The volume incurred of rapid discounted bills amounted to 93.476 billion, the volume incurred of Express Pay reached 20.097 billion and the volume incurred of rapid order amounted to 6.561 billion. The Bank also launched BoCom’s self-built smart transaction chain platform. Moreover, the Bank connected with 16 mainstream platforms, such as TravelSky and CSCC, to realise cross-scenario financial cooperation and automate the whole process of rapid payment, which greatly improved user experience. The Bank stimulated special authorisation, system innovation and process optimisation to meet the personalised financing needs of enterprises in the principle of “one policy for one chain”. During the Reporting Period, the industrial chain financial business was 479.126 billion, which increased by 41.29% on a year-on-year basis. There were 26.3 thousand financing customers, and inclusive customers accounted for 91.84%.



(5) *Sci-tech finance*

The Bank actively adhered to the strategy of strengthening the country through science and technology, strengthened the connection between industry and finance, provided multi-level, specialised and distinctive science and technology financial products and services for science and technology-based enterprises, and supported the self-reliance and self-improvement of high-level science and technology. The Bank made great efforts to serve strategic emerging industries, advanced manufacturing industry, sci-tech innovation, green and low-carbon, and traditional industry update, etc., and optimise customer structure and asset structure. The Bank focused on key clients such as high-tech enterprises, sci-tech SMEs, national manufacturing leaders, specialised and new “little giants”, specialised and new SMEs, and model companies for national technology innovation. The Bank innovated an integrated business model of “special-level of sci-tech finance”, improved supporting policies, products, data and systems, and established seven private equity investment funds for strategic emerging industries and science and innovation enterprises. As at the end of the Reporting Period, sci-tech finance credit customers increased by 49.55% over the end of the previous year. The loan balance of strategic emerging industries increased by 109.88% compared with the previous year. There were 3,275 “little giant” enterprises of “specialisation, delicacy, characterisation and novelty”, with a market coverage rate of 36.30%, and their loan balances increased by 75.52% over the end of the previous year.

(6) *Investment bank*

The Bank intensified its efforts in scaling up full financing to build an innovative investment bank. During the Reporting Period, the bond underwriting according to NAFMII (debt financing instruments for non-financial enterprises) reached 410.576 billion. The Bank captured the business opportunity of the three-year action of SOE reform. The new increase in domestic and overseas mergers and acquisitions finance in 2022 was RMB84.2 billion, with an increase of 14.82% year-on-year, of which the net increase in domestic renminbi mergers and acquisitions loans remained the industry leader for three consecutive years. The Bank served the green development strategy by underwriting green bonds (including carbon neutrality bonds) for 7.165 billion and investing 3.018 billion in green new energy equity. The Bank promoted the stable and healthy development of the real estate market, helped real estate enterprises to raise 16.643 billion in debt financing, landed 7.789 billion in real estate mergers and acquisitions loans and placed 7.487 billion in real estate equity trusts. “Win to Fortune e-Smart”, an information consultancy service, was upgraded and an investment banking full financing platform was launched online to further integrate financing service with collaborative intelligence. With the ability to innovate products and services enhanced in all respects, the Bank was awarded “Excellent ABS Originating Institution” by China Central Depository & Clearing Co., Ltd. and other prizes.

### 3. *Personal Banking Businesses*

- ◆ The increase in personal deposits reached the best record in history and cost control was effective. As at the end of the Reporting Period, the balance of personal deposits was 2,955.724 billion, representing an increase of 23.01% over the end of the previous year. The daily average scales of structured deposits and certificate of deposits decreased by 74.7 billion and 26.9 billion respectively over the end of the previous year, promoting the average rate of cost of personal deposits of domestic branches to decrease by 7 basis points on a year-on-year basis.
- ◆ Personal credit business stably grew under pressures. As at the end of the Reporting Period, the balance of personal loans was 2,366.507 billion, representing an increase of 3.56% over the end of the previous year, including the balance of personal housing loan increased by 1.55% over the end of the previous year. The balance of personal consumption loans of domestic branches increased by 58.38% over the end of the previous year, whose market share<sup>3</sup> increased by 0.97 percentage points over the end of the previous year. During the Reporting Period, the cumulative amount of consumptions through credit cards increased by 1.44% over the end of the previous year.
- ◆ Retail customers and AUM sustainably grew. As at the end of the Reporting Period, the number of retail customers of domestic branches (including debit card and credit card customers) increased by 3.29% over the end of the previous year, and the number of middle and high-end customers<sup>4</sup> increased by 10.73% over the end of the previous year. The scale of AUM increased by 8.57% over the end of the previous.

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<sup>3</sup> 17 commercial banks, same applies hereinafter.

<sup>4</sup> Including qualified OTO Fortune customers of domestic branches and private banking customers of the Group.

(1) *Retail customers and AUM*

The Bank improved the tiered and categorised customer management system and strengthened the digital management capability of retail customers. A new, clear and concise retail customer tagging system was launched to improve the customer profile. The Bank deepened the application of the retail marketing middle desk to reach customers effectively and accurately with financial services. The Bank strengthened the promotion and application of the account manager working platform and WeCom of the Bank to build a strong digital management force. The Bank stepped up the expansion of scenario-based finance, promoted the iterative update of Personal Mobile Banking 7.0, further enhanced the effectiveness of customer acquisition and activation in all channels and scenarios, and continuously improved our customer service capability to achieve steady growth in AUM scale. As at the end of the Reporting Period, the number of retail customers of domestic branches (including debit card and credit card customers) increased by 3.29% over the end of the previous year to 191 million. The number of qualified customers of OTO Fortune increased by 10.77% over the end of the previous year to 2,218.6 thousand. The scale of AUM increased by 8.57% over the end of the previous year to 4,621.362 billion.

(2) *Wealth management*

Adhering to the customer orientation, the Bank developed the feature of our wealth finance business and leveraged the advantages of wealth management products, services and brands to serve the multi-level and personalised wealth management needs of the people and help achieve common prosperity. The Bank leveraged the integrated advantage of the Group to optimise the full-chain wealth management operating system and enhance the synergy of wealth management. The Bank was the first batch to be qualified for personal pension business and continued to deepen its pension financial products and service system. By focusing on the digital operating level of wealth finance, the Bank strengthened the deep understanding of customer needs driven by data and realised full-channel and full-chain marketing services by means of “human-machine collaboration”.

In addition, the Bank enhanced product creation and supply capabilities. By adhering to open integration, the Bank introduced high-quality products and established partnerships with 16 external institutions on wealth management products consignment. Quantitative indicators were considered together with experts' experience to build the "OTO Best Choice" product system covering wealth management, funds, insurance and precious metals. The Bank was the first batch to be qualified to sell pension funds in 2022 and it was the seventh consecutive year for the Bank to launch the promotion of mobile banking fund subscription rate, and the average yield of the "OTO Best Choice" fund overperformed the market average. Besides, the Bank introduced more low-fluctuating fixed income funds with low starting points, fixed income+ funds, pension funds and cash management products to fulfill the multi-level investment requirement of different types of clients. As at the end of the Reporting Period, the balance of personal public funds product on consignment was 264.520 billion. The balance of wealth management products on consignment was 859.002 billion. The balance of insurance products on consignment was 255.102 billion.

(3) *Scenarios and payment*

The Bank improved the strength of financial services for rural revitalisation, actively participated in the construction of the third pillar of pensions, responded to the requirements of financial services for new citizens, and vigorously promoted debit cards themed on rural revitalisation, personal pension accounts, and new debit cards themed on citizens. At the end of the Reporting Period, the accumulated number of debit cards themed on rural revitalization issued amounted to 1,718.4 thousand.

The Bank focused on government affairs scenarios to provide citizens with financial services such as bill settlement, credit and payment, using citizen wallets and new citizen debit cards. Focusing on transportation and travel scenarios, the Bank has built a membership system and enriched payment benefits in the areas of public transportation, new energy vehicles, airlines and the car aftermarket to provide customers with safe, convenient and compliant accounts and payment services. The Bank focused on medical and health scenarios, optimised the payment process in the medical consultation process and provided convenient and beneficial payment services. The Bank deepened the construction of smart schools and provided safe, convenient and intelligent education industry solutions to schools through open banking.

As at the end of the Reporting Period, the accumulated number of debit cards issued amounted to 173.5156 million, representing a net increase of 7.7641 million over the end of the previous year. During the Reporting Period, the number of debit card customers acquired online increased by 6.86 percentage points compared with the end of the previous year. Under the support of cooperative institutions, the Bank upgraded payment products to improve card holders' payment experience on mainstream platforms. The Bank contributed to the revitalisation of long-established brands and cooperated in card marketing activities such as consumer discounts for long-established brands to enrich consumption payment scenarios. During the Reporting Period, the accumulated consumption paid by debit card amounted to 2,375.646 billion.

(4) *Consumer finance*

The Bank actively implemented differentiated housing credit policies to reasonably support residents' solid and improved housing needs. It also continued to improve the whole process of risk control system to ensure the steady development of personal housing loan business. To serve the national strategy of expanding domestic demand and promoting consumption, the Bank accelerated the iteration and innovation of personal consumer loan products, met the diversified consumer financial needs of citizens such as clothing, food, housing, transportation and medical care, and enhanced the level of consumer credit services for new citizens. The Bank continued to improve the digitalisation of the entire mortgage process, quickly deployed customer lifecycle management strategies with the help of our marketing middle desk, realised modular and parametric product configuration and innovation based on an enterprise-level architecture, enhanced centralised risk control support, strengthened anti-fraud capabilities in key areas, and enhanced service quality and efficiency with technological empowerment.

As at the end of the Reporting Period, the personal housing loan balance increased by 1.55% over the end of the previous year to 1,512.648 billion. The personal consumption loan balance of domestic branches increased by 58.38% over the end of the previous year to 84.893 billion, and the market share of personal consumption loans domestic branches increased by 0.97 percentage points over the end of the previous year.

(5) *Private banking*

The Bank continued to improve our private banking product system, established a market-wide selection mechanism, continued to grow the number and scale of exclusive products sold on behalf of private banking, and gradually enriched its product strategies. The family wealth management business picked up speed and doubled in size during the Reporting Period, with insurance trusts being the main driver of business growth. The Bank built a professional private banking team, organised tiered training and improved the professional capability of the team. The Bank published investment research reports and asset allocation proposals on a regular basis to strengthen the investment research capabilities. The Bank strengthened the marketing management based on lists of customers with specific features for precise marketing. As at the end of the Reporting Period, there were 77.0 thousand private banking customers of the Group, representing an increase of 9.33% over the end of the previous year; the assets of private banking customers under management of the Group were 1,084.442 billion, representing an increase of 8.97% over the end of the previous year.

(6) *Credit card*

The Bank strengthened the brand marketing of “Convenient and Affordable for You” and carried out a number of large-scale card activities such as Super Red Friday, Anti-epidemic Benefit, 55 Shopping Festival and New Year’s Eve Festival, etc. The spending volume grew against the trend. During the Reporting Period, the consumption was ranked the third in the industry and was levelled from the beginning of the year. Focusing on premium customer segments, the Bank launched a number of card products such as the Guo Yun Theme Card and the Pop Mart Sweet Beans You Yi Platinum Card. As at the end of the Reporting Period, the percentage of premium customers among new customers increased by 3.49 percentage points year-on-year.

The Bank steadily pushed forward with the digital transformation and launched the new credit card core system. After completing the system switch for the entire customer base in July, it became the first core system to complete a distributed cloud migration and created the first real-time credit card transaction bookkeeping business model in the industry. The Bank upgraded and optimised the online operation platform, as well as released Go Pay APP 6.0 version and focused on the integration and launch of 6 major scenarios on the Internet, enabling the online business diversion rate to reach 97.82%. The “2022 China Golden Tripod Award–Technology Finance of the Year” was awarded to the Go Pay APP.

As at the end of the Reporting Period, there were 74,508.3 thousand registered domestic credit cards, representing an increase of 239.5 thousand over the end of the previous year. During the Reporting Period, the cumulative amount of consumption through credit cards was 3,058.993 billion, representing a year-on-year increase of 1.44%. In detail, the amount of mobile payment transactions increased by 17.10% on a year-on-year basis. As at the end of the Reporting Period, the credit card overdraft balance in domestic branches<sup>5</sup> was 477.642 billion.

(7) *Pension Finance*

The Bank actively served the national strategy of coping with the aging population and boosted the development of pension finance and elderly care industry finance to facilitate the overall layout of pension financial services. It actively participated in the construction of the third pillar pension insurance system and was among the first batch of companies to obtain qualifications for personal pension business. It was also approved as a qualified pilot bank for pension wealth management products, ranking first in the industry in terms of the scale of pension targeted securities investment funds. It continuously strengthened the account management and custody services for China's National Social Security Fund, Basic Pension Insurance Funds and Enterprise Annuity Funds, business scale continues growing. The Bank enhanced its efforts in the research and development of unique credit products to strengthen its credit support for elderly care service institutions. As at the end of the Reporting Period, the number of customers in the elderly care service industry receiving credit granting services from the Bank increased by 176% over the end of the previous year. The age-appropriate function modification work has been finished for mobile banking and Go Pay APP, which served more than 910,000 elderly customers in total of the year.

**4. *Interbank and Financial Market Businesses***

- ◆ The Bank actively supported the construction of Shanghai as an international financial centre, intensively participated in the financial market development of bonds, currencies, foreign exchange and commodities of China, improved its market making and quotation ability, deepened its cooperation in financial element market businesses, optimised its custody professional services, and transformed financial market products into quality services satisfying the demands of all kinds of customers, to constantly strengthen the capability to serve the real economy.

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<sup>5</sup> The credit card overdraft balance in domestic branches includes the balance of personal credit card loans and the balance of corporate business card loans.



(1) *Interbank businesses*

The Bank optimised the settlement business in the financial factor market and served the smooth operation of the financial market. During the Reporting Period, the volume of the Bank's agent clearing business in Shanghai Clearing House topped in the market, and the volume of securities and futures settlement of the Bank was also leading the market. The Bank also participated in facilitating the interconnection between financial markets and financial infrastructure and was the first batch to become a qualified settlement bank for interconnection transactions between the interbank and exchange bond markets. It helped the futures market serve green and low-carbon development and was the first batch to be qualified as the designated depository bank for futures margin of Guangzhou Futures Exchange. The Bank of Communications' new-generation Shanghai securities fund settlement system was launched to enhance the efficiency of capital market settlement services and took the lead in achieving direct connection with the new-generation electronic interbanking system of the Shanghai Branch of the China Securities Depository and Clearing Corporation.

The Bank enriched inter-industry cooperation to better meet the financial services needs of various types of customers. The Bank supported the development of capital markets by joining hands with 105 securities companies in third-party depository management business, 92 securities companies in the financing and securities depository management business, and 148 futures companies in the bank-futures transfer business. It provided settlement and other services for corporate and individual clients to participate in capital market investment transactions. The Bank strengthened cooperation with cross-border inter-bank payment clearing companies and expanded the network coverage of the renminbi cross-border payment system by expanding domestic and foreign participating banks. It actively promoted processing and information interaction products of renminbi cross-border business to provide safe and efficient renminbi cross-border payment services for enterprises going global. As at the end of the Reporting Period, the Bank topped the market in terms of the number of peer-to-peer customers of the standard transmit product of online renminbi cross-border payment system.



(2) *Financial market businesses*

Focusing on national strategies and the needs of the real economy, the Bank used a combination of investment and trading instruments to provide key support to key regions such as the Yangtze River Delta, Beijing–Tianjin–Hebei Region and the Greater Bay Area, as well as key projects to benefit the people’s livelihood, replenish shortcomings and new infrastructure in order to serve high-quality economic development.

The Bank played the role of “stabiliser” as a market maker in the interbank market and carried out market making, quotation and trading to help shape the “Shanghai price”. During the Reporting Period, the trading volume in Renminbi money market of domestic branches amounted to 81.99 trillion; the trading volume in foreign currency market amounted to USD1.81 trillion; the trading volume of Renminbi bonds amounted to 5.56 trillion; the trading volume in interbank foreign exchange market amounted to USD3.65 trillion; the trading volume of self-operated gold amounted to 4,967 tons, maintaining its market position as an active trading bank.

Serving the construction of Shanghai as an international financial centre, the Bank seized the important opportunity of the reform and opening-up development of the financial market, actively promoted product innovation, obtained the qualification as the first batch of inquiry market makers on the international board of the Shanghai Gold Exchange, and was the first batch of participants using X-LENDING anonymous click service for bond lending transaction. The Bank enhanced the design capability of products for customers, channelled quality investment trading products into comprehensive services for customers, and launched innovative structured deposit products such as gold interval cumulative structured products, US dollar–yen interval cumulative structure products and customised stock index SharkFin to meet customers’ needs for hedging, value preservation and appreciation.

The Bank promoted the integrated operation of global funds and improved the quality and efficiency of funds operation and management in the free trade zone and overseas banks. The Bank actively developed cross-border renminbi funding linkages with overseas banks to serve the real financing needs of multinational operating enterprises and trading enterprises.

### (3) *Asset custody*

Focusing on the origin business of custody, the Bank continued to strengthen the capacity building of our securities custody business, deepened the business synergy of the Group, prepared for innovative products and enhanced the market competitiveness of our public fund custody business. The Bank improved pension custody services, actively developed personal pension custody and continuously consolidated the advantages of the pension brand. The Bank deepened custody cooperation with insurance companies, securities companies, trust companies and other types of financial institutions, and optimised innovative custody service solutions for capital management products. The Bank actively provided custodian services for industrial funds around the world to help the development of the real economy. As at the end of the Reporting Period, the assets under custody reached 13.05 trillion, representing an increase of 8.06% over the end of the previous year.

### (4) *Wealth management businesses*

The Bank adhered to prudent operation of wealth management business and the proportion of net value wealth management products continued to increase. As at the end of the Reporting Period, the balance of asset management products of the Group reached 1,206.901 billion, representing a decrease of 12.81% over the end of the previous year, and the balance of net-worth wealth management products reached 1,085.438 billion, accounting for 89.94% of the wealth management products and representing an increase of 1.47 percentage points over the end of the previous year.

## 5. *Integrated operation*

- ◆ The Group established development pattern with commercial banking business as the body, in close coordination and connection with other businesses including financial leasing, fund, wealth management, trust, insurance, overseas securities and debt-to-equity swap, so as to provide comprehensive financial services for customers.
- ◆ During the Reporting Period, net profits of subsidiaries<sup>6</sup> that are attributable to shareholders of the Bank amounted to 5.769 billion, the proportion of which to the Group's net profit was 6.26%. As at the end of the Reporting Period, total assets of the subsidiaries are 603.197 billion, the proportion of which to the total assets of the Group was 4.64%.

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<sup>6</sup> Excluding Bank of Communications (Luxembourg) S.A., Bank of Communications (Brazil) Co., Ltd. and Bank of Communications (Hong Kong) Limited, same applies hereinafter.

**Bank of Communications Financial Leasing Co., Ltd.** As the Bank's wholly-owned subsidiary, the company was set up in December 2007 with a registered capital of 14.0 billion. The main business scope includes financing leasing and operating leasing in sectors such as aviation, shipping and energy power, transportation infrastructure, equipment manufacturing and livelihood services. The company was elected as the Fifth Chief Administration Unit of China Banking Association (CBA) Financial Leasing Committee. During the Reporting Period, the company adhered to the development strategies of "Professionalism, Internationalisation, Differentiation and Characteristics", and was deeply engaged in aviation, shipping, traditional financing leasing and other businesses. The company's main indicators still ranked first in the industry. As at the end of the Reporting Period, total assets and net assets were 358.981 billion and 41.089 billion respectively. The balance of leasing assets was 316.795 billion, of which the balance of aviation and shipping leasing assets took the lead in exceeding 200 billion in the industry. The company owned and managed 473 ships and was the largest leasing company in the domestic merchant fleet. The company also had a fleet of 277 planes, making the value of aircraft leasing assets ranked second domestically and tenth globally in the financial leasing industry. The company's net profit during the Reporting Period was 3.815 billion, representing a year-on-year increase of 8.05%. The company have successively won 25 honours such as the "Best Financial Leasing Company of the Year" of the Global Leasing Industry Competitiveness Forum, and "China Financial Leasing Outstanding Achievement Award" of China International Finance Forum.

During the Reporting Period, the company improved its ability to provide precise services in key strategic areas of the country. As at the end of the Reporting Period, the balance of leasing assets of the company in the Yangtze River Delta Region increased by 18.94% over the end of the previous year to 37.465 billion, among which the balance of leasing assets in Shanghai increased by 31.71% over the end of the previous year to 25.245 billion and the first aircraft leasing project in Lin-Gang Special Area was launched. The company fully leveraged its innovative leading role, setting up a special working group for the new infrastructure (new energy) leasing business centre and the inclusive (technology) leasing business centre. During the Reporting Period, the company invested 16.831 billion in new infrastructure and new energy projects, representing a year-on-year increase of 86.45%. The company adhered to the "Manufacturing Power" strategy, with manufacturing investment reaching 9.212 billion, representing a year-on-year increase of 89.24%. The company deeply served the development of national high-end manufacturing, industrial and supply chains. During the Reporting Period, the company placed orders for 53 ships with Chinese shipyards, reaching a total amount of 12.68 billion, and supported key ship financing projects such as the world's largest multi-purpose heavy-lift vessel and the first LNG dual-fuel-powered Aframax tanker in China; the company also signed a letter of intent to order 50 C919 and 10 ARJ21 aircraft with COMAC. The company

actively practiced the development concept of “green finance”, and the scale of green finance lease assets exceeded 70 billion under the statistical scope of the People’s Bank of China’s green loan special category. The company also successfully issued the first ESG Free Trade Zone offshore bonds (“**Pearl Bonds**”) of financial institutions in China.

**Bank of Communications International Trust Co., Ltd.** The company was set up in October 2007 with a registered capital of 5.765 billion, of which the Bank and Hubei Provincial Communications Investment Group Co., Ltd. contributed 85% and 15% shares respectively. The main business scope includes trust loans, equity investment trusts, securities investment trusts, credit asset securitization, corporate asset securitization, qualified domestic institutional investor (QDII), family trusts, charitable trusts, etc. During the Reporting Period, the company insisted on prioritizing stability, set the strategic goal of “building the most trustworthy first-class trust company”, served the real economy actively, accelerated transformation and development and deepened the synergy effect of the Group. As at the end of the Reporting Period, the total assets, net assets and the assets under management of the company were 18.528 billion, 15.418 billion and 513.740 billion respectively. The company’s net profit during the Reporting Period was 0.942 billion, representing a decrease of 23.72% on a year-on-year basis. The company has been rated as Level A (the highest level) for seven consecutive years in the industry rating launched by the China Trustee Association and has won the “Cheng Xin Tuo” Excellent Trust Company Award granted by the *Shanghai Securities News*. The company has won the “Annual Excellent Risk Control Trust Company Award” from *Securities Times* for seven consecutive years, and the “China Trust Industry Golden Bull Award” from *China Securities Journal* was awarded to the BOCOMM TRUST–Fengyun 68 Active Management TOF Product.

During the Reporting Period, in accordance with the regulatory requirements of the “Three Categories” of trust management, the company focused on its main business, deeply cultivating in areas such as asset management trusts, asset service trusts, and charity trusts. The company has successfully launched a number of innovative products, including issuing the first Commercial Mortgage–Backed Medium–termed Notes (CMBN) for underground property in the nation, the first knowledge property rights service trust, the affordable housing equity trust, the enterprise specific incentive service trust, and several charity trusts such as rural revitalization and excellent teacher awards, fulfilling its social responsibility and helping to promote high–quality development of the real economy.

**Bank of Communications Schroder Fund Management Co., Ltd.** The company was set up in August 2005 with a registered capital of 0.2 billion. It was jointly contributed by the Bank, Schroder Investment Management Limited and China International Marine Containers (Group) Co., Ltd., with the shares accounting for 65%, 30% and 5% respectively. The primary businesses include fund raising, fund sales and asset management. According to data from Haitong Securities, among 12 large equity investment companies, the company ranked first in terms of equity investment return rate in the past year. With outstanding investment performance, the company has won the “grand slam” of corporate awards in the three major authoritative awards in the public fund industry and has also won the “Golden Bull Fund Management Company” award for four consecutive years. As at the end of the Reporting Period, the company’s total assets and net assets were 7.926 billion and 6.305 billion respectively, and the public fund under management reached 528.1 billion. Affected by the fluctuations in the market, the company’s net profit during the Reporting Period was 1.581 billion, representing a decrease of 11% on a year-on-year basis.

As the backbone of the Group to build wealth management feature, the company, centring on the Group’s strategy and the 14th Five-Year Plan, continuously improved core competitiveness in investment research and built multi-level product lines. Relying on spillover effect of initiative management investment research advantages, the company improved its management ability in equities, fixed income+ and FOF, investment advisory portfolios, strived to make itself a first-class fund company with core competitiveness for high-quality development and actively assisted the Group in the construction of wealth management ability. During the Reporting Period, the company and the Bank jointly promoted the implementation of personal pension system, made efforts in the layout and sales of pension financial products, and thus BoCom One Year Stable Pension FOF became the largest FOF product under management in the market, with a scale of over 12.0 billion as at the end of the Reporting Period.

**BOCOM Wealth Management Co., Ltd.** As a wholly-owned subsidiary of the Bank, the company was set up in June 2019 with a registered capital of 8.0 billion. It primarily issues wealth management products of fixed income, equity, commodities, financial derivatives and hybrid categories to customers. During the Reporting Period, the company adhered to the customer-centric and investor-oriented principles and adjusted the focus of product design and issuance in a timely manner. The company actively expanded consignment agencies outside the Bank, and the balance of products sold under consignment outside the Bank reached 499.613 billion, accounting for 46.03% of the balance of products. The company has preliminarily established an open and diversified omni-channel system with the Bank as the main body. As at the end of the Reporting Period, the balance of wealth management products decreased by 11.37% over the end of the previous year to 1,085.438 billion. As at the end of the Reporting Period, the company's total assets and net assets were 11.458 billion and 11.099 billion respectively. The company's net profit during the Reporting Period was 1.188 billion, indicating an increase of 2.86% on a year-on-year basis.

During the Reporting Period, the company actively seized the opportunity in the pension financial market and obtained the pilot qualification for pension financial products, and its personal pension financial management business were the first batch to pass the acceptance of the financial industry platform. In the future, the company's pension financial products will highlight inclusiveness and long-term stability and rely on the company's investment research and operation mechanism of "Investment Managers + Professional Committees" to support the steady operation of pension products. During the Reporting Period, the company won several awards including Golden Bull Award, Golden-shell Award, Golden Reputation Award, and its ESG financial products won the "2022 Cailian Press Green Water and Gold Mountain Award · Green Financial Product Innovation Award."

**BOCOM MSIG Life Insurance Company Limited.** The company was set up in January 2010 with a registered capital of 5.1 billion, of which the Bank and the MS&AD Insurance Group contributed 62.50% and 37.50% shares respectively. The business scope includes life insurance, health insurance, accident insurance and reinsurance businesses of the aforementioned insurances in Shanghai as well as regions where its branches were established. As at the end of the Reporting Period, the company's total assets and net assets were 109.916 billion and 7.167 billion respectively. During the Reporting Period, the original premium income was 18.144 billion, representing an increase of 7.10% on a year-on-year basis, the amount of new businesses value was 0.881 billion, representing an increase of 5.30% on a year-on-year basis. Affected by the fluctuations in the capital market and decrease in investment income, the net loss was 0.591 billion.



During the Reporting Period, the company optimised its diverse product offerings with a customer-centric approach to meet the insurance needs of customers at different stages, improved the construction of the pension service system, and won the “Annual Excellent Pension Insurance Service Provider” award at the 2022 Golden Tripod Awards. The company also strengthened its “Great Bank-Insurance” service capabilities and continued to enhance the construction and capacity development of professional teams such as wealth planners. The company leveraged the advantages of group integration and focused on providing one-stop services for high net worth clients’ wealth protection and inheritance needs through insurance and insurance trust products.

**BOCOM Financial Asset Investment Co., Ltd.** As a wholly-owned subsidiary of the Bank, it was set up in December 2017 with a registered capital of 10.0 billion. As one of the first pilot banks to implement debt-to-equity swap as determined by the State Council, it is mainly engaged in debt-to-equity swap and supporting services. As at the date of disclosing this announcement, the Bank has injected additional capital of 5.0 billion to the company. During the Reporting Period, the company made efforts to develop the main business of market-oriented debt-to-equity swap, and actively reduced leverage ratio and controlled risks for the real economy. Its net incremental investment of the year was 9.901 billion. As at the end of the Reporting Period, the company managed funds with a subscribed scale of 8.338 billion through its subsidiary, Bank of Communications Capital Management Co., Ltd., which represented an increase of 298.34% on a year-on-year basis, further strengthening the momentum of its equity investment business development. As at the end of the Reporting Period, the company’s total assets and net assets were 61.956 billion and 20.415 billion respectively. The company’s net profit during the Reporting Period was 1.124 billion, representing a decrease of 61.32% on a year-on-year basis.

The company closely followed the direction of the Group's “14th Five-Year Plan”, continuously increased the proportion of business in the Shanghai Base, the Yangtze River Delta region, and other key strategic areas of the country. The company also accelerated the formation of technology and financial service capabilities, chose equity investment as a starting point, deepened customer cooperation relationships, and helped the Group consolidate its customer and debt base. During the Reporting Period, the balance of investment in key regions such as the Yangtze River Delta, the Guangdong-Hong Kong-Macau Greater Bay Area, and the Beijing-Tianjin-Hebei Region accounted for 58.13% of the total investment. Among them, the proportion of investment in the Shanghai area was 9.12%, and the proportion of investment in newly-emerging strategic industries was 51.27%.

**BOCOM International Holdings Company Limited.** The company was set up in June 1998 (formerly known as Communications Securities Co., Ltd. It changed its name to BOCOM International Holdings Company Limited in May 2007). It was listed on the main board of Hong Kong Stock Exchange on 19 May 2017. The main businesses include securities brokerage and margin financing, corporate financing and underwriting, asset management and consulting, investment and loan. As at the end of the Reporting Period, the Bank's shareholding in the company was 73.14%. During the Reporting Period, the company focused on key national regions to strengthen its business layout, and provided customers with comprehensive financial services integrating the industrial chain. As at the end of the Reporting Period, the total assets and net assets of the company were HKD24.662 billion and HKD2.677 billion respectively. Affected by adverse market conditions, the company's net loss during the Reporting Period was HKD2.984 billion.

**China BoCom Insurance Co., Ltd.** As a wholly-owned subsidiary of the Bank, it was set up in November 2000 with a registered capital of HKD0.4 billion. The main business includes the operation of 17 types of general insurances approved by the Insurance Authority of Hong Kong. During the Reporting Period, A.M. Best, which is an international professional rating agencies in insurance industry, affirmed the company's financial strength ratings of "A-" (Excellent) and long-term issuer credits ratings of "a-", both with "Stable" outlook. As at the end of the Reporting Period, the company's total assets and net assets were HKD0.874 billion and HKD0.538 billion respectively. Affected by capital market fluctuations and a year-on-year increase in claims paid, the net profit suffered a year-on-year decrease of HKD11.74 million.

During the Reporting Period, the company took advantage of the full business license for general insurances, promoted the improvement and innovation of insurance products to continuously enhance insurance customer experience, and obtained the ISO9001 certification. The company's gross premiums during the Reporting Period increased by 14.38% on a year-on-year basis to HKD0.28 billion, reaching a record high, and the premium profits before expenditure were HKD18.45 million and the net compensation rate was 31.30%, maintaining a favorable condition.



## 6. *Global Service Capabilities*

- ◆ The Group formed an overseas operating network covering major international financial centres across five continents and had 23 overseas branches (sub-branches) and representative offices in 18 countries and regions, with 69 overseas operating outlets. During the Reporting Period, the net profit of overseas banking institutions amounted to 5.111 billion, whose contribution to the Group's total net profit accounted for 5.55%. As at the end of the Reporting Period, the total assets of overseas banking institutions amounted to 1,262.918 billion, whose contribution to the Group's total assets accounted for 9.72%.
- ◆ The Bank strengthened trade facilitation and e-CNY cross-border scenarios, and enhanced financial services in the field of foreign investment and foreign trade. During the Reporting Period, international settlement volume increased by 11.5% year-on-year, cross-border renminbi settlement volume increased by 26.84% year-on-year, and the cumulative business volume of online settlement and financing products for international business doubled year-on-year.

### (1) *International Development*

The Group actively responded to changes in internal and external conditions, and overseas banking institutions closely tracked changes in global markets. It carried out operational management in a steady and orderly manner, strengthened structural and dynamic adjustments, and coordinated development and safety. The Group aimed to proactively respond to the pursuit of high-level opening up and a new development pattern of “dual circulation,” in which domestic and foreign markets reinforce each other. The Bank provided financial services to Chinese enterprises that were in line with the national strategy to “go global” and actively built a financial bridge between the inside and outside world. The Bank constantly improved our emergency protection plans in accordance with changes in the situation, strengthened risk prevention and built a solid foundation for sustainable and high-quality development of overseas banks.

(2) *International settlement and trade financing*

The Bank served the high level of opening up to support the cross-border financial needs of customers in manufacturing, wholesale and retail industries, and increase support for small and micro foreign trade enterprises. The “Digital Trade Service” is an online and intelligent trade finance product that covers five modules: new foreign trade, scenario finance, Easy series, large customer platform and banking and government docking, to effectively serve the construction of a strong trade nation. The Bank integrated into scenarios such as shipping logistics and pilot digital services for capital projects to enhance the quality and effectiveness of supporting financial services. The Bank optimised the functions of the Easy series of online settlement and financing products. The number of customers and business volume continued to grow exponentially, and the digitalisation of financial services continued to improve. The Bank supported the development of new foreign trade models, and the trading volume of cross-border e-commerce, integrated foreign trade services and market procurement totaled RMB28.21 billion. The Bank promoted technology empowerment and enriched the platform for large clients in international business. It also launched a pilot bridge for digital currency of multiple central banks and launched the innovative letter of credit business of renminbi cross-border payment system. During the Reporting Period, the amount of international settlement processed by the Bank reached USD538.77 billion, representing a year-on-year increase of 11.5%. The volume of financing for cross-border trade reached USD220.49 billion, representing a year-on-year increase of 1.8%.

(3) *Overseas service network*

The arrangement of the overseas service network is progressing steadily. As at the end of the Reporting Period, the Group had 23 overseas branches (sub-branches) and representative offices in places including Hong Kong, New York, London, Singapore, Tokyo, Frankfurt, Luxembourg and Sydney, providing customers with financial services including deposits, loans, international settlement, trade financing and foreign currency exchange. The Group established overseas banking service network with 1,010 banks in 127 countries and regions, set up 235 cross-border renminbi interbank accounts for 100 overseas renminbi participating banks in 32 countries and regions. In addition, 82 foreign currency settlement accounts in 27 major currencies were opened in 63 banks in 31 countries and regions.

(4) *Cross-border renminbi transactions*

The Bank continued to promote the construction of cross-border renminbi payment scenarios and strengthened the combined use of products with cross-border settlement and cross-border investment and financing. As at the end of the Reporting Period, the Bank topped the market in terms of the number of corporate customers of the standard transmit product of online cross-border renminbi payment system. The Bank continued to expand the cross-border use of renminbi and promoted steady growth in the scale of cross-border renminbi settlement. During the Reporting Period, the volume of cross-border renminbi settlement of domestic banking institutions reached RMB1,537.448 billion, representing an increase of 26.84% on a year-on-year basis.

(5) *Offshore businesses*

The Bank strengthened the integrated development of offshore and onshore businesses as well as the integrated operation of non-resident accounts, and fully explored the business potentials of the integration of Yangtze River Delta and Lin-Gang Special Area of Shanghai Pilot Free Trade Zone. As at the end of the Reporting Period, the asset balance of offshore business increased by USD1.0 billion and 6.27% over the end of the previous year to USD16.936 billion.

## **BOCOM-HSBC STRATEGIC COOPERATION**

During the Reporting Period, the Bank and HSBC were strongly committed to promoting the cooperation in various fields under the framework of the strategic cooperation mechanism, as well as consolidating the mutually beneficial and win-win cooperation situation.

Maintenance of unhindered communication mechanism. The Bank and HSBC held the top-level meetings at the Chairman/Group Chairman through online channels; established and conducted the dialogue mechanism for the President/Group CEO; communicated the significant matters of business development in a timely manner, and determined the direction and route of cooperation.

Continued expansion on the scope of cooperation. The teams of both parties steadily promoted cooperation in various fields under the unified framework of “1+1 Global Financial Service” based on the market-oriented principles. BoCom and HSBC joined hands to assist Chinese enterprises to “go global”, concluding 2 cooperative syndicated loan projects; the cooperation in Hong Kong region was further increased, concluding 57 bond underwriting projects and 20 cooperative syndicated loan projects; trade financing and cross-border Renminbi settlement were continuously deepened; the investment banking and inter-bank bond trading business cooperation was kept advancing; the cooperation scale of fund distribution was increased steadily.

Sustained promotion of experience sharing. Under the framework of “Resources and Experience Sharing (RES)”, both parties focused on the transformation and development, business innovation and other issues, and also continued carrying out the two-way training and business experience exchange. During the Reporting Period, both parties successfully renewed the new three-year cooperation agreement on RES, which will enhance the resources sharing and experience exchange on key issues of transformation and development to empower the high-quality development.

Looking forward, the Bank will cooperate with HSBC to actively explore the strategic convergence, focus on key areas such as serving national strategies and green finance, and exploit the potential of cooperation to create more value through practical cooperation.

## 7. *Channel Construction*

### (1) *Corporate online banking and corporate mobile banking*

Centring on the customers, the Bank focused on the online security, experience and efficiency, created a new version of corporate online banking as well as cooperate mobile banking, also gradually promoted and applied. As at the end of the Reporting Period, the number of contracted customers of corporate online banking (Bank–corporate direct connection) increased by 12.82% over the end of the previous year, and the annual cumulative transaction volume saw an increase of 13.96% on a year-on-year basis. The number of contracted customers of corporate mobile banking increased by 19.15% over the end of the previous year, and the annual cumulative transaction volume saw an increase of 31.03% on a year-on-year basis.

### (2) *Personal mobile banking*

Focusing on the concept of “Easy Access” and customer experience, the Bank launched the Personal Mobile Banking version 7.0, which reinvented the processes and upgraded functions in wealth investment, credit financing, financial scenario and digital security, providing customers with more intelligent and convenient mobile services and achieving a leap in customer experience with financial technologies. As at the end of the Reporting Period, the number of monthly active users (MAU) of personal mobile banking increased by 19.35% over the end of the previous year to 45.4833 million.

### (3) *Go Pay*

The Bank implemented the high–quality development strategy and deeply promoted the digital transformation. The Bank upgraded and launched the version 6.0, the Go Pay added a series of livelihood scenarios such as the rural revitalisation as well as the best selection and preferential purchase, which further facilitated the online consumption for users, improving the urban and rural development. In addition, the Go Pay App also customised a barrier–free version for elderly users. As at the end of the Reporting Period, the accumulated number of registered customers of Go Pay App was 75.0070 million, while the number of MAUs was 25.4373 million. The frequencies of Go Pay APP used in financial and non–financial scenarios were 82.79% and 66.23%, respectively.

(4) *Open Banking*

The Bank expanded its financial services for livelihood service scenarios such as medical care, travel, education, government affairs, and actively served the platform digital transformation of industrial chains, supply chains and others. As at the end of the Reporting Period, 2,586 interfaces were launched for open banking with a cumulative 1.6 billion calls. New retail customers acquired via the open banking increased by 57.63% on a year-on-year basis to 0.7834 million. 113.817 billion financing amount was collected through online chain financial service of open banking.

(5) *Cloud BoCom*

The Bank continuously promoted its brand of “Cloud BoCom”, and, by utilising innovative remote audio and video services, expanded the business channels for customers, improved the availability and satisfaction of financial services, ensured the business continuity, and provided strong support for the business services during the epidemic prevention period. As at the end of the Reporting Period, the number of services provided by the Cloud BoCom amounted to 52 thousand, an increase of more than 13 times over the end of the previous year. The Bank strived to develop new media channels such as “BoCom” WeChat Mini Program and Cloud BoCom to enhance its capability of converting and operating new customers acquired from the channels. As at the end of the Reporting Period, customers served by “BoCom” WeChat Mini Program increased by 90.08% over the end of the previous year to 23.6623 million. Continuously enriched Cloud BoCom service capabilities, serving 5.5031 million users, an increase of 132.35% over the end of the previous year.

8. *FinTech and Digital Transformation*

- ◆ The Bank focused on the value creation and retail, deepened the digitalisation and enterprise-level thinking. Driven by information technology and data elements, the Bank strengthened the capability of supporting the digital transformation business and technology platform, accelerated the ecosystem construction of various scenarios and established a new mode of online and offline integrated operation. The Bank strived to enhance its flexible and agile product innovation capability, open and collaborative channel service capability, and accurate and intelligent operational management capability, so as to promote the overall capability of digital operation.
- ◆ During the Reporting Period, the Bank’s investment in FinTech increased by 32.93% on a year-on-year basis to 11.631 billion, which accounted for 5.26% of the operating income, representing an increase of 1.22 percentage points on a year-on-year basis. As at the end of the Reporting Period, the number of FinTech employees increased by 29.15% over the end of the previous year to 5,862, which accounted for 6.38% of the Group’s total employees, representing an increase of 1.35 percentage points on a year-on-year basis.

(1) *Product empowerment and service innovation*

In terms of high-quality and efficient governance, the Bank launched the “Jiaozhengtong” service at the outlets in order to establish the “Government Affairs Hall” around the daily life. As at the end of the Reporting Period, the Bank launched the local government affairs services at 1,826 outlets with a coverage ratio of 64.3%, and achieved full coverage at branches located in Yangtze River Delta region and Guangdong Province. Also, the Bank actively promoted the application of the CIPS standard transmit product for the cross-border Renminbi payment system in cross-border financial scenarios and facilitated the ecosystem construction.

For the facilitation of business development, the Bank focused on the financial needs in areas such as livelihood consumption, small and micro business, and rural revitalisation, and implemented the inclusive finance and served the livelihood. The Bank optimised the entire online process of “Inclusive e-Loan” to guarantee the normal business during the pandemic; “Xingnong e-Loan” continued to expand the product system for rural revitalisation; the financial services of online industrial chain provided financing relief measures for medium and small enterprises; the B2B payment project launched four saleable products including the bank and enterprise payment, cross-border e-commerce, electricity bill manager and factor market settlement, which synchronously connected with 8 leading customers such as Alibaba, Tencent in the industry.

In respect of the livelihood, the credit medical care has been launched in 45 cities, supporting cross-provincial medical treatments in the Yangtze River Delta region. The Bank implemented digital Renminbi functional innovation and construction of application scenarios, also built a normalised digital Renminbi operation system around key topics (such as “Great Travel”, “Great Medical Care”, “Big Retail”, “Great Livelihood”, and “Great Education”) as well as customer demands. As at the end of the Reporting Period, the balance of wallets was RMB562 million with the accumulated transaction amount of RMB79.4 billion.

(2) *Utilisation of technological innovation drivers*

The Bank drove the construction of enterprise-level structure and middle office with the enterprise-level and digital thinking. Two enterprise-level structure pilot projects (retail credit and B2B payment) have been successfully launched, initially forming a new structure including marketing middle office, operating middle office, risk control middle office, data middle office and enterprise-level technology platform.



The credit card distributed core system was successfully launched so that the Bank became the first large state-owned bank to use the independent and controllable distributed core system. By comprehensively reconstructing the business architecture system, the new system improved customer experience as well as operational quality and efficiency. The credit card distributed core system won the first prize of 2022 FinTech Development Award by the PBOC.

The Bank continuously improved the infrastructure cloudification service capability, completed the new generation of distributed cloud platform, accelerated the deployment of multi-cloud, and enhanced the “One cloud with multiple cores” strategy. The “5G Full-field Intelligent Financial Cloud Network” was awarded the “Top 10 Application Cases” of the 2022 World 5G Convention jointly sponsored by the National Development and Reform Commission (NDRC) and other ministries, as well as the third prize of the FinTech Development by PBOC, promoting the accelerated application of 5G technology in the financial industry.

The Bank deepened the application of artificial intelligence technologies, built the upstream and downstream industrial links (such as industrial chains and supply chains) with the full-stack knowledge graph platform to assist in the network construction and supplement. Interception rules for telecommunication fraud accounts were optimised to improve the accuracy of risk alerts, and over 1,600 fraudulent accounts were controlled during the year. In addition, the Bank enhanced the automation of business operations, reduced the manual parts, improved the quality and efficiency of business processing, and simplified tasks (such as the time for image verification of account opening is reduced from 3 months to 1 week).

### *(3) Enhancement of data support capabilities*

The Bank enhanced the data governance, continuously improved the data standard management system, conducted the closed-loop control on data quality based on the data quality management system, and steadily level up the data standardisation. The data security management system was further improved, the impact assessment of rights protection was effectively implemented, and the data security maturity assessment system was basically established.



The enterprise-level data middle office was established and strengthened to provide integrated, efficient and intelligent data support for the business digital transformation. The data analysis platform became an integrated platform for data modelling, strategy design and analysis application across the Bank. Besides, the management cockpit supported the online presentation and flexible query of various indicators (such as the national strategic orientation and business operation priorities), and the digital and scientific level of the Bank's operation and management has been steadily improved. The Bank also actively participated in the market-oriented development of data elements and became the first batch of data providers in Shanghai Data Exchange and Shenzhen Data Exchange. In 2022, the Bank obtained a Level 4 certificate for the Data Management Capability Maturity Assessment Model (DCMM), the "Data Governance Best Practice Award" from the Data Management Association International (DAMA), the "Xinghe" Data Asset Management Benchmarking Case Award from China Academy of Information and Communications Technology, and won the "Data Asset Innovation Award" from the Global Data Ecosystem Conference.

(4) *Consolidation of the bottom line for production security*

During the Reporting Period, the Bank's production system was operated smoothly, and the security production was successfully completed during important periods such as the 20th National Congress of the Communist Party of China, the Winter Olympic Games, the Winter Paralympic Games and the "two sessions". During the pandemic, the Bank made every effort to ensure the continuous operation of the business and the stable operation of various production systems.

The Bank carried out financial technology ethics publicity and implementation training for its employees to promote the Bank's ethical value of "Technology for good, data for equal rights" and to continuously improve employees' financial technology ethics.

The Bank steadily processed the construction of digital infrastructure and disaster recovery system, planned two new remote data centres in Guian (Guizhou Province) and Horing (Inner Mongolia), accelerated the construction of a new local data centre in Pujiang District, and enhanced the actual business take-over capability of the local and remote disaster recovery centres to support the transformation and development.

### **(III). Risk Management**

The Board of Directors of the Bank established the overall risk appetite of “Stability, Balance, Compliance and innovation” for the Bank and further set specific indicators of risk limits against various risks including credit, market, operation, liquidity, interest rate of banking book, information technology and country to exercise strict control over various risk types. During the Reporting Period, the Group closely focused on the “three major tasks” under the financial planning, strictly adhered to the bottom–line thinking, coordinated the development and security, and mainly considered the battle for asset quality to continuously improve its comprehensive risk management capability. Besides, the Bank deepened the reform of risk credit and anti–money laundering, strengthened the modernisation of risk governance system and governance capability, and promoted the digital transformation of risk management. Also, the annual risk management objectives and tasks were successfully completed, which strongly facilitating the Bank’s high–quality development.

#### ***1. Risk Management Framework***

The Board of Directors of the Bank assumed the ultimate responsibility, served the highest function of decision–making and monitored the Bank’s risk condition through the subordinate Risk Management and Related Party Transaction Control Committee. The Bank’s senior management established the Comprehensive Risk Management and Internal Control Committee, as well as two business review committees namely the Credit and Investment Review Committee and the Risk Asset Review Committee. The business review committees were guided by and reported regularly to the Comprehensive Risk Management and Internal Control Committee. Each provincial and directly managed branch, overseas branch and subsidiary established the Comprehensive Risk Management and Internal Control Committee accordingly based on the aforementioned framework, which served as the main platform to study the prevention and control of systematic and regional risks and decision–making risk management on major issues, ensuring that the comprehensive risk management system had been implemented throughout the Group.

## **2. *Risk Management Tool***

The Bank actively practiced digital transformation in risk management and built a full-process, full-coverage digital risk management under the guideline of being market-driven, customer-based, grass roots-oriented and urgency-prioritised. The Bank built a strong foundation for risk data across the Group and enterprise-grade risk management applications, and enhanced intelligent risk management. During the Reporting Period, the Risk Management Department/Risk Measurement Centre at the sub-department level under Internal Control and Crime Prevention Office were established to strengthen the unified risk measurement and monitoring throughout the Group. Centring on the requirements of “Four Transformations”, the Bank continuously performed the regulation preparation, team construction, model optimisation. The Group created a unified model management platform, launched the project of implementing new capital management measures and completed upgrading the main work of system construction.

## **3. *Credit Risk Management***

During the Reporting Period, the Bank continued to strengthen unified credit risk management. The Group promoted the development of credit business in an orderly manner, supported the real economy improve steadily, and strived to develop green finance. The Group provided proactive support to key fields such as inclusive small and micro enterprises, advanced manufacturing, infrastructure construction, strategic emerging industries and trade and logistics, and reinforced control over real estate, implicit government debts, large enterprises, overcapacity and credit card. The Group consolidated the foundation of management base, optimised the framework of credit granting policy, in which process the outline of credit granting and risk policy, the guidelines on industry investment, “one policy for one bank” and some special policies were upgraded in a timely manner. Moreover, the Group made the credit process online and more automated, completed docking with the unified registration and publicity system of movable property financing of the Credit Information Center of the People’s Bank of China, promoted online real estate mortgage registration throughout China and realised its “cross-provincial business” in many cities across the country. With these efforts, the system tools were upgraded continuously, which enriched post loan (investment) management and risk monitoring. In addition, risk classification became more sophisticated with the asset quality improved steadily.

The Group enhanced disposal and collection of non-performing loans continuously. During the Reporting Period, the disposal of non-performing loans reached 86.4 billion, representing a year-on-year increase of 2.9%. Among them, the substantive settlement was 39.34 billion, representing a year-on-year increase of 16.9%, and the quality and efficiency of disposal were improved simultaneously. During the Reporting Period, the Bank focused on the significant risks and key sectors, brought into play the professional disposal capability, steadily and orderly performed the risk disposals on significant items, increased the use of disposal methods such as non-performing asset securitisation and debt-for-equity swap of risk assets, and improved the quality and efficiency of non-performing asset settlement and recovery.

During the Reporting Period, the Group reinforced risk identification and prompted risk response. The business accountability mechanism for credit granting of key customers was continuously deepened, the approval procedures of credit business were also continuously deepened, the post-loan management was continuously improved and enhanced. The Bank continuously strengthened the credit risk identification and management in key sectors, further optimised systems and models of risk monitoring, assessment and measurement, and the direct operation and management mechanism for the asset preservation was significantly effective. By maintaining strict asset quality classification standards, the foundation of asset quality was continuously strengthened, and the asset quality was steadily improved. As at the end of the Reporting Period, the balance of non-performing loans was 98.526 billion and the non-performing loan ratio was 1.35%, representing an increase of 1.730 billion and a decrease of 0.13 percentage points respectively over the end of the previous year. The period also witnessed a decrease in both the balance and proportion of overdue loans. The Group adopted prudent classification standards for overdue loans. All the corporate loans overdue for more than 60 days were included in non-performing loans and accounted for 63%. Loans overdue for over 90 days were included in non-performing loans and accounted for 58% of non-performing loans.

*Distribution of loans by five categories of loan classification*

*(in millions of RMB unless otherwise stated)*

	31 December 2022		31 December 2021		31 December 2020	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Pass loan	7,092,545	97.21	6,374,975	97.17	5,668,199	96.92
Special mention loan	105,084	1.44	88,629	1.35	82,527	1.41
<b>Total performing loan balance</b>	<b>7,197,629</b>	<b>98.65</b>	<b>6,463,604</b>	<b>98.52</b>	<b>5,750,726</b>	<b>98.33</b>
Sub-standard loan	40,465	0.55	52,960	0.81	52,652	0.90
Doubtful loan	33,257	0.46	25,978	0.40	26,713	0.46
Loss loan	24,804	0.34	17,858	0.27	18,333	0.31
<b>Total non-performing loan balance</b>	<b>98,526</b>	<b>1.35</b>	<b>96,796</b>	<b>1.48</b>	<b>97,698</b>	<b>1.67</b>
<b>Total</b>	<b>7,296,155</b>	<b>100.00</b>	<b>6,560,400</b>	<b>100.00</b>	<b>5,848,424</b>	<b>100.00</b>

*Distribution of special mention loans and overdue loans by business type*

*(in millions of RMB unless otherwise stated)*

	31 December 2022				31 December 2021			
	Special mention loan balance	Special mention loan ratio (%)	Overdue loan balance	Overdue loan ratio(%)	Special mention loan balance	Special mention loan ratio (%)	Overdue loan balance	Overdue loan ratio (%)
Corporate loans	84,584	1.80	46,309	0.98	73,858	1.78	53,503	1.29
Personal loans	20,499	0.87	38,483	1.63	14,737	0.64	33,653	1.47
Mortgage	8,051	0.53	13,023	0.86	3,966	0.27	9,001	0.60
Credit cards	10,808	2.26	20,122	4.21	9,637	1.96	20,462	4.15
Personal business loans	436	0.18	1,985	0.83	381	0.20	1,533	0.81
Others	1,204	0.88	3,353	2.45	753	0.66	2,657	2.32
Discounted bills	1	0.00	36	0.02	34	0.02	6	0.004
Total	105,084	1.44	84,828	1.16	88,629	1.35	87,162	1.33

The balance of corporate overdue loan was 46.309 billion, representing a decrease of 7.194 billion over the end of the previous year. The overdue ratio was 0.98%, representing a decrease of 0.31 percentage points over the end of the previous year. The balance of personal overdue loan was 38.483 billion, representing an increase of 4.830 billion over the end of the previous year. The overdue loan ratio was 1.63%, representing an increase of 0.16 percentage points over the end of the previous year.

*Distribution of loans and non-performing loans by business type*

*(in millions of RMB unless otherwise stated)*

	31 December 2022				31 December 2021			
	Loans	Proportion (%)	Non- performing loans	Non- performing loan ratio(%)	Loans	Proportion (%)	Non- performing loans	Non- performing loan ratio(%)
Corporate loans	4,711,353	64.58	78,487	1.67	4,138,582	63.09	77,618	1.88
Personal loans	2,366,507	32.43	20,003	0.85	2,285,096	34.83	19,168	0.84
Mortgage	1,512,648	20.73	6,731	0.44	1,489,517	22.70	5,083	0.34
Credit cards	477,746	6.55	9,310	1.95	492,580	7.51	10,821	2.20
Personal business loans	239,271	3.28	1,716	0.72	188,293	2.87	1,301	0.69
Others	136,842	1.87	2,246	1.64	114,706	1.75	1,963	1.71
Discounted bills	218,295	2.99	36	0.02	136,722	2.08	10	0.01
Total	7,296,155	100.00	98,526	1.35	6,560,400	100.00	96,796	1.48

*Distribution of loans and non-performing loans by industry*

*(in millions of RMB unless otherwise stated)*

	31 December 2022				31 December 2021			
	Loans	Proportion (%)	Non-performing loans	Non-performing loan ratio (%)	Loans	Proportion (%)	Non-performing loans	Non-performing loan ratio (%)
<b>Corporate loans</b>	<b>4,711,353</b>	<b>64.58</b>	<b>78,487</b>	<b>1.67</b>	<b>4,138,582</b>	<b>63.09</b>	<b>77,618</b>	<b>1.88</b>
Transportation, storage and postal services	823,156	11.28	5,645	0.69	763,419	11.64	10,873	1.42
Manufacturing	836,532	11.46	21,934	2.62	732,565	11.16	28,305	3.86
Leasing and commercial services	729,818	10.00	9,079	1.24	650,742	9.92	11,517	1.77
Real estate	519,857	7.13	14,560	2.80	419,820	6.40	5,260	1.25
Water conservancy, environmental and other public facilities	429,222	5.88	5,343	1.24	382,201	5.83	3,357	0.88
Production and supply of electric power, heat, gas and water	342,617	4.70	3,237	0.94	268,772	4.10	2,496	0.93
Wholesale and retail trade	254,447	3.49	3,911	1.54	215,554	3.29	5,649	2.62
Construction	176,696	2.42	2,000	1.13	157,729	2.40	1,504	0.95
Finance	148,747	2.04	1,874	1.26	132,633	2.02	–	–
Education, science, culture and public health	128,762	1.76	2,861	2.22	122,196	1.86	2,759	2.26
Mining	118,246	1.62	2,162	1.83	120,216	1.83	2,413	2.01
Others	94,839	1.31	1,012	1.07	77,884	1.19	743	0.95
Information transmission, software and information technology services	68,246	0.94	648	0.95	60,718	0.93	1,149	1.89
Accommodation and catering	40,168	0.55	4,221	10.51	34,133	0.52	1,593	4.67
<b>Personal loans</b>	<b>2,366,507</b>	<b>32.43</b>	<b>20,003</b>	<b>0.85</b>	<b>2,285,096</b>	<b>34.83</b>	<b>19,168</b>	<b>0.84</b>
<b>Discounted bills</b>	<b>218,295</b>	<b>2.99</b>	<b>36</b>	<b>0.02</b>	<b>136,722</b>	<b>2.08</b>	<b>10</b>	<b>0.01</b>
<b>Total</b>	<b>7,296,155</b>	<b>100.00</b>	<b>98,526</b>	<b>1.35</b>	<b>6,560,400</b>	<b>100.00</b>	<b>96,796</b>	<b>1.48</b>

The Group actively implemented the national policies and deployment, continuously increased financing support for the real economy. Manufacturing loans represents an increase of 103.967 billion or 14.19% over the end of the previous year, higher than the average growth rate of all loans. In stabilising investments and growth in key sectors, the loans of Transportation, storage and postal services increased by 59.737 billion or 7.82% over the end of the previous year. Leasing and commercial services loans increased by 79.076 billion or 12.15% over the end of the previous year. Water conservancy, environmental and other public facilities loans increased by 47.021 billion or 12.30% over the end of the previous year. Production and supply of electric power, heat, gas and water loans increased by 73.845 billion or 27.47% over the end of the previous year. Meanwhile, the Group maintained a stable and orderly financing for the real estate business, increased financing support for high-quality real estate enterprises and projects, also promoted the stable and healthy development of the real estate market. Real estate loans increased by 100.037 billion or 23.83% over the end of the previous year.

*Distribution of loans and non-performing loans by region*

*(in millions of RMB unless otherwise stated)*

	31 December 2022				31 December 2021			
	Loans	Proportion (%)	Non-performing loans	Non-performing loan ratio (%)	Loans	Proportion (%)	Non-performing loans	Non-performing loan ratio (%)
Yangtze River Delta	2,000,365	27.42	21,107	1.06	1,780,637	27.14	22,399	1.26
Pearl River Delta	978,749	13.41	8,403	0.86	857,521	13.07	5,559	0.66
Bohai Rim Economic Zone	1,137,282	15.59	10,707	0.94	965,957	14.72	13,893	1.44
Central China	1,196,075	16.39	14,520	1.21	1,092,985	16.66	19,224	1.76
Western China	875,476	12.00	9,333	1.07	774,445	11.80	9,661	1.25
North Eastern China	250,190	3.43	13,595	5.43	247,023	3.77	12,090	4.89
Overseas	376,277	5.16	11,551	3.07	348,948	5.32	3,139	0.90
Head office	481,741	6.60	9,310	1.93	492,884	7.52	10,831	2.20
<b>Total</b>	<b>7,296,155</b>	<b>100.00</b>	<b>98,526</b>	<b>1.35</b>	<b>6,560,400</b>	<b>100.00</b>	<b>96,796</b>	<b>1.48</b>

Note: Head Office included the Pacific Credit Card Centre.

The Group implemented differentiated policies of “one policy for one bank” to make dynamic adjustments to business authorisation based on regional economic traits.

*Overdue loans and advances*

*(in millions of RMB unless otherwise stated)*

Overdue Period	31 December 2022		31 December 2021	
	Amount	Proportion(%)	Amount	Proportion(%)
Within 3 months	27,737	0.38	23,164	0.35
3 months to 1 year	33,480	0.46	29,433	0.45
1 to 3 years	19,083	0.26	27,164	0.42
Over 3 years	4,528	0.06	7,401	0.11
<b>Total</b>	<b>84,828</b>	<b>1.16</b>	<b>87,162</b>	<b>1.33</b>

As at the end of the Reporting Period, the balance of overdue loans was 84.828 billion, representing a decrease of 2.334 billion over the end of the previous year. The overdue ratio was 1.16%, representing a decrease of 0.17 percentage points over the end of the previous year. The balance of loans overdue for over 90 days was 57.091 billion, representing a decrease of 6.907 billion over the end of the previous year.



## Restructured loans

(in millions of RMB unless otherwise stated)

	31 December 2022		31 December 2021	
	Amount	Proportion(%)	Amount	Proportion(%)
Restructured loans	13,660	0.19	8,792	0.13
Including: Restructured loans overdue over three months	1,533	0.02	1,625	0.02

## Loan migration rates

(%)	2022	2021	2020
Pass loan migration rate	1.89	1.86	1.84
Special mention loan migration rate	26.55	45.72	46.59
Sub-standard loan migration rate	52.87	29.61	25.48
Doubtful loan migration rate	26.61	17.42	19.92

Note: Data calculated pursuant to the *Notice on the Distribution of the Regulatory Indicator and Calculation Formula for Off-Field Investigation* issued by the CBIRC.

## Credit risk concentration

As at the end of the Reporting Period, the total loans to the largest single borrower of the Group accounted for 4.56% of the Group's net capital, and the total loans to top 10 customers accounted for 18.56% of the Group's net capital. The situation of loans to top 10 single borrowers as at the end of the Reporting Period is shown below.

(in millions of RMB unless otherwise stated)

As at 31 December 2022

	Industry	Amount	Percentage of total loans(%)
Customer A	Production and supply of electric power, heat, gas and water	57,000	0.78
Customer B	Production and supply of electric power, heat, gas and water	37,700	0.52
Customer C	Transportation, storage and postal services	34,762	0.48
Customer D	Real estate	18,889	0.26
Customer E	Manufacturing	15,670	0.21
Customer F	Transportation, storage and postal services	15,038	0.21
Customer G	Transportation, storage and postal services	13,676	0.19
Customer H	Transportation, storage and postal services	13,271	0.18
Customer I	Transportation, storage and postal services	13,177	0.18
Customer J	Transportation, storage and postal services	12,864	0.18
<b>Total of Top 10 Customers</b>		<b>232,047</b>	<b>3.18</b>



#### 4 *Market Risk Management*

Market risk refers to the risk of losses of on- and off-balance sheet businesses of the Bank arising from unfavourable changes in interest rate, exchange rate, commodity price, share price and others. Interest rate risk and exchange rate risk were the major market risks encountered by the Group.

The aim of the market risk management of the Group was to proactively identify, measure, monitor, control and report its market risks based on the risk appetite determined by the Board of Directors. By using methods and means of quota management, risk hedging and risk transfer, the Group was able to manage its market risk exposure to an acceptable level and pursued a maximisation of its risk-adjusted profits based on its controlled risks.

The exchange rate risk and general market risk of interest rate risk of trading book of legal persons were assessed with the use of the internal model-based approach to measure capital at risk by the Group, while the market risk not covered by the internal model-based approach was assessed under the standardised approach to measure capital at risk. In terms of the internal model-based approach, historical simulation method was adopted to calculate value at risk (“**VaR**”) and stressed value at risk (“**SVaR**”), which had a historical observation period of 1 year, a holding period of 10 working days and a 99% confidence interval. Daily capital transaction positions of the Group and the most updated market data were obtained to perform position valuation and sensitively analysis in a timely manner. In addition, using the historical simulation method, the Group measured VaR of market risk on a daily basis from different perspectives, including risk factors and investment portfolios and products and performed reverse testing on a daily basis to verify the accuracy of the VaR model. The results of internal model approach were applied to capital measurement, quota monitoring and management, performance assessment and risk monitoring and analysis.

During the Reporting Period, the Group kept improving the market risk management system, improved management policies and procedures, optimised the risk management system, strengthened product management, optimised limit setting, and improved derivatives business risk management. The Group closely monitored the financial market fluctuations, strengthened market research and judgement on the market, enhanced exposure monitoring and risk warning, improved the risk assessment and inspection, and strictly controlled various market risk exposure limits to improve the level of market risk management.

## 5. *Liquidity Risk Management*

Liquidity risk is the risk that occurs when the commercial bank cannot obtain sufficient funds in time and at a reasonable cost to repay debts when they are due, fulfil other payment obligations, or meet other funding needs in the normal course of business. The main factors affecting the liquidity risk include early withdrawal by deposit customers, deferred repayment by loan customers, mismatch of asset and liability structure, difficulty in asset realisation, decline in financing capability, etc.

The governance structure of liquidity risk management of the Group consisted of a decision-making body comprised the Board of Directors and its Special Committees and Senior management, a supervisory body comprised the Board of Supervisors and Audit Supervision and an executive body comprised Financial Management Department, Financial Markets Department, Risk Management Department, Operations and Channel Management Department, branches, subsidiaries and the Head office's departments in charge of each business.

The Group's liquidity risk management goal was to establish and improve the liquidity risk management system, and effectively identify, measure, monitor and manage the liquidity risk at legal entity level and group level, subsidiaries, branches and business lines to ensure that the liquidity needs can be timely satisfied at a reasonable cost.

The Group annually determined liquidity risk appetite and formulated liquidity risk management strategies and policies according to business strategies, business characteristics, financial strength, financing abilities, overall risk appetite and market influence. The strategies and policies covered all on- and off-balance sheet businesses, as well as all business departments, branches and subsidiaries that might have a significant impact on liquidity risk at home and abroad and included liquidity risk management under normal and stressful conditions.

During the Reporting Period, the Group continuously improved its liquidity risk management system, adhered to the balance between capital source and utilization, timely and flexibly adjusted its liquidity management strategies and business development structure and rhythm, and promoted the coordinated development of the entire bank's asset liability business; the Group conducted cash flow calculation and analysis on a daily basis and strengthened daytime liquidity management and financing management to ensure liquidity safety during major holidays, key time points, and epidemic situations. The Bank strictly monitored liquidity risk related indicators, strengthened proactive risk early warning and prediction, and timely made strategic adjustments to ensure the smooth operation of liquidity risk indicators throughout the Bank.

The Group launched regular stress testing for liquidity risk, in which the stressed scenarios and various factors which may affect liquidity situation were reasonably considered. The results of stress tests showed that the Bank's liquidity risk was in a controllable range under various pressures scenarios.

As at the end of the Reporting Period, the table below shows the liquidity ratio indicator of the Group:

	Standard value	<b>31 December 2022</b>	31 December 2021	31 December 2020
Liquidity ratios(%)	≥25	<b>69.76</b>	67.11	69.24

Note: Calculated according to the regulatory standard of the CBIRC.

The daily average liquidity coverage ratio of the Group during the fourth quarter of 2022 was 122.00% (the daily average within the quarter was the arithmetic average of daily data of the quarter, the number of daily data required was 92). The ratio decreased by 4.13 percentage points over the previous quarter mainly due to increase in net cash outflows. The Group's qualified HQLA mainly included cash, reserves that can be withdrawn from the central bank under stress scenarios and bonds that meet the definition of primary and secondary assets in the *Administrative Measures for Liquidity Risk Management of Commercial Banks*.

The Group's net stable funding ratio for the third quarter of 2022 was 107.41%, representing a decrease of 1.61 percentage points over the previous quarter, which was mainly due to the increase in loans issued to retail and small business customers, non-financial institutions, sovereignty, central banks and public sector entities. In the fourth quarter of 2022, the net stable funding ratio was 109.16%, representing an increase of 1.75 percentage points over the previous quarter, which was mainly due to the increase in wholesale financing.

## **6. Operational Risk Management**

The Group developed comprehensive operational risk management system dealing with the nature, scale and product complexity of the Group's businesses. The Group also standardised the procedures of operational risk controls, control self-assessment, loss data collection, key risk indicator monitoring and operational risk event management. During the Reporting Period, the Group further enhanced the operational risk classification and matrix evaluation mechanism, strengthened the integrated management of operational risks of subsidiaries, and strengthened operational risk monitoring assessment on key areas. The Group also strengthened business continuity and outsourcing risk management.

## **7. *Legal Compliance and Anti-money Laundering***

During the Reporting Period, the Bank made efforts to improve and promote the implementation of its legal compliance management framework. The Group improved legal knowledge education and the construction of compliance culture, contributing to steady legal and compliance management. During the Reporting Period, the Group took the measures to enhance anti-money laundering management capabilities, including advancing the self evaluation of money laundering risk, strengthening customer identification, improving the quality and efficiency of large-sum transactions and suspicious transactions' reports, strengthening the anti-money laundering system construction, and promoting the anti-money management capability continuously.

## **8. *Reputation Risk Management***

The Group implemented the *Administrative Measures for Reputational Risk of Bank and Insurance Institution (for Trial Implementation)*. As for the governance structure, the Group improved the reputational risk management of "Board of Directors, Board of Supervisors and Top Management Team". As for the mechanism, the Group enhanced the Group integrated management, continuously improving the management system of reputational risk of the Group. As for execution, the Group optimised the closed-loop management of the whole process, including pre-assessment, in-process response, and post event summary, and improved the management of the reputational risk. During the Reporting Period, the Group's reputational risk management system operated well and the reputational risk was under control.

## **9. *Cross-Industry, Cross-Border and By-Country Risk Management***

The Group set up the risk management system across industries and borders, characterised by "centralised management, clear allocation, adequate tools, IT support, risk quantification, and consolidation of substantially controlled entities". All subsidiaries and overseas branches take into account both the Group's standardised requirements and the respective requirements from local regulatory governing bodies while performing risk management. During the Reporting Period, considering the uncertainties caused by the global COVID-19 pandemic, the Group strengthened risk management in overseas institutions, improved the institutional system, advanced assessment mechanism, and strengthened the development and drilling of various emergency plans to ensure stable operation of business. In addition, the Group also strengthened management of key areas such as employees' awareness of pandemic prevention, liquidity, business continuity and asset quality in overseas institutions. The Group enhanced the consolidation management, improved unified risk management of the Group, refined the full lifecycle management of subsidiaries, and optimised risk information reporting mechanism. The Group strengthened by-country risk management, increased the frequency of monitoring by-country risk exposure, improved

the management of by-country risk limits, carried out by-country risk analysis and rating, continuously paid attention to and responded to by-country risk events in a timely manner, and integrated by-country risk management requirements throughout the entire process of relevant business development.

#### **10. *Management of Large Exposure Risk***

The Group thoroughly implemented the requirements of the *Administrative Measures for the Large Exposures of Commercial Banks* issued by the CBIRC, boosted the construction of management system, continuously monitored situations of large exposure risk, and strictly adhered to various delegated authorities' standards, so as to improve the Group's ability to prevent systematic and regional risk. During the Reporting Period, the Group's large exposure risk indicators all met the regulatory requirements.

#### **11. *Climate and Environmental Risk Management***

The Group actively supported the target of "Carbon Peak and Carbon Neutrality", and promoted the further integration of climate and environmental risks into the comprehensive risk management system. According to the risk appetite determined by the Board of Directors, the Bank continuously improved the governance structure, strengthened institutional restrictions, enhanced the risk assessment, and optimised management as well as control measures to effectively respond to new challenges brought by climate change and low-carbon transformation of the social economy.

During the Reporting Period, the Bank increased the industrial dimensions involved in the statistics of carbon emission data for investment and financing enterprises, and continuously improved the environmental benefit measurement of projects related to carbon emission reduction support tools. In 2022, the Bank performed the sensitivity stress tests on the climate risk for eight high-carbon-emission industries (including power, steel, construction materials, non-ferrous metal, civil aviation, petrochemicals and papermaking) and analysed the potential impact of the green and low-carbon transformation of the social economy on the Bank's asset quality. Test results indicated that the credit risk of the Bank's eight customers in such high-carbon-emission industries increased under the relevant stress scenarios, while the overall risk was controllable. The impact on the Bank's capital adequacy level was limited.

## (IV). Outlook

In 2023, amid the sophisticated and challenging international environment, the growth momentum of the global economy slows down, with rising risk of stagflation. The foundation for the recovery of domestic economy is not yet solid, the triple pressures of demand contraction, supply shock, and weakening expectations is still high. However, China's economy is strongly resilient, high potential and vigorous, the long-term promising outlook remains unchanged. With the continuous implementation of various policies, the order of domestic production and livelihood is expected to accelerate the restoration. The endogenous momentum of the economic growth has been continuously accumulated and strengthened, and the overall economy is expected to rebound.

Since 2023 is the beginning of the fully implementation of the underlying principles from the 20th CPC National Congress, the Group will continue following the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, actively implement guidelines of the Central Economic Work Conference, adhere to the general principle of seeking improvement in stability, and implement the new development concepts completely, accurately and comprehensively. Besides, the Group will serve to build a new development pattern, continuously improve the quality and efficiency of serving the high-quality development of the real economy, and further promote the implementation of the "14th Five-Year Plan" of the BOCOM. The Group will also accelerate the construction of a world-class banking group with features and advantages, focusing on the following aspects:

**Serve the high-quality development of the real economy.** The Group will seize opportunities for the development of new drivers such as the supply chain of key manufacturing industry chains, new energy systems, green and low-carbon, and digital economy. Also, the Group will upgrade and optimise the expansion model of the FinTech, better serve and support the virtuous circle of "technology-industry-finance", and help accelerate the construction of modern industrial system. In addition, the Group will seize new opportunities arising from demands such as bulk consumption (residential housing and automobile), service consumption (education, medical care and elderly care services) as well as key consumption (new citizens), vigorously develop the consumer finance business to better serve consumer demands for better lives.



**Deeply promote the development of business features.** The Group will promote the optimisation of its business structure based on four main features: inclusive finance, trade finance, sci-tech finance and wealth finance as well as the underlying green finance. The Group will enhance the coverage and accessibility of financial services, and expand the growth space for core liabilities and revenue. Besides, the Group will develop the integrated financial services for domestic and overseas services, local and foreign currencies, onshore and offshore business, strengthen the comprehensive efficiency of chain finance to effectively connect with the national deployment on stabilising and strengthening chain finance. The Group will give full play to the comprehensive operating advantages of BOCOM Group, better serve the high-quality development of strategic emerging industries and advanced manufacturing industries, and actively adjust and optimise the asset structure across the Bank. Focusing on key customer markets such as agent issuance, financial management and elderly care, the Group will continuously improve the wealth and financial comprehensive service system.

**Accelerate the construction of Shanghai Base advantage.** Focusing on serving the strategic tasks assigned to Shanghai by the Party Central Committee, the Group will strengthen the innovation curation function of Shanghai. The Group will focus on innovation in key areas to strengthen the financial services, upgrade and optimise the innovation system of technology finance. Also, the Group will actively explore new development opportunities in areas such as service trade, digital trade, offshore trade. Besides, the Group will proactively connect with multi-level and diversified livelihood demands, and strive to strengthen the advantage of Shanghai Base. Meanwhile, the Group will strengthen the role of leading enterprise, and accelerate the replication and promotion of the experience model of Shanghai in other regions according to local circumstances and conditions.

**Deeply enhance the Group's digital transformation.** Taking the retail transformation as a breakthrough, the Group will deepen the digital operation. Mainly focusing on the mobile banking APP and online banking, the Group will enhance the construction and operation of open banking scenarios, optimise and upgrade individual credit business process through digital platform tools, and steadily improved the value contribution of the retail transformation. The Group will accelerate the comprehensive transformation of outlets, improve the operational efficiency of outlets, and change the service model of outlets. Besides, the Group will enhance the full function and product coverage of outlets, strengthen the synergy between physical outlets and "Cloud BoCom", and promote the formation of an integrated online and offline service system.

**Continuously enhance the risk management and control capability.** The Group will continuously strengthen the Group's unified risk management, and strive to develop the credit risk management at the group level, collaborative treatments of major projects, the market risk and liquidity risk on the integration of local and foreign currencies as well as domestic and overseas business, cross-financial risks and risk management of off-balance sheet business. The Group will continuously strengthen risk management and control in key areas, properly address risks in key real estate enterprises, and focus on preventing local policy debt risks. Moreover, the Group will pay attention to hidden risks of inclusive small and micro customer groups, strongly prevent the rebound of non-performances, and adhere to the bottom line of the safeguard on systemic financial risks.

## **V. OTHER INFORMATION**

### **(I). Human Resource**

#### ***1. Basic information of Employees and Organisation***

As at the end of the Reporting Period, the Group had a total of 91,823 employees, of whom 85,405 employees were based in domestic banking institutions and 2,556 were local employees in overseas branches (sub-branches). The number of employees of the Bank's subsidiaries was 3,862, excluding staff dispatched from the Head Office and branches. The number of retired employees that the Bank had obligation to bear the cost to was 2,416. Among the employees of the Group, 44.83% were male and 55.17% were female. The Bank adhered to equal employment opportunity and equal pay for equal work, as well as paying attention to protect the rights of female employees and eliminating discrimination of any act.

For employees in domestic banking institutions, 27,729 employees held professional and technical qualifications, of which 554 employees held senior professional and technical qualifications, accounting for about 0.65%. 15,048 employees held intermediate professional and technical qualifications, accounting for 17.62%. 12,127 employees held junior professional and technical qualifications, accounting for 14.20%. The number of employees with master's degree and above was 13,814, accounting for 16.17%. The number of employees with bachelor's degree was 61,402, accounting for 71.90%. The number of employees with associate's degree and below was 10,189, which accounted for 11.93%.



*Structure of position categories of domestic employees*

<b>Category of position</b>	<b>Number of employees</b>	<b>Proportion (%)</b>
Sales Development	29,394	34.42
Financial Operation	23,912	28.00
Operating and Management	7,787	9.12
Service Assurance	6,256	7.33
Risk Compliance	5,595	6.55
FinTech	5,277	6.18
Audit and Supervision	1,461	1.71
Others	5,723	6.70
<b>Total</b>	<b>85,405</b>	<b>100.00</b>

Note: FinTech headcount includes the personnel of FinTech Department and various personnel from different business departments empowering the business with science and technology.

As at the end of the Reporting Period, the Bank's assets, entities and employees were presented by regions as follows:

	Assets		Entities		Employees	
	Amount (in millions of RMB)	Proportion (%)	Number of entities	Proportion (%)	Number of employees	Proportion (%)
Yangtze River Delta	3,195,976	24.60	705	24.16	25,146	28.59
Pearl River Delta	1,234,660	9.50	318	10.90	9,401	10.69
Bohai Rim Economic Zone	1,889,591	14.54	484	16.59	13,432	15.27
Central China	1,410,944	10.86	527	18.06	13,966	15.88
Western China	971,233	7.48	481	16.48	11,138	12.66
North Eastern China	459,731	3.54	333	11.41	8,446	9.60
Overseas	1,147,589	8.83	69	2.36	2,556	2.91
Head Office	4,949,397	38.09	1	0.03	3,876	4.41
Eliminated and unallocated assets	(2,266,702)	(17.44)	–	–	–	–
<b>Total</b>	<b>12,992,419</b>	<b>100.00</b>	<b>2,918</b>	<b>100.00</b>	<b>87,961</b>	<b>100.00</b>

Note: The number of employees in the Head Office excluded the employees in the Pacific Credit Card Centre, the financial service centres/business department and the staff dispatched from the Head Office.

## 2. *Remuneration Policy*

The Bank's remuneration allocation is based on the principle of risk-adjusted returns, focusing on the positive correlation between resource allocation and value creation, taking into account fairness and efficiency, so as to drive the high-quality development of the Bank. The Bank's 2022 remuneration plan is formulated in compliance with relevant laws, regulations, regulatory provisions and corporate governance requirements, as well as the internal decision-making process. The Bank's total remuneration is approved according to the efficiency and evaluation result, and the annual remuneration is approved by the Board of Directors of the Bank. Remuneration plans, total annual remuneration and other information shall be filed with the relevant competent authorities in accordance with regulations. During the Reporting Period, the Bank's economic, risk and social responsibility indicators were well achieved.

In response to the reform and development requirements, the Bank improved the performance appraisal and remuneration system whereby "salary is determined by post and bonus granted upon performance". The Bank adhered to consistency of value creation with fairness, optimised the allocation of remuneration resources, guided and maximised value creation of operating units, and improved capabilities of pursuing high-quality development. Besides, the Bank insisted on responsibility orientation, grass-root orientation and performance orientation, and focused on positive incentives. In order to improve the incentive constraint mechanism and give full play to the guiding role of remuneration in the operation and management, the Bank formulated and improved the *Administrative Measures on Deferred Payment, Resource and Deduction of Performance Wages for Bank of Communications Co., Ltd.* The Bank also established a deferred payment, resource and deduction system for performance wages of senior management and personnel in key positions within the Group, and deferred the payment of over 40% of their performance wages for a period not less than three years. In subsequent years, the Bank will stop payments, resource and deduct such amount based on the abnormal exposure of risks as well as violations of laws, regulations and disciplines. During the Reporting Period, the Bank stopped paying and withdrew performance wages for the corresponding period for relevant personnel who were disciplined or held accountable in accordance with the above Administrative Measures.

In addition to basic social pension and insurance, the Bank cared about the welfare of staff and implemented the supplementary benefits such as annuity.

### 3. *Training Management*

During the Reporting Period, the Bank continued to carry out capability improvement training sessions for cadres and employees at all levels, including one seminar on political competence improvement, one training session for the main persons in charge of directly subordinate organisations to learn and implement the spirit of the 20th National Congress of the Communist Party of China, two special training for deputy management cadres at various departments of the head office, two training sessions on digital transformation and high-level development for heads of directly subordinate organisations, three training sessions for young and middle-aged cadres, three orientation training sessions for senior managers, and three training sessions for outstanding young leaders of service outlets, as well as training on digital leadership, operation and management capability for management cadres at all levels. Meanwhile, the Bank paid great attention to operations management and business development requirements, and held various seminars on corporate businesses, FinTech businesses, international businesses, inclusive finance business, credit granting businesses and interbank businesses. In addition, the Bank conducted trainings including enhancement trainings for account managers to improve their business operating abilities in corporate businesses, retail businesses, inclusive finance business and interbank businesses, risk compliance and anti-money laundering training, green finance training as well as rural revitalisation training, to strengthen the professional competence of employees.

The Bank paid great attention to professional ethics training and anti-corruption warning education for employees, and continuously strengthened the anti-corruption awareness of cadres and employees. During the Reporting Period, the Bank educated cadres and employees to take lessons from corruption, resist corruption and guard against degeneration by releasing typical case notifications, holding warning education conferences, and playing warning education films.

As for means of training, the Bank flexibly used online training via its own platform e-Campus, xuexi.cn APP, HUAWEI Video and Tencent Meeting. During the Reporting Period, the Bank organised training for about 1.04 million cadre and staff, including face-to-face training for over 0.10 million people and online training for over 0.94 million people.

#### **4. Talent Training and Reserve**

During the Reporting Period, based on the principle of “talent being our primary resource”, the Bank strengthened the top-level design, overall coordination, promotion and supervision in respect of talent affairs and talent team construction across the Bank, so as to build a financial talent team with strong political competence, excellent work style, business proficiency and reasonable structure. The *Working Rules for the Leading Team of Talent Affairs of Bank of Communications* and the *Opinions on Further Strengthening the Construction of the Talent Team of the Bank* were released to clarify the mechanism for holding the regular meetings of the leading team for talent affairs, consolidate the responsibility system for talent affairs of party committees at all levels, and continue to deepen the reform of talent development system and mechanism. The Bank optimised the overall recruitment management mechanism, and fully promoted the implementation of the “10,000 Technology Talent Plan”. In 2022, the proportion of newly-recruited science and technology engineering graduates was increased to 67%. The Bank established a talent service support team, and sent 22 business backbones within the Group to those branched in Qinghai, Xinjiang and other remote areas for exchanges and support. The Bank strengthened the construction of talent teams by focusing on key areas, such as FinTech, risk compliance, investment transactions, and cross-border services; two high-level leading talents were recruited during the year, and eight business backbones were selected to join the training for financial talent practice base in Shanghai. The Bank proactively contributed to the talent highland construction in Shanghai, one of the international financial center across the world. Currently, a total of 38 outstanding talents within the Group have been selected into the list of “Shanghai Financial Talents”, including 1 overseas talent, 15 leading talents, and 22 young talents.

#### **(II). Compliance with Corporate Governance Code under the Hong Kong Listing Rules**

The Bank strengthened the Party’s leadership in the improvement of corporate governance and improved the communication mechanism between the Party Committee and the Board of Directors, Board of Supervisors and thus promoted the combination of pre-research and discussion of the Party Committee with the decision-making mechanism in corporate governance. The Bank strengthened the construction of Board of Directors, actively built a diversified and professional Board of Directors with international horizons, effectively leveraged the core responsibilities of the Board of Directors such as strategic decision-making and risk management and fostered the governance culture and values featured with prudence, compliance, openness and transparency. In addition, the Bank enhanced the supervisory function of the Board of Supervisors, and especially focused on supervising the implementation of national economic and financial policies and major strategies, as well as the performance of duties, financial activities, internal control and risk management of the Board of Directors, senior management and its members. The senior management implemented business development strategies and various decisions developed by the Shareholders’ General Meeting and the Board of Directors to achieve the business management goals, and to promote the high-quality development of the Bank.

The Board of Directors of the Bank confirmed that, during the Reporting Period ended 31 December 2022, the Bank had complied with the principles and code provisions contained in the *Corporate Governance Code* of Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Listing Rules**”) all the time, and complied with the majority of the recommended best practices.

### **(III). Compliance with *Model Code for Securities Transactions by Directors of Listed Issuers***

The Bank required that the directors, supervisors and senior management of the Bank should strictly adhere to the Management Rules for the Shares Held by Directors, Supervisors and Senior Managers of Listed Companies and their Changes of the CBIRC and the *Model Code for Securities Transactions by Directors of Listed Issuers* contained in Appendix 10 to the Hong Kong Listing Rules. Also, the Bank adopted a set of standards not less strict than those mentioned above for the securities transactions of the directors, supervisors and senior management. According to the checking results, all the directors, supervisors and senior management of the Bank confirmed that the securities transactions conducted by them were in compliance with the above rules during the Reporting Period.

### **(IV). Annual Profit Distribution**

The Board of Directors proposed that based on the total issued ordinary shares of 74,262,726,645 shares of the Bank as at the end of the Reporting Period, a cash dividend of RMB0.373 per share (inclusive of tax) (the “**Final Dividend**”) will be distributed to the registered shareholders of A share and H share of the Bank, totalling RMB27.700 billion. The proposal of the profit distribution plan is subject to the approval of the 2022 annual general meeting (the “**2022 AGM**”) to be held on Tuesday, 27 June 2023.

The register of members for H shares of the Bank will be closed from Saturday, 27 May 2023 to Tuesday, 27 June 2023 (both days inclusive), during which period no transfer of the H shares will be registered. Holders of the H shares intending to attend the 2022 AGM shall lodge all the transfer documents with official chops for H shares together with the relevant share certificates with Computershare Hong Kong Investor Services Limited, the H share registrar and transfer office of the Bank in Hong Kong, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong, no later than 4:30 p.m. on Thursday, 25 May 2023.

If the resolution regarding the payment of the Final Dividend is approved by the shareholders of the Bank at the 2022 AGM, the Final Dividend is expected to be distributed on Wednesday, 12 July 2023 to the shareholders whose names appear on the register of members of A shares of the Bank at the close of business on Tuesday, 11 July 2023, and on Wednesday, 2 August 2023 to the shareholders whose names appear on the register of members of H shares of the Bank at the close of business on Tuesday, 11 July 2023.

The register of members for H shares of the Bank will be closed from Thursday, 6 July 2023 to Tuesday, 11 July 2023 (both days inclusive) during which period no transfer of H shares will be registered. In order to be qualified to receive the Final Dividend, for holders of H shares, all transfer documents together with the relevant share certificates must be lodged with the H share registrar of the Bank, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, no later than 4:30 p.m. on Wednesday, 5 July 2023.

## VI. FINANCIAL REPORT

### Consolidated Statement of Profit or Loss and Other Comprehensive Income

*For the year ended 31 December 2022*

*(All amounts expressed in millions of RMB unless otherwise stated)*

	2022	2021
Interest income	418,122	377,646
Interest expense	(248,185)	(215,953)
<b>Net interest income</b>	<b>169,937</b>	<b>161,693</b>
Fee and commission income	49,339	52,285
Fee and commission expense	(4,700)	(4,712)
<b>Net fee and commission income</b>	<b>44,639</b>	<b>47,573</b>
Net gains arising from trading activities	17,607	23,344
Net gains arising from financial investments	494	1,311
<i>Including: Net gains on derecognition of financial assets measured at amortised cost</i>	<i>64</i>	<i>46</i>
Share of profits of associates and joint ventures	292	277
Insurance business income	18,100	16,515
Other operating income	22,459	19,035
<b>Net operating income</b>	<b>273,528</b>	<b>269,748</b>
Credit impairment losses	(60,411)	(66,371)
Other assets impairment losses	(1,897)	(2,320)
Insurance business expense	(19,380)	(17,054)
Other operating expenses	(93,625)	(90,044)
<b>Profit before tax</b>	<b>98,215</b>	<b>93,959</b>
Income tax	(6,185)	(5,020)
<b>Net profit for the year</b>	<b>92,030</b>	<b>88,939</b>

# Consolidated Statement of Profit or Loss and Other Comprehensive Income (Continued)

For the year ended 31 December 2022

(All amounts expressed in millions of RMB unless otherwise stated)

	2022	2021
<b>Other comprehensive income, net of tax</b>		
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Changes in fair value of debt instruments measured at fair value through other comprehensive income		
<i>Amount recognised in equity</i>	(7,745)	3,649
<i>Amount reclassified to profit or loss</i>	(669)	(870)
Expected credit losses of debt instruments measured at fair value through other comprehensive income		
<i>Amount recognised in equity</i>	1,219	(394)
<i>Amount reclassified to profit or loss</i>	—	—
Effective portion of gains or losses on hedging instruments in cash flow hedges		
<i>Amount recognised in equity</i>	2,004	891
<i>Amount reclassified to profit or loss</i>	(1,204)	(463)
Translation differences for foreign operations	8,562	(3,450)
Others	136	14
	<u>2,303</u>	<u>(623)</u>
Subtotal	2,303	(623)
<b>Items that will not be reclassified subsequently to profit or loss:</b>		
Actuarial losses on pension benefits	(34)	55
Changes in fair value of equity investments designated at fair value through other comprehensive income	(1,301)	(1,555)
Changes in fair value attributable to changes in the credit risk of financial liability designated at fair value through profit or loss	(133)	(36)
Others	(1)	2
	<u>(1)</u>	<u>2</u>
Subtotal	<u>(1,469)</u>	<u>(1,534)</u>

**Consolidated Statement of Profit or Loss and Other Comprehensive Income (Continued)***For the year ended 31 December 2022**(All amounts expressed in millions of RMB unless otherwise stated)*

	<b>2022</b>	<b>2021</b>
Other comprehensive income, net of tax	<u>834</u>	<u>(2,157)</u>
<b>Total comprehensive income for the year</b>	<b><u>92,864</u></b>	<b><u>86,782</u></b>
<b>Net profit attributable to:</b>		
Shareholders of the parent company	<b>92,149</b>	87,581
Non-controlling interests	<u>(119)</u>	<u>1,358</u>
	<b><u>92,030</u></b>	<b><u>88,939</u></b>
<b>Total comprehensive income attributable to:</b>		
Shareholders of the parent company	<b>92,607</b>	85,696
Non-controlling interests	<u>257</u>	<u>1,086</u>
	<b><u>92,864</u></b>	<b><u>86,782</u></b>
<b>Basic and diluted earnings per share for profit attributable to the shareholders of the parent company (in RMB yuan)</b>	<b>1.14</b>	<b>1.10</b>



# Consolidated Statement of Financial Position

For the year ended 31 December 2022

(All amounts expressed in millions of RMB unless otherwise stated)

	As at 31 December 2022	As at 31 December 2021
<b>ASSETS</b>		
Cash and balances with central banks	806,102	734,728
Due from and placements with banks and other financial institutions	690,421	632,708
Derivative financial assets	69,687	39,220
Loans and advances to customers	7,136,677	6,412,201
Financial investments at fair value through profit or loss	705,357	638,483
Financial investments at amortised cost	2,450,775	2,203,037
Financial investments at fair value through other comprehensive income	799,075	681,729
Investments in associates and joint ventures	8,750	5,779
Property and equipment	194,169	171,194
Deferred income tax assets	38,771	32,061
Other assets	92,635	114,617
<b>Total assets</b>	<b>12,992,419</b>	<b>11,665,757</b>
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES</b>		
Due to and placements from banks and other financial institutions	2,034,894	1,947,768
Financial liabilities at fair value through profit or loss	47,949	50,048
Derivative financial liabilities	46,804	36,074
Due to customers	7,949,072	7,039,777
Certificates of deposits issued	1,092,366	892,020
Current income tax liabilities	3,937	4,725
Debt securities issued	530,861	503,525
Deferred income tax liabilities	1,786	1,889
Other liabilities	249,010	212,695
<b>Total liabilities</b>	<b>11,956,679</b>	<b>10,688,521</b>

**Consolidated Statement of Financial Position (Continued)***For the year ended 31 December 2022**(All amounts expressed in millions of RMB unless otherwise stated)*

	<b>As at 31 December 2022</b>	<b>As at 31 December 2021</b>
<b>LIABILITIES AND EQUITY (CONTINUED)</b>		
<b>EQUITY</b>		
Share capital	<b>74,263</b>	74,263
Other equity instruments	<b>174,790</b>	174,790
<i>Including: Preference shares</i>	<b>44,952</b>	44,952
<i>Perpetual bonds</i>	<b>129,838</b>	129,838
Capital surplus	<b>111,429</b>	111,428
Other reserves	<b>369,259</b>	346,092
Retained earnings	<b>293,668</b>	258,074
<b>Equity attributable to shareholders of the parent company</b>	<b>1,023,409</b>	964,647
Equity attributable to non-controlling interests of ordinary shares	<b>8,873</b>	9,424
Equity attributable to non-controlling interests of other equity instruments	<b>3,458</b>	3,165
<b>Non-controlling interests</b>	<b>12,331</b>	12,589
<b>Total equity</b>	<b>1,035,740</b>	977,236
<b>Total equity and liabilities</b>	<b>12,992,419</b>	11,665,757

# Consolidated Statement of Changes in Equity

For the year ended 31 December 2022

(All amounts expressed in millions of RMB unless otherwise stated)

	Equity attributable to shareholders of the parent company														Attributable to non-controlling			
	Other equity instruments				Other reserves													
	Share capital	Preference Share	Perpetual bonds	Capital surplus	Statutory reserve	Discretionary surplus reserve	Statutory general reserve	Revaluation reserve and impairment for financial assets at fair value through other comprehensive income	Revaluation reserve for the changes in credit risk of the financial liabilities designated at fair value through profit or loss	Effective portion of gains or losses on hedging instruments in cash flow hedges	Translation differences for foreign operations	Actuarial changes reserve	Others	Retained earnings	Attributable to the shareholders of the parent company	Non-controlling interests of ordinary shares	Non-controlling interests of other equity instruments	Total
As at 1 January 2022	74,263	44,952	129,838	111,428	79,967	140,022	130,280	1,531	(24)	(104)	(6,884)	(87)	1,391	258,074	964,647	9,424	3,165	977,236
Total comprehensive income	-	-	-	-	-	-	-	(8,355)	(133)	797	8,048	(34)	135	92,149	92,607	(155)	412	92,864
Dividends paid to ordinary shares	-	-	-	-	-	-	-	-	-	-	-	-	-	(26,363)	(26,363)	(396)	-	(26,759)
Dividends paid to preference shares	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,832)	(1,832)	-	-	(1,832)
Interest paid to perpetual bond holders	-	-	-	-	-	-	-	-	-	-	-	-	-	(5,651)	(5,651)	-	-	(5,651)
Interest paid to non-cumulative subordinated additional tier-1 capital securities holders	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(119)	(119)
Transfer to reserves	-	-	-	-	8,187	160	14,261	-	-	-	-	-	-	(22,608)	-	-	-	-
Transfer of other comprehensive income to retained earnings	-	-	-	-	-	-	-	101	-	-	-	-	-	(101)	-	-	-	-
Others	-	-	-	1	-	-	-	-	-	-	-	-	-	-	1	-	-	1
As at 31 December 2022	74,263	44,952	129,838	111,429	88,154	140,182	144,541	(6,723)	(157)	693	1,164	(121)	1,526	293,668	1,023,409	8,873	3,458	1,035,740
As at 1 January 2021	74,263	44,952	88,340	111,428	72,431	139,930	123,163	456	12	(532)	(3,517)	(142)	1,375	214,448	866,607	8,763	3,258	878,628
Total comprehensive income	-	-	-	-	-	-	-	1,019	(36)	428	(3,367)	55	16	87,581	85,696	1,057	29	86,782
Capital contribution to holders of other equity instruments	-	-	41,498	-	-	-	-	-	-	-	-	-	-	-	41,498	-	-	41,498
Dividends paid to ordinary shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	(23,541)	(23,541)	(396)	-	(23,937)
Dividends paid to preference shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,755)	(1,755)	-	-	(1,755)
Interest paid to perpetual bond holders	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,858)	(3,858)	-	-	(3,858)
Interest paid to non-cumulative subordinated additional tier-1 capital securities holders	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(122)	(122)
Transferred to reserves	-	-	-	-	7,536	92	7,117	-	-	-	-	-	-	(14,745)	-	-	-	-
Transfer of other comprehensive income to retained earnings	-	-	-	-	-	-	-	56	-	-	-	-	-	(56)	-	-	-	-
As at 31 December 2021	74,263	44,952	129,838	111,428	79,967	140,022	130,280	1,531	(24)	(104)	(6,884)	(87)	1,391	258,074	964,647	9,424	3,165	977,236

# Consolidated Statement of Cash Flows

For the year ended 31 December 2022

(All amounts expressed in millions of RMB unless otherwise stated)

	2022	2021
<b>Cash flows from operating activities:</b>		
Profit before tax:	98,215	93,959
Adjustments for:		
Provision for impairment losses	60,411	66,371
Provision for other assets impairment losses	1,897	2,320
Provision for insurance contracts reserve	13,457	15,518
Depreciation and amortisation	16,150	14,839
Provision/(reversal) for outstanding litigation and unsettled obligation	56	(199)
Net gains on the disposal of property, equipment and other assets	(739)	(454)
Interest income from financial investments	(97,311)	(88,262)
Fair value net losses/(gains)	4,171	(1,474)
Net gains on investments in associates and joint ventures	(292)	(277)
Net gains on financial investments	(494)	(1,311)
Interest expense on debt securities issued	15,807	16,341
Interest expense on lease liabilities	179	176
Operating cash flows before movements in operating assets and liabilities	111,507	117,547
Net (increase)/decrease in balances with central banks	(57,272)	14,515
Net decrease/(increase) in due from and placements with banks and other financial institutions	6,251	(106,359)
Net increase in loans and advances to customers	(740,988)	(776,234)
Net increase in financial assets at fair value through profit or loss	(86,355)	(128,020)
Net increase in other assets	(11,755)	(23,469)
Net increase in due to and placements from banks and other financial institutions	78,740	161,477
Net (decrease)/increase in financial liabilities at fair value through profit or loss	(5,357)	2,317
Net increase in due to customers and certificates of deposits issued	1,012,585	674,635
Net increase in other liabilities	73,605	35,329
Net (decrease)/increase in value-added tax and other taxes payable	(829)	1,431
Income tax paid	(11,911)	(7,944)
<b>Net cash flows generated/(used in) operating activities</b>	<b>368,221</b>	<b>(34,775)</b>

# Consolidated Statement of Cash Flows (Continued)

For the year ended 31 December 2022

(All amounts expressed in millions of RMB unless otherwise stated)

	2022	2021
<b>Cash flows from investing activities:</b>		
Cash payment for investment in subsidiaries, associated ventures and joint ventures	(2,780)	(869)
Cash payments for financial investments	(1,232,873)	(895,518)
Cash received on disposal or redemption of financial investments	879,650	750,323
Dividends received	870	734
Interest received from financial investments	94,863	88,760
Acquisition of intangible assets and other assets	(2,094)	(2,467)
Cash received from the sale of intangible assets and other assets	11	507
Acquisition of property, equipment	(29,561)	(20,480)
Cash received from disposal of property, equipment	7,017	3,462
<b>Net cash flows used in investing activities</b>	<b>(284,897)</b>	<b>(75,548)</b>
<b>Cash flows from financing activities:</b>		
Proceeds from issue of other equity instruments	–	41,498
Proceeds from issue of debt securities	182,492	96,121
Repayment of principals of debt securities issued	(163,432)	(88,834)
Payment of interest on debt securities	(15,384)	(15,350)
Repayment of principal and interest of lease liabilities	(2,581)	(2,413)
Dividends paid	(33,555)	(29,152)
Dividends paid to non-controlling interests	(515)	(564)
<b>Net cash flows (used in)/generated from financing activities</b>	<b>(32,975)</b>	<b>1,306</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>4,146</b>	<b>(3,795)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>54,495</b>	<b>(112,812)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>194,308</b>	<b>307,120</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>248,803</b>	<b>194,308</b>
<b>Net cash flows from operating activities include:</b>		
Interest received	323,377	291,450
Interest paid	(201,693)	(185,593)

## **1 Summary of significant accounting policies**

### ***(1) Statement of compliance***

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (the “IFRSs”), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards and Interpretations issued by the International Accounting Standards Board (the “IASB”) and the disclosure requirement of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Significant accounting policies adopted by the Group are disclosed below.

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group.

### ***(2) Basis of preparation of the financial statements***

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments and investment property which are measured at fair value.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies.

The financial statements are presented in RMB, rounded to the nearest million, which is the functional currency of the Group.

### (3) *Changes in accounting policies*

#### ◆ *Standards and amendments effective in 2022 relevant to and adopted by the Group*

The Group has adopted the following amendments to the IFRSs issued by the IASB that are first effective for the financial year ended 31 December 2022.

		<i>Notes</i>
Amendments to IFRS 3	Reference to the Conceptual Framework	(i)
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract	(ii)
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use	(iii)
Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41	Annual Improvements to IFRS Standards 2018-2020	(iv)

#### (i) Amendments to IFRS 3: Reference to the Conceptual Framework

The amendments have updated IFRS 3 Business combinations, to refer to the 2018 Conceptual Framework for Financial Reporting, and added an exception to the requirement to refer to the 2018 Conceptual Framework to determinate what constitutes an asset or a liability in a business combination. The exception relates to liabilities and contingent liabilities that would have been within the scope of IAS 37 or IFRIC 21. The Board has also clarified that the acquirer should not recognise contingent assets, as defined in IAS 37, at the acquisition date.

#### (ii) Amendments to IAS 37: Onerous Contracts – Cost of Fulfilling a Contract

The amendments clarify the meaning of ‘costs to fulfil a contract’ for the purposes of assessing whether a contract is onerous. In particular, the amendments explain that such costs comprise the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts. The amendments also clarify that, before a separate provision for an onerous contract is established, an entity recognises any impairment loss that has occurred on assets used in fulfilling the contract, rather than merely on assets dedicated to that contract.

(iii) Amendments to IAS 16: Property, Plant and Equipment – Proceeds before Intended Use

The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use. The amendments also clarify that an entity is ‘testing whether the asset is functioning properly’ when it assesses the technical and physical performance of the asset, and that the financial performance of the asset is not relevant to this assessment.

(iv) Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41: Annual Improvements to IFRS Standards 2018-2020

The IASB issued amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41: Annual Improvements to IFRS Standards 2018-2020, which provides an optional relief for the measurement of cumulative translation differences to certain first-time adopters, clarifies the types of fees to be included when assessing the derecognition of financial liability, amends an illustrative example accompanying IFRS 16, ‘Leases’, and removes the requirement to exclude taxation cash flows when measuring fair value.

The adoption of these standards and amendments does not have a material effect on the Group’s consolidated financial information.



- ◆ *Standards and amendments relevant to the Group that are not yet effective and have not been adopted before their effective dates in 2022*

The Group has not adopted the following new standards and amendments that have been issued by the IASB but are not yet effective.

		<b>Effective for annual periods beginning on or after</b>	<i>Notes</i>
IFRS 17	Insurance Contracts	1 January 2023	(i)
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023	(ii)
Amendments to IAS 8	Definition of Accounting Estimates	1 January 2023	(iii)
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023	(iv)
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024	(v)
Amendments to IAS 1 (2020)	Classification of Liabilities as Current or Non-current	1 January 2024	(vi)
Amendments to IAS 1 (2022)	Non-current Liabilities with Covenants	1 January 2024	(vi)
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	The effective date has now been deferred indefinitely	(vii)

(i) IFRS 17: Insurance Contracts

IFRS 17 was issued in May 2017 as replacement for IFRS 4 Insurance Contracts. Amendments to IFRS 17 were issued in June 2020 and December 2021 to address stakeholder concerns and implementation challenges. IFRS 17 sets out a single principle-based standard for the recognition, measurement, presentation and disclosure of insurance contracts in the financial statements of the issuers of those contracts.

IFRS 17 should be applied to annual reporting periods beginning on or after 1 January 2023, and the amendments should be applied at the same time. The Group will adopt IFRS 17 from 1 January 2023. The Group will change its accounting policies from the beginning of 2023 and disclose its financial statements in accordance with IFRS 17 and its amendments since the first quarterly report of 2023. Based on a preliminary assessment, the Group anticipates that the adoption of IFRS 17 and its amendments will not have a significant impact on the Group's consolidated financial statements.

(ii) Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies

The amendments clarify that an entity will be required to disclose its “material” accounting policy information as opposed to “significant” accounting policies and provide additional guidance on how to identify material accounting policy information. The amendments to IFRS Practice Statement 2 provide additional guidance and examples to explain and illustrate the application of the “four-step materiality process” to accounting policy information.

(iii) Amendments to IAS 8: Definition of Accounting Estimates

The amendments now define “accounting estimates” as “monetary amounts in financial statements that are subject to measurement uncertainty” and remove the definition of “a change in accounting estimate”. The amendments also clarify that the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates unless they result from the correction of prior period errors.

(iv) Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments specify how entities should account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrow the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences on initial recognition. As a result, entities will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

(v) Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

The amendments add to the requirements explaining how an entity accounts for a sale and leaseback after the date of the transaction. The amendments require a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains, including cases with variable lease payments in the leaseback.

(vi) Amendments to IAS 1: Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants

The amendments to IAS 1 (2020) concern the requirements on determining if a liability is current or non-current. In particular, the amendments specify the condition of an entity to classify a liability as non-current requires that a right to defer settlement must exist at the end of the Reporting Period and have substance, and clarify that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement.

The amendments also specify the classification of liabilities that will or may be settled by issuing an entity's own equity instruments. When a liability includes a counterparty conversion option that involves a transfer of the entity's own equity instruments, the classification of such liability is not affected only when the conversion option is recognised separately from the host liability as an equity component under IAS 32.

The amendments to IAS 1 (2022) specify that only covenants with which an entity must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the entity must comply after the reporting date (i.e. future covenants) do not affect a liability's classification at that date. However, an entity is required to disclose information regarding the risk that the non-current liabilities subject to future covenants could become repayable within twelve months after the end of the Reporting Period.

The 2022 amendments defer the effective date of the 2020 amendments to annual reporting periods beginning on or after 1 January 2024. If an entity applies one of these two amendments for an earlier period, the other amendments should also be applied for that period.

(vii) Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets  
between an Investor and Its Associate or Joint Venture

The amendments address an inconsistency between IFRS 10 and IAS 28 in the sale and contribution of assets between an investor and its associate or joint venture.

A full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if those assets are in a subsidiary.

Except for the above-mentioned impact of IFRS 17 and its amendments, the adoption of the above new standards and amendments issued but not yet effective is not expected to have a material effect on the Group's consolidated financial information.

**2 Net interest income**

	2022	2021
<b>Interest income</b>		
Loans and advances to customers	291,905	266,419
Financial investments	97,311	88,262
Due from and placements with banks and other financial institutions	17,886	12,266
Balances with central banks	<u>11,020</u>	<u>10,699</u>
Subtotal	-----418,122-----	-----377,646-----
<b>Interest expense</b>		
Due to customers	(163,457)	(140,982)
Due to and placements from banks and other financial institutions	(44,696)	(38,581)
Certificates of deposit issued	(24,225)	(20,049)
Debt securities issued	<u>(15,807)</u>	<u>(16,341)</u>
Subtotal	----- (248,185) -----	----- (215,953) -----
<b>Net interest income</b>	<u><u>169,937</u></u>	<u><u>161,693</u></u>

### 3 Fee and commission income

	2022	2021
Bank cards	19,141	20,136
Wealth management business	10,154	11,775
Custody and other fiduciary business	7,496	7,484
Agency services	4,980	5,664
Investment banking	3,093	3,120
Guarantee and commitment	2,884	2,527
Settlement services	1,364	1,296
Others	227	283
	<u>49,339</u>	<u>52,285</u>
Total	<u>49,339</u>	<u>52,285</u>

### 4 Credit impairment losses

	2022	2021
Loans and advances to customers at amortised cost	57,066	63,339
Credit related commitments and financial guarantees	2,358	1,998
Loans and advances to customers at FVOCI	840	158
Debt investments at FVOCI	598	(87)
Financial investments at amortised cost	(198)	(124)
Due from and placements with banks and other financial institutions	(1,333)	1,085
Others	1,080	2
	<u>60,411</u>	<u>66,371</u>
Total	<u>60,411</u>	<u>66,371</u>

### 5 Other assets impairment losses

	2022	2021
Operating lease assets	1,882	1,981
Foreclosed assets	8	284
Precious metal	7	55
	<u>1,897</u>	<u>2,320</u>
Total	<u>1,897</u>	<u>2,320</u>

## 6 Income tax

	2022	2021
Current income tax		
– Enterprise income tax	9,919	7,522
– Hong Kong profits tax	464	608
– Other countries or regions	715	753
Subtotal	11,098	8,883
Deferred income tax	(4,913)	(3,863)
Total	6,185	5,020

The provision for enterprise income tax in Mainland China is calculated based on the statutory rate of 25% of the assessable income of the Bank and each of the subsidiary established in Mainland China. Taxation arising in other jurisdictions (including Hong Kong) is calculated at the rates prevailing in the relevant jurisdictions, the shortfall arising from the difference between tax paid by overseas branches and the accrued tax under the regulation of Mainland China shall be compensated by the head office.

The actual taxation on the Group differs from the theoretical amount calculated using the Group's profit before tax at the tax rate of 25% (2021: 25%). The major reconciliation items are as follows:

	2022	2021
Profit before tax	98,215	93,959
Tax calculated at statutory rate of 25%	24,554	23,490
Effects of different tax rates prevailing in other countries or regions	122	(207)
Effects of non-deductible expenses <sup>(1)</sup>	4,356	2,445
Effects of non-taxable income <sup>(2)</sup>	(20,982)	(19,663)
Adjustments for income tax filing of prior years	(487)	(111)
Others	(1,378)	(934)
Income tax	6,185	5,020

(1) Non-deductible expenses primarily represent non-deductible write-offs.

(2) Non-taxable income primarily represents interest income from PRC treasury bonds and municipal government bonds and fund investment income gained in Mainland China.

## 7 Basic and diluted earnings per share

Basic earnings per share are calculated by dividing the net profit attributable to shareholders of the parent company by the weighted average number of ordinary shares in issue during the period.

	2022	2021
Net profit attributable to shareholders of the parent company	<b>92,149</b>	87,581
Less: Dividends paid to preference shareholders	<b>(1,832)</b>	(1,755)
Interest paid to perpetual bond holders	<b>(5,651)</b>	(3,858)
Net profit attributable to holders of ordinary shares of the parent company	<b><u>84,666</u></b>	<b><u>81,968</u></b>
Weighted average number of ordinary shares in issue (expressed in millions) at the end of the period	<b>74,263</b>	74,263
Basic and diluted earnings per share (expressed in RMB per share)	<b>1.14</b>	1.10

For the calculation of basic earnings per share, a cash dividend of RMB1,832 million on preference shares and interests of RMB5,651 million on perpetual bond declared for the year was deducted from the amounts attributable to shareholders of the parent company. The conversion feature of preference shares may lead to the possible existence of contingently issuable ordinary shares. The triggering events of conversion did not occur for the year ended 31 December 2022, and therefore the conversion feature of preference shares has no effect on the calculation of the basic and diluted earnings per share.

## 8 Derivative financial instruments

The Group utilize derivative financial instruments for trading or hedging purposes, including forwards, swaps and options.

The notional amounts of derivative financial instruments provide a reference of the business scale for those financial instruments recognised in the statement of financial position but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Group's exposure to credit or price risks. The derivative financial instruments may become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market foreign exchange rates, interest rates or commodity price relative to their terms. The aggregate fair values of derivative financial assets and liabilities can fluctuate significantly from time to time. The fair values of derivative financial instruments held are set out in the following tables.

As at 31 December 2022	Contractual/ Notional Amount	Fair values	
		Assets	Liabilities
Foreign exchange and commodity contracts	3,406,796	34,499	(34,648)
Interest rate contracts and others	3,076,875	35,188	(12,156)
Total amount of derivative financial instruments recognised	6,483,671	69,687	(46,804)

As at 31 December 2021	Contractual/ Notional Amount	Fair values	
		Assets	Liabilities
Foreign exchange and commodity contracts	3,501,041	27,195	(24,899)
Interest rate contracts and others	3,626,588	12,025	(11,175)
Total amount of derivative financial instruments recognised	7,127,629	39,220	(36,074)



## *Hedge accounting*

Notional amount and fair value of hedging instruments included in the above derivative financial instruments are as follows:

<b>As at 31 December 2022</b>	<b>Contractual/ Notional Amount</b>	<b>Fair values</b>	
		<b>Assets</b>	<b>Liabilities</b>
Derivative financial instruments designated as hedging instruments in cash flow hedges	<b>75,883</b>	<b>2,043</b>	<b>(1,202)</b>
Derivative financial instruments designated as hedging instruments in fair value hedges	<b>177,797</b>	<b>15,934</b>	<b>(20)</b>
<b>Total</b>	<b>253,680</b>	<b>17,977</b>	<b>(1,222)</b>

  

<b>As at 31 December 2021</b>	<b>Contractual/ Notional Amount</b>	<b>Fair values</b>	
		<b>Assets</b>	<b>Liabilities</b>
Derivative financial instruments designated as hedging instruments in cash flow hedges	71,805	519	(973)
Derivative financial instruments designated as hedging instruments in fair value hedges	141,731	1,871	(1,274)
<b>Total</b>	<b>213,536</b>	<b>2,390</b>	<b>(2,247)</b>

### *(1) Fair value hedge*

The Group uses interest rate swaps to hedge against changes in fair value arising from changes in interest rates. Some purchased interest rate swap contracts are designated as hedging instruments, whose terms are identical with those of the corresponding hedged items regarding interest rate, maturity and currency. The Group uses regression analysis to evaluate the effectiveness of hedging. With the support of testing results, the Group's management considers the hedging relationship to be highly effective. The hedged items include debt investments at FVOCI, loans and advances to customers, placements from banks and financial investments at amortised cost.

The following table shows the profit or loss effects of the fair value hedges:

	2022	2021
Net gains/(losses) from fair value hedges:		
Hedging instruments	15,231	4,405
Hedged items attributable to the hedged risk	<u>(15,553)</u>	<u>(4,386)</u>
Total	<u><u>(322)</u></u>	<u><u>19</u></u>

(2) *Cash flow hedge*

The Group uses foreign exchange contracts to hedge against exposures to cash flow variability primarily resulting from foreign exchange risks, and uses interest rate swaps to hedge against exposures to cash flow variability primarily resulting from interest rate risks. The hedged items include debt investments at FVOCI, due from and placements with banks and other financial institutions, debt securities issued, loans and advances to customers and due to and placements from banks and other financial institutions. The Group mainly uses regression analysis to evaluate the effectiveness of hedging. With the supporting of testing results, the Group's management considers the hedging relationship to be highly effective.

For the year ended 31 December 2022, the Group recognised RMB2,564 million (31 December 2021: RMB1,133 million) from effective portion of cash flow hedge in other comprehensive income. The Group reclassifies RMB1,606 million from other comprehensive income to profit or loss (31 December 2021: RMB617 million). Gains or losses arising from ineffective portion of cash flow hedge were immaterial. There were no transactions for which cash flow hedge accounting had to be ceased as a result of the highly probable cash flows no longer being expected to occur.

## 9 Dividends

	2022	2021
Dividends to ordinary shareholders of the Bank	<b>26,363</b>	23,541
Dividends to preference shareholders of the Bank	<b>1,832</b>	1,755
Interest to perpetual bond holders of the Bank	<b>5,651</b>	3,858

Under PRC Company Law and the Bank's Articles of Association, the net profit after tax as reported in the PRC statutory financial statements can only be distributed as dividends after allowances for the following:

- (1) Making up cumulative losses from prior years, if any;
- (2) Allocations to the non-distributable statutory reserve of 10% of the net profit of the Bank as determined under the relevant PRC accounting standards;
- (3) Allocations to statutory general reserve;
- (4) Allocations to the discretionary reserve upon approval by the Annual General Meeting of Shareholders. These funds form part of the shareholders' equity. The cash dividends are recognised in the consolidated statement of financial position upon approval by the shareholders at Annual General Meeting.

Pursuant to the approval by the 2021 Annual General Meeting of Shareholders on 28 June 2022, the Bank appropriated a cash dividend of RMB0.355 (before tax) for each ordinary share, with total amount of RMB26,363 million, calculated based on 74,263 million shares outstanding as at 31 December 2021, will be distributed to ordinary shareholders.

Pursuant to the approval by the Board meeting on 29 April 2022, the Bank will appropriate domestic preference dividends of RMB1,831,500,000 with a dividend yield of 4.07%.

The Bank distributed the interest on the 2020 undated capital bonds in USD amounting to RMB909 million on 18 November 2022.

The Bank distributed the interest on the 2020 undated capital bonds amounting to RMB1,377 million on 25 September 2022.

The Bank distributed the interest on the 2019 undated capital bonds amounting to RMB1,680 million on 20 September 2022.

The Bank distributed the interest on the 2021 undated capital bonds amounting to RMB1,685 million on 10 June 2022.

## 10 Contingencies

### *Legal proceedings*

The Group has been involved as defendants in certain lawsuits arising from its normal business operations. Management of the Group believes, based on legal advice, the final result of these lawsuits will not have a material impact on the financial position or operations of the Group. The total outstanding claims against the Group (as defendant) by a number of third parties at the end of the year are summarised as follows:

	As at 31 December 2022	As at 31 December 2021
Outstanding litigations	2,017	4,096
Provision for outstanding litigation	520	472

### *Operating lease receipts*

The Group acts as lessor in operating leases principally through aircraft and vessels leasing undertaken by its subsidiaries. The future minimum lease receivables on certain aircraft and vessel under irrevocable operating leases are as follows:

	As at 31 December 2022	As at 31 December 2021
Within 1 year	16,880	13,186
After 1 year and within 2 years	15,635	12,864
After 2 years and within 3 years	14,209	12,269
After 3 years and within 4 years	12,954	11,184
After 4 years and within 5 years	11,374	10,204
After 5 years	43,924	38,879
Total	114,976	98,586

## 11 Commitments

### *Credit related commitments and financial guarantees*

The following tables provide the contractual amounts of the Group's credit related commitments and financial guarantees which the Group has committed to its customers:

	As at 31 December 2022	As at 31 December 2021
Loan commitments		
–Under 1 year	10,129	3,936
–1 year and above	71,743	57,657
Credit card commitments	998,125	908,358
Acceptance bills	536,574	368,120
Letters of guarantee	420,167	373,630
Letters of credit commitments	183,717	156,194
	<hr/>	<hr/>
Total	<b>2,220,455</b>	<b>1,867,895</b>

### *Capital expenditure commitments*

	As at 31 December 2022	As at 31 December 2021
Contracted but not provided for	94,654	71,053

### *Commitments on security underwriting and bond acceptance*

The Group is entrusted by the Ministry of Finance ('MOF') to underwrite certain Certificated Bonds and Savings Bonds. The investors of Certificated Bonds and Savings Bonds have early redemption right while the Group has the obligation to buy back those Certificated Bonds and Savings Bonds. The redemption price is the principal value of the Certificated Bonds or Savings Bonds plus unpaid interest till redemption date. As at 31 December 2022, the principal value of the certain Certificated Bonds and Savings Bonds that the Group had the obligation to buy back amounted to RMB66,715 million (31 December 2021: RMB78,594 million). The MOF will not provide funding for the early redemption of these Certificated Bonds and Savings Bonds on a back-to-back basis but will pay interest and principal at maturity. As at 31 December 2022, The Group expects the amount of redemption before the maturity dates of these bonds through the Group will not be material (31 December 2021: not material).

The original maturities of these bonds vary from 1 to 5 years.

As at 31 December 2022, the Group had no announced but unfulfilled irrevocable commitment on security underwriting (31 December 2021: Nil).

## 12 Segmental analysis

Operating segments are identified based on the structure of the Group's internal organization and management requirements. 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.

Funds are ordinarily allocated between segments. Costs of these funds are charged at the Group's cost of capital and disclosed in inter-segment net interest income. There are no other material items of income or expenses between the segments. Net interest income and expense relating to third parties are disclosed in external net interest income. There are no other material items of income or expenses between the segments.

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.

### *Geographical operating segment information*

The Group's Board of Directors and senior management reviews the Group's operation by the particular economic areas in which the Group's branches and subsidiaries provide products or services. The Group's geographical operating segments are decided based upon location of the assets, as the Group's branches and subsidiaries mainly serve local customers.

The Group's geographical operating segments include provincial and directly managed branches and subsidiaries (if any) in relevant regions, as follows:

- Head Office: Head Office, including the Pacific Credit Card Centre;
- Yangtze River Delta: including Shanghai (excluding Head Office), Jiangsu Province, Zhejiang Province, and Anhui Province;
- Central China: including Shanxi Province, Jiangxi Province, Henan Province, Hubei Province, Hunan Province, Hainan Province, and Guangxi Zhuang Autonomous Region;
- Bohai Rim Economic Zone: including Beijing, Tianjin, Hebei Province, and Shandong Province;
- Pearl River Delta: including Fujian Province and Guangdong Province;
- Western China: including Chongqing, Sichuan Province, Guizhou Province, Yunnan Province, Shaanxi Province, Gansu Province, Qinghai Province, Inner Mongolia Autonomous Region, Ningxia Autonomous Region, and Xinjiang Uyghur Autonomous Region;
- North Eastern China: including Liaoning Province, Jilin Province and Heilongjiang Province;
- Overseas: including Hong Kong, New York, Tokyo, Singapore, Seoul, Frankfurt, Macau, Ho Chi Minh City, San Francisco, Sydney, Taipei, London, Luxembourg, Brisbane, Paris, Rome, Brazil, Melbourne, Toronto, Prague, Johannesburg.

The geographical operating segment information of the Group is summarised as follows:

	Year ended 31 December 2022								Total
	Yangtze River Delta	Pearl River Delta	Bohai Rim Economic Zone	Central China	Western China	North Eastern China	Overseas	Head Office	
External net interest income/(expense)	28,193	13,195	(1,906)	23,356	18,025	(516)	10,903	78,687	169,937
Inter-segment net interest income/(expense)	23,929	7,099	26,649	7,765	1,568	6,358	121	(73,489)	-
<b>Net interest income</b>	<b>52,122</b>	<b>20,294</b>	<b>24,743</b>	<b>31,121</b>	<b>19,593</b>	<b>5,842</b>	<b>11,024</b>	<b>5,198</b>	<b>169,937</b>
Fee and commission income	14,130	3,854	5,343	5,560	2,894	1,092	2,226	14,240	49,339
Fee and commission expense	(2,811)	(42)	(70)	(153)	(21)	(15)	(239)	(1,349)	(4,700)
<b>Net fee and commission income</b>	<b>11,319</b>	<b>3,812</b>	<b>5,273</b>	<b>5,407</b>	<b>2,873</b>	<b>1,077</b>	<b>1,987</b>	<b>12,891</b>	<b>44,639</b>
Net gains/(loss) arising from trading activities	3,362	274	177	651	(173)	78	(471)	13,709	17,607
Net gains/(loss) arising from financial investments	948	-	27	-	-	17	(146)	(352)	494
Share of (loss)/profits of associates and joint ventures	(55)	-	-	-	-	-	65	282	292
Insurance business income	18,023	-	-	-	-	-	77	-	18,100
Other operating income	17,569	582	1,252	1,043	868	266	384	495	22,459
<b>Total operating income -net</b>	<b>103,288</b>	<b>24,962</b>	<b>31,472</b>	<b>38,222</b>	<b>23,161</b>	<b>7,280</b>	<b>12,920</b>	<b>32,223</b>	<b>273,528</b>
Credit impairment losses	(6,154)	(6,968)	(13,868)	(870)	(7,281)	(3,961)	(4,357)	(16,952)	(60,411)
Other assets impairment (losses)/reversal	(1,884)	(2)	(2)	(2)	(1)	(7)	-	1	(1,897)
Insurance business expense	(19,356)	-	-	-	-	-	(24)	-	(19,380)
Other operating expense	(28,305)	(6,955)	(9,177)	(9,484)	(6,674)	(3,371)	(4,748)	(24,911)	(93,625)
<b>Profit/(loss) before tax</b>	<b>47,589</b>	<b>11,037</b>	<b>8,425</b>	<b>27,866</b>	<b>9,205</b>	<b>(59)</b>	<b>3,791</b>	<b>(9,639)</b>	<b>98,215</b>
Income tax									(6,185)
<b>Net profit for the year</b>									<b>92,030</b>
Depreciation and amortisation	(1,793)	(945)	(1,141)	(1,135)	(956)	(497)	(508)	(1,675)	(8,650)
Capital expenditure	(25,091)	(340)	(210)	(391)	(856)	(190)	(441)	(3,989)	(31,508)

	Year ended 31 December 2021								
	Yangtze River Delta	Pearl River Delta	Bohai Rim Economic Zone	Central China	Western China	North Eastern China	Overseas	Head Office	Total
External net interest income/ (expense)	26,278	12,603	(1,003)	22,898	16,887	628	10,498	72,904	161,693
Inter-segment net interest income/(expense)	<u>21,275</u>	<u>6,424</u>	<u>24,200</u>	<u>7,087</u>	<u>1,800</u>	<u>5,192</u>	<u>18</u>	<u>(65,996)</u>	<u>–</u>
<b>Net interest income</b>	47,553	19,027	23,197	29,985	18,687	5,820	10,516	6,908	161,693
Fee and commission income	14,540	3,652	5,739	5,803	3,064	1,238	2,488	15,761	52,285
Fee and commission expense	<u>(2,941)</u>	<u>(39)</u>	<u>(77)</u>	<u>(101)</u>	<u>(26)</u>	<u>(18)</u>	<u>(233)</u>	<u>(1,277)</u>	<u>(4,712)</u>
<b>Net fee and commission income</b>	11,599	3,613	5,662	5,702	3,038	1,220	2,255	14,484	47,573
Net gains/(loss) arising from trading activities	7,031	376	380	659	1,824	12	(784)	13,846	23,344
Net gains/(loss) arising from financial investments	849	–	27	–	–	18	589	(172)	1,311
Share of profits of associates and joint ventures	–	–	–	–	–	–	47	230	277
Insurance business income	16,459	–	–	–	–	–	56	–	16,515
Other operating income	<u>15,316</u>	<u>416</u>	<u>954</u>	<u>734</u>	<u>551</u>	<u>203</u>	<u>456</u>	<u>405</u>	<u>19,035</u>
<b>Total operating income -net</b>	98,807	23,432	30,220	37,080	24,100	7,273	13,135	35,701	269,748
Credit impairment losses	(7,451)	(4,828)	(8,046)	(9,019)	(10,600)	(9,582)	(977)	(15,868)	(66,371)
Other assets impairment losses	(2,020)	(6)	(8)	(14)	(58)	(212)	–	(2)	(2,320)
Insurance business expense	(17,037)	–	–	–	–	–	(17)	–	(17,054)
Other operating expense	<u>(26,518)</u>	<u>(6,571)</u>	<u>(8,854)</u>	<u>(9,125)</u>	<u>(5,922)</u>	<u>(3,378)</u>	<u>(4,372)</u>	<u>(25,304)</u>	<u>(90,044)</u>
<b>Profit/(loss) before tax</b>	<u>45,781</u>	<u>12,027</u>	<u>13,312</u>	<u>18,922</u>	<u>7,520</u>	<u>(5,899)</u>	<u>7,769</u>	<u>(5,473)</u>	93,959
Income tax									<u>(5,020)</u>
Net profit for the year									<u>88,939</u>
Depreciation and amortisation	(1,814)	(909)	(1,133)	(1,116)	(954)	(498)	(469)	(1,206)	(8,099)
Capital expenditure	(17,500)	(660)	(494)	(864)	(488)	(265)	(141)	(2,535)	(22,947)



As at 31 December 2022										
	Yangtze River Delta	Pearl River Delta	Bohai Rim Economic Zone	Central China	Western China	North Eastern China	Overseas	Head Office	Eliminations	Total
Segment assets	3,195,976	1,234,660	1,889,591	1,410,944	971,233	459,731	1,147,589	4,949,397	(2,305,473)	12,953,648
Including:										
<i>Investments in associates     and joint ventures</i>	1,439	-	-	1	-	-	1,125	6,185	-	8,750
Unallocated assets										<u>38,771</u>
<b>Total assets</b>										<b><u>12,992,419</u></b>
Segment liabilities	(2,929,814)	(1,219,145)	(1,872,761)	(1,364,697)	(960,633)	(462,599)	(1,086,273)	(4,364,445)	2,305,474	(11,954,893)
Unallocated liabilities										<u>(1,786)</u>
<b>Total liabilities</b>										<b><u>(11,956,679)</u></b>
As at 31 December 2021										
	Yangtze River Delta	Pearl River Delta	Bohai Rim Economic Zone	Central China	Western China	North Eastern China	Overseas	Head Office	Eliminations	Total
Segment assets	2,881,066	1,059,386	1,711,386	1,277,003	881,918	409,288	1,095,657	4,459,033	(2,141,041)	11,633,696
Including:										
<i>Investments in associates     and joint ventures</i>	4	-	-	1	-	-	201	5,573	-	5,779
Unallocated assets										<u>32,061</u>
<b>Total assets</b>										<b><u>11,665,757</u></b>
Segment liabilities	(2,658,802)	(1,042,577)	(1,688,784)	(1,239,658)	(870,308)	(417,068)	(1,046,572)	(3,863,904)	2,141,041	(10,686,632)
Unallocated liabilities										<u>(1,889)</u>
<b>Total liabilities</b>										<b><u>(10,688,521)</u></b>

## ***Business information***

The Group is engaged predominantly in banking and related financial activities. It comprises corporate banking, personal banking, treasury and other business. Corporate banking mainly comprises corporate loans, bills, trade financing, corporate deposits and remittance. Personal banking mainly comprises personal loans, personal deposits, credit cards and remittance. Treasury mainly comprises money market placements and takings, financial investment, and securities sold under repurchase agreements. The “Others Business” segment mainly comprises items which cannot be categorised in the above business segments.

The business information of the Group is summarised as follows:

	Year ended 31 December 2022				
	Corporate Banking Business	Personal Banking Business	Treasury Business	Other Business	Total
External net interest income	79,079	44,883	45,831	144	169,937
Inter-segment net interest income/(expense)	16,197	24,406	(40,603)	–	–
Net interest income	95,276	69,289	5,228	144	169,937
Net fee and commission income	9,984	28,095	6,381	179	44,639
Net gains/(loss) arising from trading activities	3,204	566	13,850	(13)	17,607
Net (loss)/gains arising from financial investments	(13)	887	(398)	18	494
Share of profits/(loss) of associates and joint ventures	28	(1)	(54)	319	292
Insurance business income	77	18,023	–	–	18,100
Other operating income	17,626	3,044	786	1,003	22,459
<b>Total operating income-net</b>	<b>126,182</b>	<b>119,903</b>	<b>25,793</b>	<b>1,650</b>	<b>273,528</b>
Credit impairment (losses)/ reversal	(38,073)	(23,889)	1,552	(1)	(60,411)
Other assets impairment losses	(1,891)	(6)	–	–	(1,897)
Insurance business expense	(24)	(19,356)	–	–	(19,380)
Other operating expense					
–Depreciation and amortisation	(3,359)	(4,557)	(583)	(151)	(8,650)
–Others	(37,394)	(40,997)	(4,877)	(1,707)	(84,975)
<b>Profit/(loss) before tax</b>	<b>45,441</b>	<b>31,098</b>	<b>21,885</b>	<b>(209)</b>	<b>98,215</b>
Income tax					(6,185)
<b>Net profit for the year</b>					<b>92,030</b>
Depreciation and amortisation	(3,359)	(4,557)	(583)	(151)	(8,650)
Capital expenditure	(27,190)	(3,692)	(457)	(169)	(31,508)

	Year ended 31 December 2021				
	Corporate Banking Business	Personal Banking Business	Treasury Business	Other Business	Total
External net interest income	74,792	47,357	39,422	122	161,693
Inter-segment net interest income/(expense)	<u>17,100</u>	<u>17,840</u>	<u>(34,940)</u>	<u>–</u>	<u>–</u>
Net interest income	91,892	65,197	4,482	122	161,693
Net fee and commission income	10,341	30,743	6,330	159	47,573
Net gains arising from trading activities	8,522	1,553	12,940	329	23,344
Net gains arising from financial investments	40	833	438	–	1,311
Share of profits of associates and joint ventures	6	–	–	271	277
Insurance business income	56	16,459	–	–	16,515
Other operating income	<u>15,153</u>	<u>2,857</u>	<u>269</u>	<u>756</u>	<u>19,035</u>
<b>Total operating income-net</b>	126,010	117,642	24,459	1,637	269,748
Credit impairment losses	(47,024)	(19,079)	(259)	(9)	(66,371)
Other assets impairment losses	(2,265)	(55)	–	–	(2,320)
Insurance business expense	(17)	(17,037)	–	–	(17,054)
Other operating expense					
–Depreciation and amortisation	(2,941)	(4,460)	(641)	(57)	(8,099)
–Others	<u>(35,500)</u>	<u>(40,167)</u>	<u>(4,996)</u>	<u>(1,282)</u>	<u>(81,945)</u>
<b>Profit before tax</b>	<u>38,263</u>	<u>36,844</u>	<u>18,563</u>	<u>289</u>	93,959
Income tax					<u>(5,020)</u>
<b>Net profit for the year</b>					<u>88,939</u>
Depreciation and amortisation	(2,941)	(4,460)	(641)	(57)	(8,099)
Capital expenditure	(8,332)	(12,636)	(1,817)	(162)	(22,947)

As at 31 December 2022					
	Corporate Banking Business	Personal Banking Business	Treasury Business	Other Business	Total
Segment assets	5,448,671	2,256,628	5,202,781	45,568	12,953,648
Including:					
<i>Investments in associates and     joint ventures</i>	2,427	3	1,436	4,884	8,750
Unallocated assets					<u>38,771</u>
<b>Total assets</b>					<u><b>12,992,419</b></u>
Segment liabilities	(5,312,511)	(3,150,383)	(3,424,365)	(63,697)	(11,950,956)
Unallocated liabilities					<u>(5,723)</u>
<b>Total liabilities</b>					<u><b>(11,956,679)</b></u>

As at 31 December 2021					
	Corporate Banking Business	Personal Banking Business	Treasury Business	Other Business	Total
Segment assets	4,770,278	2,197,968	4,588,862	76,588	11,633,696
Including:					
<i>Investments in associates and     joint ventures</i>	1,156	4	–	4,619	5,779
Unallocated assets					<u>32,061</u>
<b>Total assets</b>					<u><b>11,665,757</b></u>
Segment liabilities	(4,999,768)	(2,533,625)	(3,078,851)	(69,663)	(10,681,907)
Unallocated liabilities					<u>(6,614)</u>
<b>Total liabilities</b>					<u><b>(10,688,521)</b></u>

There were no significant transactions with a single external customer that the Group mainly relied on.

The comparative information was prepared in accordance with the categorisation of the current period since the assessment rules of the income and expense distribution between various business segments have been adjusted.

### 13 Liquidity risk

The table below analyses the Group's assets and liabilities into relevant maturity groupings based on the remaining period at the end of reporting date to the contractual maturity date.

As at 31 December 2022	Overdue	Undated	On Demand	Up to 1 month	1 –3 months	3 –12 months	1 –5 years	Over 5 years	Total
<b>Assets</b>									
Cash and balances with central banks	-	688,101	117,662	-	339	-	-	-	806,102
Due from and placements with banks and other financial institutions	-	-	135,359	167,125	93,769	212,200	70,862	11,106	690,421
Derivative financial assets	-	-	-	7,404	11,392	14,522	21,553	14,816	69,687
Loans and advances to customers	31,901	-	-	523,724	340,210	1,763,309	1,822,050	2,655,483	7,136,677
Financial investments at FVTPL	276	54,776	282,208	10,301	43,907	178,534	66,400	68,955	705,357
Financial investments at amortised cost	799	-	-	25,067	46,691	523,131	804,463	1,050,624	2,450,775
Financial investments at FVOCI	477	15,323	-	9,069	38,363	306,910	243,875	185,058	799,075
Other assets	2,054	223,001	70,499	-	-	1,167	37,604	-	334,325
<b>Total assets</b>	<b>35,507</b>	<b>981,201</b>	<b>605,728</b>	<b>742,690</b>	<b>574,671</b>	<b>2,999,773</b>	<b>3,066,807</b>	<b>3,986,042</b>	<b>12,992,419</b>
<b>Liabilities</b>									
Due to and placements from banks and other financial institutions	-	-	(812,938)	(391,535)	(245,168)	(530,014)	(44,293)	(10,946)	(2,034,894)
Financial liabilities at FVTPL	-	-	(10,866)	(3,923)	(6,196)	(5,257)	(21,707)	-	(47,949)
Derivative financial liabilities	-	-	-	(8,133)	(10,589)	(13,964)	(10,858)	(3,260)	(46,804)
Due to customers	-	-	(3,118,072)	(869,185)	(628,192)	(1,452,998)	(1,880,606)	(19)	(7,949,072)
Other liabilities	-	-	(110,657)	(131,455)	(266,282)	(865,400)	(233,613)	(270,553)	(1,877,960)
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>(4,052,533)</b>	<b>(1,404,231)</b>	<b>(1,156,427)</b>	<b>(2,867,633)</b>	<b>(2,191,077)</b>	<b>(284,778)</b>	<b>(11,956,679)</b>
<b>Net amount on liquidity gap</b>	<b>35,507</b>	<b>981,201</b>	<b>(3,446,805)</b>	<b>(661,541)</b>	<b>(581,756)</b>	<b>132,140</b>	<b>875,730</b>	<b>3,701,264</b>	<b>1,035,740</b>

As at 31 December 2021	Overdue	Undated	On Demand	Up to 1 month	1 –3 months	3 –12 months	1 –5 years	Over 5 years	Total
<b>Assets</b>									
Cash and balances with central banks	–	630,776	103,648	–	304	–	–	–	734,728
Due from and placements with banks and other financial institutions	–	–	88,993	171,428	89,547	225,329	45,687	11,724	632,708
Derivative financial assets	–	–	–	6,099	7,172	13,032	11,052	1,865	39,220
Loans and advances to customers	34,913	–	–	504,850	289,612	1,435,771	1,309,429	2,837,626	6,412,201
Financial investments at FVTPL	–	376,060	2,697	25,684	47,293	92,313	43,656	50,780	638,483
Financial investments at amortised cost	2,397	–	–	18,227	37,752	284,065	1,014,207	846,389	2,203,037
Financial investments at FVOCI	29	16,262	–	17,504	56,506	120,183	289,879	181,366	681,729
Other assets	4,198	187,187	93,428	150	18	505	35,656	2,509	323,651
<b>Total assets</b>	<u>41,537</u>	<u>1,210,285</u>	<u>288,766</u>	<u>743,942</u>	<u>528,204</u>	<u>2,171,198</u>	<u>2,749,566</u>	<u>3,932,259</u>	<u>11,665,757</u>
<b>Liabilities</b>									
Due to and placements from banks and other financial institutions	–	–	(816,423)	(339,771)	(247,890)	(491,785)	(44,522)	(7,377)	(1,947,768)
Financial liabilities at FVTPL	–	–	(11,631)	(24,954)	(1,995)	(10,202)	(1,266)	–	(50,048)
Derivative financial liabilities	–	–	–	(5,493)	(6,739)	(11,698)	(10,266)	(1,878)	(36,074)
Due to customers	–	–	(2,917,672)	(892,406)	(544,620)	(1,043,211)	(1,641,829)	(39)	(7,039,777)
Other liabilities	–	–	(59,181)	(113,511)	(198,029)	(739,771)	(285,206)	(219,156)	(1,614,854)
<b>Total liabilities</b>	<u>–</u>	<u>–</u>	<u>(3,804,907)</u>	<u>(1,376,135)</u>	<u>(999,273)</u>	<u>(2,296,667)</u>	<u>(1,983,089)</u>	<u>(228,450)</u>	<u>(10,688,521)</u>
Net amount on liquidity gap	<u>41,537</u>	<u>1,210,285</u>	<u>(3,516,141)</u>	<u>(632,193)</u>	<u>(471,069)</u>	<u>(125,469)</u>	<u>766,477</u>	<u>3,703,809</u>	<u>977,236</u>

## 14 Non-adjusting events after Reporting Period

### *Profit distribution after Reporting Period*

On 30 March 2023, the Board of Directors of the Bank proposed to appropriate RMB8,399 million to the statutory reserve and RMB13,399 million to the statutory general reserve. A cash dividend of RMB0.373 (before tax) for each share, totalling RMB27,700 million, calculated based on the total number of shares outstanding of 74,263 million shares (RMB1 per share) as at 31 December 2022 was also proposed. The proposal will be subject to the approval by the General Meeting of Shareholders.

## VII. PUBLICATION OF THE ANNOUNCEMENT OF ANNUAL RESULTS

This results announcement is extracted from the 2022 Annual Report prepared in accordance with the IFRSs. The full report will be published on the website of HKEX News at [www.hkexnews.hk](http://www.hkexnews.hk), as well as the website of the Bank at [www.bankcomm.com](http://www.bankcomm.com) for the reference of shareholders. The 2022 Annual Report, which is prepared in accordance with China Accounting Standards, will be available on the website of Shanghai Stock Exchange at [www.sse.com.cn](http://www.sse.com.cn) and the website of the Bank at [www.bankcomm.com](http://www.bankcomm.com). Investors should read the full text of the Annual Report for details of the Annual Results. The Annual Report prepared in accordance with the IFRSs is anticipated to be despatched to the shareholders of H shares in April 2023.

This announcement is prepared in both Chinese and English. Should there be any inconsistency between the Chinese and English versions, the Chinese version should prevail.

By order of the Board  
**Bank of Communications Co., Ltd.**  
**Ren Deqi**  
*Chairman of the Board*

Shanghai, the PRC  
30 March 2023

*As at the date of this announcement, the directors of the Bank are Mr. Ren Deqi, Mr. Liu Jun, Mr. Li Longcheng\*, Mr. Wang Linping\*, Mr. Chang Baosheng\*, Mr. Liao, Yi Chien, David\*, Mr. Chan Siu Chung\*, Mr. Mu Guoxin\*, Mr. Chen Junkui\*, Mr. Luo Xiaopeng\*, Mr. Woo Chin Wan, Raymond#, Mr. Cai Haoyi#, Mr. Shi Lei#, Mr. Zhang Xiangdong#, Ms. Li Xiaohui# and Mr. Ma Jun#.*

\* *Non-executive directors*

# *Independent non-executive directors*