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中國工商銀行股份有限公司

INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED

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

Stock Code: 1398

USD Preference Shares Stock Code: 4620

2022 ANNUAL RESULTS ANNOUNCEMENT

The Board of Directors of Industrial and Commercial Bank of China Limited (the “Bank”) announces the annual audited results of the Bank and its subsidiaries for the year ended 31 December 2022. The Board of Directors and the Audit Committee of the Board of Directors of the Bank have reviewed and confirmed the annual audited results. Summary of the Capital Adequacy Ratio Report disclosed in accordance with the Regulation Governing Capital of Commercial Banks (Provisional) is also presented in this Announcement.

1. Corporate Information

1.1 Basic Information

	Stock name	Stock code	Stock exchange on which shares are listed
A Share	工商銀行	601398	Shanghai Stock Exchange
H Share	ICBC	1398	The Stock Exchange of Hong Kong Limited
Offshore Preference Share	ICBC 20USDPREF	4620	The Stock Exchange of Hong Kong Limited
Domestic Preference Share	工行優 1 工行優 2	360011 360036	Shanghai Stock Exchange

1.2 Contact

Board Secretary and Company Secretary

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2. Financial Highlights

(Financial data and indicators in this annual results announcement are prepared in accordance with International Financial Reporting Standards (“IFRSs”) and, unless otherwise specified, are consolidated amounts of the Bank and its subsidiaries and denominated in Renminbi.)

2.1 Financial Data

	2022	2021	2020	2019	2018
Annual operating results					
(in RMB millions)					
Net interest income	693,687	690,680	646,765	632,217	593,677
Net fee and commission income	129,265	133,024	131,215	130,573	124,394
Operating income	841,441	860,880	800,075	776,002	725,121
Operating expenses	240,884	236,227	206,585	207,776	194,203
Impairment losses on assets	182,419	202,623	202,668	178,957	161,594
Operating profit	418,138	422,030	390,822	389,269	369,324
Profit before taxation	422,565	424,899	392,126	391,789	372,413
Net profit	361,038	350,216	317,685	313,361	298,723
Net profit attributable to equity holders of the parent company	360,483	348,338	315,906	312,224	297,676
Net cash flows from operating activities	1,404,657	360,882	1,557,616	481,240	529,911
As at the end of reporting period (in RMB millions)					
Total assets	39,609,657	35,171,383	33,345,058	30,109,436	27,699,540
Total loans and advances to customers	23,212,312	20,667,245	18,624,308	16,761,319	15,419,905
Corporate loans	13,826,966	12,194,706	11,102,733	9,955,821	9,418,894
Personal loans	8,236,561	7,944,781	7,115,279	6,383,624	5,636,574
Discounted bills	1,148,785	527,758	406,296	421,874	364,437
Allowance for impairment losses on loans ⁽¹⁾	672,762	603,983	531,161	478,730	413,177
Investment	10,527,292	9,257,760	8,591,139	7,647,117	6,754,692
Total liabilities	36,095,831	31,896,125	30,435,543	27,417,433	25,354,657
Due to customers	29,870,491	26,441,774	25,134,726	22,977,655	21,408,934
Corporate deposits	14,671,154	13,331,463	12,944,860	12,028,262	11,481,141
Personal deposits	14,545,306	12,497,968	11,660,536	10,477,744	9,436,418
Other deposits	199,465	250,349	261,389	234,852	268,914
Accrued interest	454,566	361,994	267,941	236,797	222,461
Due to banks and other financial institutions	3,185,564	2,921,029	2,784,259	2,266,573	1,814,495
Equity attributable to equity holders of the parent company	3,495,171	3,257,755	2,893,502	2,676,186	2,330,001
Share capital	356,407	356,407	356,407	356,407	356,407
Net common equity tier 1 capital ⁽²⁾	3,121,080	2,886,378	2,653,002	2,457,274	2,232,033
Net tier 1 capital ⁽²⁾	3,475,995	3,241,364	2,872,792	2,657,523	2,312,143
Net capital base ⁽²⁾	4,281,079	3,909,669	3,396,186	3,121,479	2,644,885
Risk-weighted assets ⁽²⁾	22,225,272	21,690,349	20,124,139	18,616,886	17,190,992

	2022	2021	2020	2019	2018
Per share data					
(in RMB yuan)					
Net asset value per share ⁽³⁾	8.81	8.15	7.48	6.93	6.30
Basic earnings per share	0.97	0.95	0.86	0.86	0.82
Diluted earnings per share	0.97	0.95	0.86	0.86	0.82
Credit rating					
S&P ⁽⁴⁾	A	A	A	A	A
Moody's ⁽⁴⁾	A1	A1	A1	A1	A1

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

(2) Calculated in accordance with the Regulation Governing Capital of Commercial Banks (Provisional).

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

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

2.2 Financial Indicators

	2022	2021	2020	2019	2018
Profitability (%)					
Return on average total assets ⁽¹⁾	0.97	1.02	1.00	1.08	1.11
Return on weighted average equity ⁽²⁾	11.43	12.15	11.95	13.05	13.79
Net interest spread ⁽³⁾	1.73	1.92	1.97	2.12	2.20
Net interest margin ⁽⁴⁾	1.92	2.11	2.15	2.30	2.36
Return on risk-weighted assets ⁽⁵⁾	1.64	1.68	1.64	1.75	1.81
Ratio of net fee and commission income to operating income	15.36	15.45	16.40	16.83	17.15
Cost-to-income ratio ⁽⁶⁾	27.43	26.36	24.76	25.79	25.71
Asset quality (%)					
Non-performing loans (“NPLs”) ratio ⁽⁷⁾	1.38	1.42	1.58	1.43	1.52
Allowance to NPLs ⁽⁸⁾	209.47	205.84	180.68	199.32	175.76
Allowance to total loans ratio ⁽⁹⁾	2.90	2.92	2.85	2.86	2.68
Capital adequacy (%)					
Common equity tier 1 capital adequacy ratio ⁽¹⁰⁾	14.04	13.31	13.18	13.20	12.98
Tier 1 capital adequacy ratio ⁽¹⁰⁾	15.64	14.94	14.28	14.27	13.45
Capital adequacy ratio ⁽¹⁰⁾	19.26	18.02	16.88	16.77	15.39
Total equity to total assets ratio	8.87	9.31	8.73	8.94	8.47
Risk-weighted assets to total assets ratio	56.11	61.67	60.35	61.83	62.06

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

(2) Calculated in accordance with the Rules for the Compilation and Submission of Information Disclosure by Companies that Offer Securities to the Public No. 9 – Calculation and Disclosure of Return on Net Assets and Earnings per Share (Revision 2010) issued by China Securities Regulatory Commission (“CSRC”).

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

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

- (5) Calculated by dividing net profit by the average balance of risk-weighted assets at the beginning and at the end of the reporting period.
- (6) Calculated by dividing operating expenses (less taxes and surcharges) by operating income.
- (7) Calculated by dividing the balance of NPLs by total balance of loans and advances to customers.
- (8) Calculated by dividing allowance for impairment losses on loans by total balance of NPLs.
- (9) Calculated by dividing allowance for impairment losses on loans by total balance of loans and advances to customers.
- (10) Calculated in accordance with the Regulation Governing Capital of Commercial Banks (Provisional).

2.3 Quarterly Financial Data

	2022			
	Q1	Q2	Q3	Q4
(In RMB millions)				
Operating income	226,858	216,930	207,331	190,322
Net profit attributable to equity holders of the parent company	90,633	80,873	94,316	94,661
Net cash flows from operating activities	1,207,219	203,186	432,146	(437,894)
	2021			
	Q1	Q2	Q3	Q4
(In RMB millions)				
Operating income	214,120	212,286	217,489	216,985
Net profit attributable to equity holders of the parent company	85,730	77,743	88,348	96,517
Net cash flows from operating activities	612,669	(235,123)	588,904	(605,568)

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

In respect of the financial statements of the Bank prepared under PRC GAAP and those under IFRSs, net profit attributable to equity holders of the parent company for the year ended 31 December 2022 and equity attributable to equity holders of the parent company as at the end of the reporting period have no differences.

3. Business Review

In 2022, facing the complex and severe external environment, the Bank fully and faithfully applied the new development philosophy on all fronts, centering on the 20th CPC National Congress and its guiding principles. We acted on the general working principle of pursuing progress while ensuring stability and fully implemented the important requirements of responding effectively to COVID-19, maintaining economic stability, and ensuring security in development. We improved our work through rectification following the disciplinary inspection by the CPC Central Committee. We took proactive actions to overcome difficulties and promoted our own high-quality development while serving the new pattern of development. As a result, we delivered an operating performance that improves quality whilst ensuring stability.

The core indicators about the **“Strong, Excellent and Large”** orientation of development continued to improve. The Bank maintained its position among top large global banks in terms of assets and profit. **In terms of being “Strong”**, the Bank’s capital adequacy ratio rose to 19.26% and allowance to NPLs registered 209.47%, maintaining at a sound level. The balance of asset allowance was nearly RMB800.0 billion, indicating stronger risk resistance. NPL ratio decreased to 1.38%, marking the eighth consecutive quarterly decrease. **In terms of being “Excellent”**, return on average total assets (“ROA”) stood at 0.97% and return on weighted average equity (“ROE”) stood at 11.43%. Net interest margin (“NIM”) recorded 1.92%, indicating more profit concessions for the real economy and maintaining at a reasonable range. **In terms of being “Large”**, total assets rose by 12.6% to RMB39.6 trillion, operating income was RMB841.4 billion, and net profit increased by 3.1% and reached a new record high of RMB361.0 billion. The foregoing performance results have fully reflected an overall balance in value creation, market position, risk control and capital constraint and again demonstrated the Bank’s stable operation feature and strong development resilience as well as great potential for growth in future.

These results were mainly attributed to the Bank’s efforts in **“stability, progress and reform”**.

“Stability” means effectively ensuring overall economic stability by serving policies and measures to stabilize the economy and effectively controlling risks.

Always keeping in mind the top priorities of the country, we placed our focus of operation on serving the real economy and implemented a full range of policies and follow-up measures to stabilize the economy. Through instruments such as loans, bonds, leasing, and debt-for-equity swaps, we provided a total of over RMB6.4 trillion funds of all types to the real economy. RMB denominated loans of domestic branches increased by RMB2.6 trillion, representing a year-on-year increase of RMB428.3 billion. While maintaining a reasonable growth in volume, we continued to adjust and optimize the structure to make our financial services more adaptable, competitive and inclusive. The Bank maintained the lead in terms of the size of loans to manufacturing, green industries, and sci-tech innovations, and the growth rate of loans for key areas such as inclusive and agriculture-related areas was significantly higher than the growth of total loans. We innovated in supply of financial services and optimized the payment environment, which helped improve the quality and expand the scale of consumption. We intensified support to ensure stable performance in foreign trade and foreign investment and actively served high-standard opening up and the high-quality development of the Belt and Road.

Risk is the biggest variable in business. The Bank adheres to the coordinated development and security, and earnestly implements arrangements to prevent and resolve major economic and financial risks, and adjusts risk prevention and control strategies based on the circumstances. Our asset quality is stable overall and all types of risks are generally under control. We advanced the Five-pronged Risk Management Approach in depth, strengthened the bonding force of the three lines of defense, and upgraded the enterprise-wide risk management system. We refined the system of new rules and regulations on credit approval, enriched the application of intelligent risk control, and focused on improving risk governance in key areas and key large accounts. We enhanced joint control of market risks, which effectively responded to fluctuations in global financial markets. We actively share risk control technologies and tools with over 300 peers, thereby helping them to maintain financial stability.

“Progress” means continuing to strengthen the foundation of high-quality development by promoting implementation of plans and basic projects.

We revised the strategic plan for the development of the Group to effectively align with the national 14th Five-Year Plan. We adhered to the combination of overall advancement and breakthrough-making in key areas, and accelerated the implementation of the strategic layout of “leveraging our strengths, tackling areas of weaknesses and solidifying the foundation”. The leading strengths of business segments such as corporate finance, settlement finance, institutional finance and financial markets were consolidated. New achievements were made in strategic focuses including personal finance, foreign exchange business, key areas and urban-rural collaboration and some potential segments have been growing into new growth drivers. Personal financial assets maintained the leading position in terms of scale; international settlement, cross-border RMB settlement, and foreign exchange sale and settlement saw their business value increase by about 5%, and the ICBC Xingnongtong APP covered over 1,800 counties in the year of launch.

We continued our efforts in basic work and in areas that are good for long-term development. Based on our strength in customer base and interactions among government, business and consumer (GBC), we continued to implement basic projects including Net Making and Patching, fund retention, urban-rural collaboration, agency business, merchant marketing, etc. and sped up the formation of the customer ecosystem with coordinated development of micro, small, medium and large enterprises and personal customers. At the end of 2022, corporate customers, cash settlement accounts and merchants all exceeded 10 million, and the number of personal customers increased by 16.72 million to 720 million. The synergistic effect became more apparent, and a record high in annual increase in customer deposits exceeding RMB3.4 trillion was set.

“Reform” means constantly energizing growth drive through reform, innovation and digitalization.

We take reforms as the fundamental driving force and innovation as the first of such driving force, formulated and implemented the comprehensive reform plan, and accelerated connotative development. We deepened mechanisms innovation. We refined the supervision and assessment system, optimized the competitiveness evaluation indicator system, improved the green finance management mechanism, enhanced ESG management efficiency, and boosted the balanced, coordinated, sustainable high-quality development state. We deepened innovation in services, launching series service solutions for new urban residents, rolling out the first personal pension savings product, and continued to expand high-frequency service scenarios concerning people’s livelihood such as government affairs, medical and pension. We also deepened innovation in channels. We accelerated the building of “Cloud ICBC”, strengthened online and offline integrated operations, enriched functions of “ICBC Sharing Stations” for the benefit of the people, and continued to improve outlets’ competitiveness and customer satisfaction.

We took digitalization as a new driver of growth. We sped up the development of D-ICBC, promoted digital upgrading of businesses, products and services, and continued to cultivate new growth engines. We launched Mobile Banking 8.0 and ICBC e Life 5.0 and established an open wealth community. The number of mobile banking personal customers reached 516 million and monthly active users on the mobile end exceeded 174 million, both ranking first in the industry. We upgraded the ECOS and intensified efforts to achieve breakthroughs in core technologies of key areas, further consolidating the technical foundation. The Bank ranked first among domestic banks in terms of new and cumulative numbers of patents granted in the year, and comprehensive technological strength continued to lead the industry.

4. Discussion and Analysis

4.1 Income Statement Analysis

In 2022, the Bank maintained steady progress, improved quality in operation, and continuously improved its capability to achieve balanced, coordinated and sustainable development. The Bank actively performed its responsibilities as a large bank and continued to strengthen its support for the real economy. In the year, the Bank realized a net profit of RMB361,038 million, representing an increase of RMB10,822 million or 3.1% as compared to the previous year. Return on average total assets stood at 0.97%, and return on weighted average equity was 11.43%. Operating income amounted to RMB841,441 million, representing a decrease of 2.3%. Specifically, net interest income grew by 0.4% to RMB693,687 million; non-interest income was RMB147,754 million, down by 13.2%. Operating expenses amounted to RMB240,884 million, representing an increase of 2.0%, and the cost-to-income ratio was 27.43%. Impairment losses on assets were RMB182,419 million. Income tax expense decreased by 17.6% to RMB61,527 million.

Net Interest Income

In 2022, net interest income was RMB693,687 million, RMB3,007 million or 0.4% higher than that of last year, accounting for 82.4% of the Bank's operating income. Interest income grew by RMB118,158 million or 10.2% to RMB1,280,376 million and interest expenses increased by RMB115,151 million or 24.4% to RMB586,689 million. Net interest spread and net interest margin ("NIM") came at 1.73% and 1.92% respectively, both down 19 basis points from the previous year, largely due to the Bank's enhanced support for the real economy, multiple reductions in the Loan Prime Rate (LPR), a steady decrease in loan yield, and a rise in the average deposit interest rate driven by the regularization of time deposits.

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

In RMB millions, except for percentages

Item	Average balance	2022 Interest income/ expense	Average yield/cost (%)	Average balance	2021 Interest income/ expense	Average yield/cost (%)
Assets						
Loans and advances to customers	22,248,094	900,149	4.05	19,996,414	832,136	4.16
Investment	9,001,876	298,722	3.32	7,999,530	262,827	3.29
Due from central banks ⁽²⁾	2,991,645	45,425	1.52	2,888,381	42,027	1.46
Due from banks and other financial institutions ⁽³⁾	<u>1,866,884</u>	<u>36,080</u>	1.93	<u>1,772,522</u>	<u>25,228</u>	1.42
Total interest-generating assets	<u>36,108,499</u>	<u>1,280,376</u>	3.55	<u>32,656,847</u>	<u>1,162,218</u>	3.56
Non-interest-generating assets	2,520,529			2,659,895		
Allowance for impairment losses on assets	<u>(683,492)</u>			<u>(574,932)</u>		
Total assets	<u><u>37,945,536</u></u>			<u><u>34,741,810</u></u>		
Liabilities						
Deposits	27,364,627	480,083	1.75	24,477,111	397,625	1.62
Due to banks and other financial institutions ⁽³⁾	3,794,532	70,732	1.86	3,287,917	44,387	1.35
Debt securities and certificates of deposit issued	<u>1,132,767</u>	<u>35,874</u>	3.17	<u>1,072,667</u>	<u>29,526</u>	2.75
Total interest-bearing liabilities	<u>32,291,926</u>	<u>586,689</u>	1.82	<u>28,837,695</u>	<u>471,538</u>	1.64
Non-interest-bearing liabilities	<u>2,030,317</u>			<u>1,991,928</u>		
Total liabilities	<u><u>34,322,243</u></u>			<u><u>30,829,623</u></u>		
Net interest income		<u><u>693,687</u></u>			<u><u>690,680</u></u>	
Net interest spread			<u><u>1.73</u></u>			<u><u>1.92</u></u>
Net interest margin			<u><u>1.92</u></u>			<u><u>2.11</u></u>

- Notes:* (1) The average balances of interest-generating assets and interest-bearing liabilities represent their daily average balances. The average balances of non-interest-generating assets, non-interest-bearing liabilities and the allowance for impairment losses on assets represent the average of the balances at the beginning of the year and at the end of the year.
- (2) Due from central banks mainly includes mandatory reserves and surplus reserves with central banks.
- (3) Due from banks and other financial institutions includes the amount of reverse repurchase agreements, and due to banks and other financial institutions includes the amount of repurchase agreements etc.

Interest Income

- Interest Income on Loans and Advances to Customers**

Interest income on loans and advances to customers was RMB900,149 million, RMB68,013 million or 8.2% higher as compared to that of last year, mainly due to the increase of 11.3% in the average balance of loans and advances to customers.

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

In RMB millions, except for percentages

Item	Average balance	2022	Average yield (%)	Average balance	2021	Average yield (%)
		Interest income			Interest income	
Short-term loans	4,739,296	156,708	3.31	4,045,145	142,549	3.52
Medium to long-term loans	<u>17,508,798</u>	<u>743,441</u>	4.25	<u>15,951,269</u>	<u>689,587</u>	4.32
Total loans and advances to customers	<u><u>22,248,094</u></u>	<u><u>900,149</u></u>	4.05	<u><u>19,996,414</u></u>	<u><u>832,136</u></u>	4.16

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

In RMB millions, except for percentages

Item	2022		Average yield (%)	2021		
	Average balance	Interest income		Average balance	Interest income	Average yield (%)
Corporate loans	12,091,996	467,313	3.86	10,787,207	439,575	4.08
Discounted bills	866,735	15,546	1.79	380,678	10,266	2.70
Personal loans	7,922,153	371,740	4.69	7,415,770	349,572	4.71
Overseas business	<u>1,367,210</u>	<u>45,550</u>	3.33	<u>1,412,759</u>	<u>32,723</u>	2.32
Total loans and advances to customers	<u><u>22,248,094</u></u>	<u><u>900,149</u></u>	4.05	<u><u>19,996,414</u></u>	<u><u>832,136</u></u>	4.16

- **Interest Income on Investment**

Interest income on investment amounted to RMB298,722 million, representing an increase of RMB35,895 million or 13.7% as compared to that of last year, mainly due to the increase of 12.5% in the average balance of investment.

- **Interest Income on Due from Central Banks**

Interest income on due from central banks was RMB45,425 million, representing an increase of RMB3,398 million or 8.1% as compared to that of last year, principally due to the rising average interest rate of due from overseas central banks and the increased size of due from domestic central bank.

- **Interest Income on Due from Banks and Other Financial Institutions**

Interest income on due from banks and other financial institutions was RMB36,080 million, representing an increase of RMB10,852 million or 43.0% as compared to that of last year, primarily due to the ascending interest rate of foreign-currency lending funds.

Interest Expense

- Interest Expense on Deposits**

Interest expense on deposits amounted to RMB480,083 million, representing an increase of RMB82,458 million or 20.7% over the previous year, primarily due to the increase of 11.8% in the average balance of due to customers and rise of 13 basis points in the average cost.

ANALYSIS OF AVERAGE DEPOSIT COST BY PRODUCTS

In RMB millions, except for percentages

Item	Average balance	2022 Interest expense	Average cost (%)	Average balance	2021 Interest expense	Average cost (%)
Corporate deposits						
Time deposits	5,803,074	150,011	2.59	4,929,388	121,230	2.46
Demand deposits	7,405,878	68,024	0.92	7,133,857	58,618	0.82
Subtotal	<u>13,208,952</u>	<u>218,035</u>	<u>1.65</u>	<u>12,063,245</u>	<u>179,848</u>	<u>1.49</u>
Personal deposits						
Time deposits	7,742,072	223,607	2.89	6,337,635	189,118	2.98
Demand deposits	5,407,007	17,007	0.31	5,091,927	18,678	0.37
Subtotal	<u>13,149,079</u>	<u>240,614</u>	<u>1.83</u>	<u>11,429,562</u>	<u>207,796</u>	<u>1.82</u>
Overseas business	<u>1,006,596</u>	<u>21,434</u>	<u>2.13</u>	<u>984,304</u>	<u>9,981</u>	<u>1.01</u>
Total deposits	<u>27,364,627</u>	<u>480,083</u>	<u>1.75</u>	<u>24,477,111</u>	<u>397,625</u>	<u>1.62</u>

- **Interest Expense on Due to Banks and Other Financial Institutions**

Interest expense on due to banks and other financial institutions was RMB70,732 million, RMB26,345 million or 59.4% higher than that of last year, principally attributable to the 15.4% increase in the average balance of borrowing funds and the rising average cost year on year as affected by the factors such as currency and product duration.

- **Interest Expense on Debt Securities and Certificates of Deposit Issued**

Interest expense on debt securities and certificates of deposits issued was RMB35,874 million, indicating an increase of RMB6,348 million or 21.5% over last year, mainly due to the ascending interest rates of debt securities such as certificates of deposit issued by overseas institutions.

Non-interest Income

In 2022, non-interest income was RMB147,754 million, which was RMB22,446 million or 13.2% lower than that of last year, accounting for 17.6% of the operating income. Specifically, net fee and commission income decreased by RMB3,759 million or 2.8% to RMB129,265 million, and other non-interest related gains fell by RMB18,687 million or 50.3% to RMB18,489 million.

NET FEE AND COMMISSION INCOME

In RMB millions, except for percentages

Item	2022	2021	Increase/ (decrease)	Growth rate (%)
Settlement, clearing business and cash management	45,439	41,270	4,169	10.1
Personal wealth management and private banking services	26,253	30,001	(3,748)	(12.5)
Investment banking business	19,586	22,416	(2,830)	(12.6)
Bank card business	17,736	16,679	1,057	6.3
Corporate wealth management services	14,172	15,165	(993)	(6.5)
Guarantee and commitment business	8,803	9,756	(953)	(9.8)
Asset custody business	8,709	8,738	(29)	(0.3)
Trust and agency services	1,894	1,808	86	4.8
Other	3,226	2,894	332	11.5
Fee and commission income	145,818	148,727	(2,909)	(2.0)
Less: Fee and commission expense	16,553	15,703	850	5.4
Net fee and commission income	129,265	133,024	(3,759)	(2.8)

In 2022, the Bank's net fee and commission income was RMB129,265 million, a decrease of RMB3,759 million or 2.8% over last year. Specifically, income from settlement, clearing business and cash management increased by RMB4,169 million, mainly driven by an increase in income from third party payment, spot exchange settlement and sale as well as foreign exchange trading business; income from bank card business registered an increase of RMB1,057 million, mainly due to the increase in income from partner services and acquiring business. Affected by the volatile capital markets, income from personal wealth management and private banking, corporate wealth management, asset custody and other businesses dropped. The decrease in fee rates for investment banking, guarantee and commitment businesses resulted in a decline in revenue from these businesses.

OTHER NON-INTEREST RELATED GAINS

In RMB millions, except for percentages

Item	2022	2021	Increase/ (decrease)	Growth rate (%)
Net trading income	8,610	8,955	(345)	(3.9)
Net gains on financial investments	6,315	16,440	(10,125)	(61.6)
Other operating income, net	3,564	11,781	(8,217)	(69.7)
Total	<u>18,489</u>	<u>37,176</u>	<u>(18,687)</u>	(50.3)

Other non-interest related gains amounted to RMB18,489 million, RMB18,687 million or 50.3% lower than that of the previous year. Specifically, the decrease in net gains on financial investments was primarily due to the decreasing valuation of equity instruments as affected by volatile capital markets and the unrealized losses generated on bond investments, while the decrease in other net operating income was mainly because of the net losses on exchange and exchange rate products.

Operating Expenses

In RMB millions, except for percentages

Item	2022	2021	Increase/ (decrease)	Growth rate (%)
Staff costs	143,501	139,363	4,138	3.0
Property and equipment expenses	29,034	28,822	212	0.7
Taxes and surcharges	10,100	9,318	782	8.4
Amortisation	3,721	3,125	596	19.1
Other	54,528	55,599	(1,071)	(1.9)
Total	<u>240,884</u>	<u>236,227</u>	<u>4,657</u>	<u>2.0</u>

Impairment Losses on Assets

In 2022, the Bank set aside the impairment losses on assets of RMB182,419 million, a decrease of RMB20,204 million or 10.0% as compared to that of last year. Specifically, the impairment losses on loans were RMB143,173 million, indicating a decrease of RMB25,094 million or 14.9%.

Share of Results of Associates and Joint Ventures

Share of results of associates and joint ventures stood at RMB4,427 million, representing an increase of RMB1,558 million or 54.3% over last year, mainly due to the increase in subsidiaries' share of results of associates and joint ventures.

Income Tax Expense

Income tax expense decreased by RMB13,156 million or 17.6% to RMB61,527 million as compared to the previous year. The effective tax rate stood at 14.56%, lower than the statutory tax rate of 25%, primarily because the interest income on Chinese government bonds and local government bonds were exempted from tax under the relevant tax law.

4.2 Segment Information

SUMMARY OPERATING SEGMENT INFORMATION

In RMB millions, except for percentages

Item	2022		2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Operating income	841,441	100.0	860,880	100.0
Corporate banking	388,915	46.2	398,373	46.3
Personal banking	346,103	41.1	346,172	40.2
Treasury operations	100,374	12.0	111,278	12.9
Other	6,049	0.7	5,057	0.6
Profit before taxation	422,565	100.0	424,899	100.0
Corporate banking	165,771	39.2	140,569	33.1
Personal banking	198,355	46.9	195,658	46.0
Treasury operations	52,740	12.5	85,326	20.1
Other	5,699	1.4	3,346	0.8

SUMMARY GEOGRAPHICAL SEGMENT INFORMATION

In RMB millions, except for percentages

Item	2022		2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Operating income	841,441	100.0	860,880	100.0
Head Office	84,257	10.0	135,419	15.8
Yangtze River Delta	148,527	17.7	136,544	15.9
Pearl River Delta	113,459	13.5	107,474	12.5
Bohai Rim	153,822	18.3	145,660	16.9
Central China	114,809	13.6	105,357	12.2
Western China	130,802	15.5	126,799	14.7
Northeastern China	29,214	3.5	29,582	3.4
Overseas and other	66,551	7.9	74,045	8.6
Profit before taxation	422,565	100.0	424,899	100.0
Head Office	257	0.1	58,031	13.6
Yangtze River Delta	98,133	23.2	83,920	19.8
Pearl River Delta	59,687	14.1	59,699	14.1
Bohai Rim	95,094	22.5	64,383	15.2
Central China	60,079	14.2	47,115	11.1
Western China	61,841	14.6	65,477	15.4
Northeastern China	11,878	2.8	1,259	0.3
Overseas and other	35,596	8.5	45,015	10.5

4.3 Balance Sheet Analysis

In 2022, in response to the changes in external development trends, the Bank earnestly implemented macro-economic and financial policies and regulatory requirements, enhanced the service efficiency for the real economy on all fronts, continued to promote the balanced, coordinated and sustainable development of asset and liability management business, and holistically arranged the aggregate amount, structure and pace of assets and liabilities. While maintaining a moderate growth of the total assets and liabilities, the Bank deeply promoted the continuous optimization of the asset and liability structure, coordinated development of quantity and price, and realized effective promotion in the quality of assets and liabilities and proper growth in their quantity.

Assets Deployment

As at the end of 2022, total assets of the Bank amounted to RMB39,609,657 million, RMB4,438,274 million or 12.6% higher than that at the end of the previous year. Specifically, total loans and advances to customers (collectively referred to as “total loans”) increased by RMB2,545,067 million or 12.3% to RMB23,212,312 million, investment increased by RMB1,269,532 million or 13.7% to RMB10,527,292 million, and cash and balances with central banks increased by RMB329,454 million or 10.6% to RMB3,427,892 million.

In RMB millions, except for percentages

Item	At 31 December 2022		At 31 December 2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Total loans and advances to customers	23,212,312	–	20,667,245	–
Add: Accrued interest	53,560	–	45,719	–
Less: Allowance for impairment losses on loans and advances to customers measured at amortised cost	672,224	–	603,764	–
Net loans and advances to customers ⁽¹⁾	22,593,648	57.0	20,109,200	57.2
Investment	10,527,292	26.6	9,257,760	26.3
Cash and balances with central banks	3,427,892	8.7	3,098,438	8.8
Due from banks and other financial institutions	1,042,504	2.6	827,150	2.4
Reverse repurchase agreements	864,067	2.2	663,496	1.9
Other	1,154,254	2.9	1,215,339	3.4
Total assets	<u>39,609,657</u>	<u>100.0</u>	<u>35,171,383</u>	<u>100.0</u>

- **Loan**

The Bank planned and managed the intensity, pace and structure of credit grants, and continued to improve the quality and efficiency of serving the real economy. It actively supported the construction of ongoing infrastructure projects and major projects making up for deficiencies in new urbanization and transportation areas, and effectively implemented the rural revitalization strategy. It grasped the development opportunities of green finance comprehensively, and continued to increase its investment and financing support for key fields of the advanced manufacturing industry such as intelligent manufacturing, digital economy, strategic emerging industries and transformation and upgrading of traditional industries. As at the end of 2022, total loans amounted to RMB23,212,312 million, RMB2,545,067 million or 12.3% higher compared with the end of the previous year, of which, RMB denominated loans of domestic branches were RMB21,482,964 million, up by RMB2,553,039 million or 13.5%.

DISTRIBUTION OF LOANS BY BUSINESS LINE

In RMB millions, except for percentages

Item	At 31 December 2022		At 31 December 2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Corporate loans	13,826,966	59.6	12,194,706	59.0
Short-term corporate loans	3,150,517	13.5	2,737,742	13.2
Medium to long-term corporate loans	10,676,449	46.1	9,456,964	45.8
Discounted bills	1,148,785	4.9	527,758	2.6
Personal loans	8,236,561	35.5	7,944,781	38.4
Residential mortgages	6,431,991	27.7	6,362,685	30.8
Personal consumption loans	234,378	1.1	187,316	0.9
Personal business loans	930,040	4.0	702,441	3.4
Credit card overdrafts	640,152	2.7	692,339	3.3
Total	<u>23,212,312</u>	<u>100.0</u>	<u>20,667,245</u>	<u>100.0</u>

The Bank continued to strengthen its support for manufacturing, strategic emerging industries, green finance, inclusive finance, rural revitalization and other key fields, and steadily carried forward the corporate credit distribution to “New manufacturing, New services, New basic industries and High-tech industries” customer groups. As a result, the Bank’s corporate loans in key strategic areas such as the Beijing-Tianjin-Hebei region, Yangtze River Delta, Guangdong-Hong Kong-Macao Greater Bay Area, Central China and Chengdu-Chongqing economic circle continued to grow. Corporate loans rose by RMB1,632,260 million or 13.4% from the end of last year. Specifically, short-term corporate loans and medium to long-term corporate loans increased by RMB412,775 million and RMB1,219,485 million respectively.

The Bank took full advantages of the popularity of bill business among enterprises and the flexibility in services, and dedicated efforts to meeting enterprises' demands for bill discounting, boosting the development of the real economy. The amount of discounted bills increased by RMB621,027 million, a 117.7% growth of the number by the end of last year.

Focusing on the customers, the Bank strengthened the overall planning of personal loan business, stepped up market expansion of consumption and business loan products through multiple channels, and continuously optimized the digital inclusive product system, to satisfy customers' diversified financing needs and promote sustainable recovery of consumption. Personal loans increased by RMB291,780 million or 3.7% from the end of last year. Specifically, personal consumption loans grew by RMB47,062 million or 25.1%; and personal business loans increased by RMB227,599 million or 32.4%.

DISTRIBUTION OF LOANS BY FIVE-CATEGORY CLASSIFICATION

In RMB millions, except for percentages

Item	At 31 December 2022		At 31 December 2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Pass	22,439,514	96.67	19,961,778	96.59
Special mention	451,628	1.95	412,038	1.99
NPLs	321,170	1.38	293,429	1.42
Substandard	158,372	0.68	134,895	0.66
Doubtful	118,574	0.51	128,983	0.62
Loss	44,224	0.19	29,551	0.14
Total	23,212,312	100.00	20,667,245	100.00

According to the five-category classification, pass loans amounted to RMB22,439,514 million at the end of 2022, representing an increase of RMB2,477,736 million when compared with the end of the previous year and accounting for 96.67% of total loans. Special mention loans stood at RMB451,628 million, representing an increase of RMB39,590 million, and accounting for 1.95% of the total, with a drop of 0.04 percentage points. NPLs amounted to RMB321,170 million, showing an increase of RMB27,741 million, and NPL ratio was 1.38%, with a decrease of 0.04 percentage points.

DISTRIBUTION OF LOANS AND NPLS

In RMB millions, except for percentages

Item	At 31 December 2022				At 31 December 2021			
	Loan	Percentage (%)	NPLs	NPL ratio (%)	Loan	Percentage (%)	NPLs	NPL ratio (%)
Corporate loans	13,826,966	59.6	271,615	1.96	12,194,706	59.0	254,887	2.09
Short-term corporate loans	3,150,517	13.5	99,066	3.14	2,737,742	13.2	107,390	3.92
Medium to long-term corporate loans	10,676,449	46.1	172,549	1.62	9,456,964	45.8	147,497	1.56
Discounted bills	1,148,785	4.9	–	–	527,758	2.6	–	–
Personal loans	8,236,561	35.5	49,555	0.60	7,944,781	38.4	38,542	0.49
Residential mortgages	6,431,991	27.7	25,394	0.39	6,362,685	30.8	15,460	0.24
Personal consumption loans	234,378	1.1	3,985	1.70	187,316	0.9	3,092	1.65
Personal business loans	930,040	4.0	8,454	0.91	702,441	3.4	6,811	0.97
Credit card overdrafts	640,152	2.7	11,722	1.83	692,339	3.3	13,179	1.90
Total	<u>23,212,312</u>	<u>100.0</u>	<u>321,170</u>	<u>1.38</u>	<u>20,667,245</u>	<u>100.0</u>	<u>293,429</u>	<u>1.42</u>

At the end of 2022, corporate NPLs were RMB271,615 million, showing an increase of RMB16,728 million when compared with the end of the previous year, and representing a NPL ratio of 1.96%, with a decrease of 0.13 percentage points. Personal NPLs amounted to RMB49,555 million, showing an increase of RMB11,013 million, and represented a NPL ratio of 0.60%, with an increase of 0.11 percentage points.

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

In RMB millions, except for percentages

Item	At 31 December 2022				At 31 December 2021			
	Loan	Percentage (%)	NPLs	NPL ratio (%)	Loan	Percentage (%)	NPLs	NPL ratio (%)
Transportation, storage and postal services	3,149,183	25.1	19,324	0.61	2,816,789	25.8	24,762	0.88
Manufacturing	1,949,461	15.5	58,944	3.02	1,654,610	15.1	61,602	3.72
Leasing and commercial services	1,892,850	15.1	38,188	2.02	1,667,376	15.2	33,824	2.03
Water, environment and public utility management	1,511,785	12.0	23,864	1.58	1,370,252	12.5	11,379	0.83
Production and supply of electricity, heating, gas and water	1,211,580	9.6	8,406	0.69	1,065,459	9.7	8,653	0.81
Real estate	724,802	5.8	44,531	6.14	705,714	6.5	33,820	4.79
Wholesale and retail	531,845	4.2	31,696	5.96	464,169	4.2	38,558	8.31
Construction	359,345	2.9	7,513	2.09	312,849	2.9	5,538	1.77
Science, education, culture and sanitation	340,146	2.7	8,337	2.45	287,601	2.6	6,947	2.42
Mining	226,500	1.8	2,706	1.19	203,130	1.9	3,470	1.71
Other	657,994	5.3	17,422	2.65	390,704	3.6	13,827	3.54
Total	<u>12,555,491</u>	<u>100.0</u>	<u>260,931</u>	<u>2.08</u>	<u>10,938,653</u>	<u>100.0</u>	<u>242,380</u>	<u>2.22</u>

The Bank continued to propel the optimization and adjustment of the credit industry structure and stepped up efforts to shore up the development of the real economy. Loans to transportation, storage and postal services increased by RMB332,394 million as compared with the end of the previous year, representing a growth rate of 11.8%, mainly due to active support for the construction of highway, railway, airport and berth projects and liquidity needs of large transportation group companies. Loans to manufacturing increased by RMB294,851 million, an increase of 17.8%. The Bank continuously increased its support for the manufacturing industry. Loans to enterprises in advanced manufacturing fields such as new-generation information technology, automobile manufacturing, pharmaceutical manufacturing, large-scale refining and chemical projects, and electrical equipment increased rapidly. Loans to leasing and commercial services increased by RMB225,474 million, representing a growth rate of 13.5%, mainly to provide financing support for infrastructure, public services and major people's livelihood projects, as well as to meet the financing needs of industrial R&D and high-tech park construction. Loans to the production and supply of electricity, heating, gas and water increased by RMB146,121 million, an increase of 13.7%, mainly to support the financing needs of core electric power enterprises and the construction of key projects such as power grid transmission and distribution projects, clean energy and others. Loans to water, environment and public utility management grew by RMB141,533 million, representing a growth rate of 10.3%, mainly for steadily satisfying the investment and financing needs arising from significant projects and projects for people's livelihood in the areas of urban infrastructure construction, water conservancy facilities, ecological environment protection and public services.

The Bank continued to strengthen risk management of financing in various industries, improved the quality and efficiency in the disposal of non-performing assets, and properly carried out risk prevention and mitigation in key areas. With these efforts, the loan quality was generally stable.

DISTRIBUTION OF LOANS AND NPLS BY GEOGRAPHIC AREA

In RMB millions, except for percentages

Item	At 31 December 2022				At 31 December 2021			
	Loan	Percentage (%)	NPLs	NPL ratio (%)	Loan	Percentage (%)	NPLs	NPL ratio (%)
Head Office	747,980	3.2	18,443	2.47	791,994	3.8	21,668	2.74
Yangtze River Delta	4,798,204	20.7	32,910	0.69	4,163,732	20.2	35,149	0.84
Pearl River Delta	3,621,603	15.6	47,328	1.31	3,134,781	15.2	33,860	1.08
Bohai Rim	3,816,621	16.5	69,989	1.83	3,371,325	16.3	72,241	2.14
Central China	3,561,290	15.3	40,888	1.15	3,133,539	15.2	40,046	1.28
Western China	4,225,369	18.2	71,038	1.68	3,746,867	18.1	47,031	1.26
Northeastern China	978,246	4.2	29,203	2.99	895,238	4.3	30,600	3.42
Overseas and other	1,462,999	6.3	11,371	0.78	1,429,769	6.9	12,834	0.90
Total	23,212,312	100.0	321,170	1.38	20,667,245	100.0	293,429	1.42

MOVEMENTS OF ALLOWANCE FOR IMPAIRMENT LOSSES ON LOANS

In RMB millions

Item	Movements of allowance for impairment losses on loans and advances to customers measured at amortised cost				Movements of allowance for impairment losses on loans and advances to customers measured at FVTOCI			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2022	269,376	110,649	223,739	603,764	191	-	28	219
Transfer:								
to stage 1	31,002	(28,109)	(2,893)	-	-	-	-	-
to stage 2	(11,705)	15,684	(3,979)	-	-	-	-	-
to stage 3	(4,594)	(49,676)	54,270	-	-	-	-	-
(Reverse)/charge	(6,642)	92,227	57,271	142,856	317	-	-	317
Write-offs and transfer out	-	-	(85,157)	(85,157)	-	-	-	-
Recoveries of loans and advances previously written off	-	-	9,529	9,529	-	-	-	-
Other movements	1,278	811	(857)	1,232	2	-	-	2
Balance at 31 December 2022	<u>278,715</u>	<u>141,586</u>	<u>251,923</u>	<u>672,224</u>	<u>510</u>	<u>-</u>	<u>28</u>	<u>538</u>

As at the end of 2022, the allowance for impairment losses on loans stood at RMB672,762 million, of which RMB672,224 million at amortised cost, and RMB538 million at fair value through other comprehensive income. Allowance to NPLs was 209.47%, showing an increase of 3.63 percentage points over the end of last year; allowance to total loans ratio was 2.90%, showing a decrease of 0.02 percentage points.

DISTRIBUTION OF LOANS BY COLLATERAL

In RMB millions, except for percentages

Item	At 31 December 2022		At 31 December 2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Loans secured by mortgages	9,977,153	43.0	9,497,898	46.0
Pledged loans	2,469,508	10.6	1,720,583	8.3
Guaranteed loans	2,544,651	11.0	2,459,887	11.9
Unsecured loans	8,221,000	35.4	6,988,877	33.8
Total	23,212,312	100.0	20,667,245	100.0

OVERDUE LOANS

In RMB millions, except for percentages

Overdue periods	At 31 December 2022		At 31 December 2021	
	Amount	% of total loans	Amount	% of total loans
Less than 3 months	93,802	0.40	72,444	0.35
3 months to 1 year	79,509	0.34	70,057	0.34
1 to 3 years	91,177	0.40	93,247	0.45
Over 3 years	19,543	0.08	19,153	0.09
Total	284,031	1.22	254,901	1.23

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

Overdue loans stood at RMB284,031 million, representing an increase of RMB29,130 million from the end of the previous year, among which, loans overdue for over 3 months amounted to RMB190,229 million, representing an increase of RMB7,772 million.

RESCHEDULED LOANS

Rescheduled loans and advances amounted to RMB26,229 million, representing an increase of RMB7,095 million as compared to the end of the previous year. Specifically, rescheduled loans and advances overdue for over 3 months amounted to RMB2,281 million, representing a decrease of RMB20 million.

BORROWER CONCENTRATION

As at the end of 2022, the total amount of loans granted by the Bank to the single largest borrower and top ten single borrowers accounted for 3.8% and 16.0% of the Bank's net capital base respectively. The total amount of loans granted to the top ten single borrowers was RMB684,780 million, accounting for 3.0% of the total loans.

- **Investment**

In 2022, the Bank supported the implementation of the national development strategies, stepped up efforts to serve the real economy, actively conducted bond investments, and reasonably arranged the variety and term structure of the bond portfolio to enhance the efficiency of fund use. As at the end of 2022, investment amounted to RMB10,527,292 million, representing an increase of RMB1,269,532 million or 13.7% from the end of the previous year. Among these, bonds rose by RMB1,242,154 million or 14.1% to RMB10,059,499 million.

In RMB millions, except for percentages

Item	At 31 December 2022		At 31 December 2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Bonds	10,059,499	95.6	8,817,345	95.2
Equity instruments	190,869	1.8	190,186	2.1
Funds and other	166,434	1.6	148,166	1.6
Accrued interest	110,490	1.0	102,063	1.1
Total	<u>10,527,292</u>	<u>100.0</u>	<u>9,257,760</u>	<u>100.0</u>

DISTRIBUTION OF INVESTMENT IN BONDS BY ISSUERS

In RMB millions, except for percentages

Item	At 31 December 2022		At 31 December 2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Government bonds	7,419,005	73.8	6,371,607	72.3
Central bank bonds	56,817	0.5	38,207	0.4
Policy bank bonds	761,736	7.6	754,719	8.6
Other bonds	1,821,941	18.1	1,652,812	18.7
Total	10,059,499	100.0	8,817,345	100.0

In terms of distribution by issuers, government bonds increased by RMB1,047,398 million or 16.4% over the end of last year, mainly due to the increase in local government bonds and government bonds; central bank bonds increased by RMB18,610 million or 48.7%; policy bank bonds went up by RMB7,017 million or 0.9%; and other bonds increased by RMB169,129 million or 10.2%, mainly because the Bank appropriately increased its investments in credit bonds with sound liquidity and high qualification.

DISTRIBUTION OF INVESTMENT IN BONDS BY REMAINING MATURITY

In RMB millions, except for percentages

Remaining maturity	At 31 December 2022		At 31 December 2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Undated ⁽¹⁾	284	0.0	167	0.0
Less than 3 months	694,455	6.9	514,685	5.8
3 to 12 months	1,371,872	13.6	1,228,144	13.9
1 to 5 years	3,649,193	36.3	3,517,415	39.9
Over 5 years	4,343,695	43.2	3,556,934	40.4
Total	10,059,499	100.0	8,817,345	100.0

Note: (1) Refers to overdue bonds.

DISTRIBUTION OF INVESTMENT IN BONDS BY CURRENCY

In RMB millions, except for percentages

Item	At 31 December 2022		At 31 December 2021	
	Amount	Percentage (%)	Amount	Percentage (%)
RMB-denominated bonds	9,213,230	91.6	8,110,061	92.0
USD-denominated bonds	559,753	5.6	450,447	5.1
Other foreign currency bonds	286,516	2.8	256,837	2.9
Total	10,059,499	100.0	8,817,345	100.0

In terms of currency structure, RMB-denominated bonds rose by RMB1,103,169 million or 13.6% over the end of last year; USD-denominated bonds increased by an equivalent of RMB109,306 million or 24.3%; other foreign currency bonds increased by an equivalent of RMB29,679 million or 11.6%. During the reporting period, the Bank improved the investment portfolio structure of foreign currency bonds, reasonably arranged the currency structure in consideration of bond liquidity, security and profitability, and improved the efficiency of foreign-currency fund use.

DISTRIBUTION OF INVESTMENT BY MEASURING METHOD

In RMB millions, except for percentages

Item	At 31 December 2022		At 31 December 2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Financial investments measured at fair value through profit or loss	714,879	6.8	623,223	6.7
Financial investments measured at fair value through other comprehensive income	2,178,018	20.7	1,803,604	19.5
Financial investments measured at amortised cost	7,634,395	72.5	6,830,933	73.8
Total	10,527,292	100.0	9,257,760	100.0

As at the end of 2022, the Group held RMB1,758,450 million of financial bonds¹, including RMB761,736 million of policy bank bonds and RMB996,714 million of bonds issued by banks and non-bank financial institutions, accounting for 43.3% and 56.7% of financial bonds, respectively.

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

- **Reverse Repurchase Agreements**

Reverse repurchase agreements amounted to RMB864,067 million, RMB200,571 million or 30.2% higher than that at the end of the previous year, principally because the Bank reasonably arranged fund operation strategies based on fund changes and moderately increased the lending size.

Liabilities

The Bank fully implemented regulatory requirements, established a liability quality management system commensurate with the size and complexity of liabilities, set up an organizational system and governance structure for liability quality, and defined the management strategy and policy for liability quality that are consistent with the business strategy, risk appetite and overall business characteristics. The Bank attached great importance to the control of total quantity, structure and price of liabilities, and promoted the coordinated development of deposit quantity and price. It strengthened the basic work of liability quality management, consolidated the customer base, and enhanced the service capacity. As a result, the liability business achieved steady development and relevant indicators met regulatory requirements. As at the end of 2022, total liabilities reached RMB36,095,831 million, an increase of RMB4,199,706 million or 13.2% compared with the end of last year.

In RMB millions, except for percentages

Item	At 31 December 2022		At 31 December 2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Due to customers	29,870,491	82.8	26,441,774	82.9
Due to banks and other financial institutions	3,185,564	8.8	2,921,029	9.2
Repurchase agreements	574,778	1.6	365,943	1.1
Debt securities issued	905,953	2.5	791,375	2.5
Other	1,559,045	4.3	1,376,004	4.3
Total liabilities	<u>36,095,831</u>	<u>100.0</u>	<u>31,896,125</u>	<u>100.0</u>

- **Due to Customers**

Due to customers is the Bank's main source of funds. As at the end of 2022, due to customers was RMB29,870,491 million, RMB3,428,717 million or 13.0% higher than that at the end of the previous year. In terms of customer structure, corporate deposits increased by RMB1,339,691 million or 10.0%; and personal deposits increased by RMB2,047,338 million or 16.4%. In terms of maturity structure, time deposits increased by RMB2,243,078 million or 17.4%, while demand deposits increased by RMB1,143,951 million or 8.9%. In terms of currency structure, RMB deposits stood at RMB28,153,014 million, an increase of RMB3,238,490 million or 13.0%. Foreign currency deposits were equivalent to RMB1,717,477 million, an increase of RMB190,227 million or 12.5%.

DISTRIBUTION OF DUE TO CUSTOMERS BY BUSINESS LINE

In RMB millions, except for percentages

Item	At 31 December 2022		At 31 December 2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Corporate deposits				
Time deposits	6,594,898	22.1	5,798,353	21.9
Demand deposits	8,076,256	27.0	7,533,110	28.5
Subtotal	14,671,154	49.1	13,331,463	50.4
Personal deposits				
Time deposits	8,553,919	28.6	7,107,386	26.9
Demand deposits	5,991,387	20.1	5,390,582	20.4
Subtotal	14,545,306	48.7	12,497,968	47.3
Other deposits⁽¹⁾	199,465	0.7	250,349	0.9
Accrued interest	454,566	1.5	361,994	1.4
Total	29,870,491	100.0	26,441,774	100.0

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

- **Repurchase Agreements**

Repurchase agreements amounted to RMB574,778 million, RMB208,835 million or 57.1% higher than that at the end of the previous year, principally because the Bank moderately borrowed funds based on the management needs.

Shareholders' Equity

As at the end of 2022, shareholders' equity totaled RMB3,513,826 million, RMB238,568 million or 7.3% higher than that at the end of the previous year. Equity attributable to equity holders of the parent company recorded an increase of RMB237,416 million or 7.3% to RMB3,495,171 million. Please refer to the "Consolidated Statement of Changes in Equity" for details.

4.4 Capital Adequacy Ratio and Leverage Ratio

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

As at the end of 2022, the common equity tier 1 capital adequacy ratio, tier 1 capital adequacy ratio and capital adequacy ratio calculated by the Bank in accordance with the Regulation Governing Capital of Commercial Banks (Provisional) stood at 14.04%, 15.64% and 19.26%, respectively, complying with regulatory requirements.

CAPITAL ADEQUACY RATIO

In RMB millions, except for percentages

Item	At 31 December 2022	At 31 December 2021
Common equity tier 1 capital	3,141,891	2,903,516
Paid-in capital	356,407	356,407
Valid portion of capital reserve	148,174	148,597
Surplus reserve	392,162	356,849
General reserve	496,406	438,640
Retained profits	1,766,288	1,618,142
Valid portion of minority interests	3,293	3,539
Other	(20,839)	(18,658)
Common equity tier 1 capital deductions	20,811	17,138
Goodwill	8,320	7,691
Other intangible assets other than land use rights	7,473	5,669
Cash flow hedge reserve that relates to the hedging of items that are not fair-valued on the balance sheet	(2,962)	(4,202)
Investments in common equity tier 1 capital instruments issued by financial institutions that are under control but not subject to consolidation	7,980	7,980
Net common equity tier 1 capital	3,121,080	2,886,378
Additional tier 1 capital	354,915	354,986
Additional tier 1 capital instruments and related premiums	354,331	354,331
Valid portion of minority interests	584	655
Net tier 1 capital	3,475,995	3,241,364
Tier 2 capital	805,084	668,305
Valid portion of tier 2 capital instruments and related premiums	528,307	418,415
Surplus provision for loan impairment	275,764	248,774
Valid portion of minority interests	1,013	1,116
Net capital base	4,281,079	3,909,669
Risk-weighted assets⁽¹⁾	22,225,272	21,690,349
Common equity tier 1 capital adequacy ratio (%)	14.04	13.31
Tier 1 capital adequacy ratio (%)	15.64	14.94
Capital adequacy ratio (%)	19.26	18.02

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

Please refer to the 2022 Capital Adequacy Ratio Report of Industrial and Commercial Bank of China Limited issued by the Bank for further information on capital measurement.

LEVERAGE RATIO

In RMB millions, except for percentages

Item	At	At	At	At	At
	31 December 2022	30 September 2022	30 June 2022	31 March 2022	31 December 2021
Net tier 1 capital	3,475,995	3,391,913	3,296,397	3,321,161	3,241,364
Balance of adjusted on- and off-balance sheet assets	41,780,554	41,802,773	41,006,112	39,560,645	37,292,522
Leverage ratio (%)	8.32	8.11	8.04	8.40	8.69

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

- **Issuance Progress of Undated Additional Tier 1 Capital Bonds**

The First Extraordinary General Meeting of 2022 of the Bank reviewed and approved the Proposal on the Issuance of Undated Additional Tier 1 Capital Bonds. The Bank planned to issue undated additional tier 1 capital bonds of no more than RMB130.0 billion in China's domestic market. All proceeds from the issuance were used to replenish the Bank's additional tier 1 capital. The issuance plan of the undated additional tier 1 capital bonds is still subject to the approval of relevant regulatory authorities.

- **Issuance Progress of Tier 2 Capital Bonds**

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

In October 2022, the Bank received the approvals from CBIRC, for the Bank to publicly issue tier 2 capital bonds of no more than RMB200.0 billion in China's national inter-bank bond market and record into the Bank's tier 2 capital according to relevant regulations. In November and December 2022, the Bank issued two tranches of tier 2 capital bonds of RMB60.0 billion and RMB30.0 billion in the national inter-bank bond market, respectively. All proceeds were used to replenish the Bank's tier 2 capital in accordance with the applicable laws as approved by relevant regulatory authorities.

4.5 Assessment Indicators of Systemically Important Banks

- **Global Systemically Importance Assessment Indicators of Commercial Banks**

In accordance with the Guidelines on the Disclosure of Global Systemically Importance Assessment Indicators for Commercial Banks issued by CBIRC and the Instructions for G-SIB Assessment Exercise issued by the Basel Committee on Banking Supervision, the Bank calculated and disclosed the global systemically importance assessment indicators.

In RMB millions

Indicator category	Indicator	2022
Size	Balance of adjusted on- and off-balance sheet assets	42,074,963
Interconnectedness	Intra-financial system assets	2,467,410
	Intra-financial system liabilities	3,225,190
	Securities and other financing instruments issued	5,460,907
Substitutability	Payments settled via payment systems or correspondent banks	640,334,459
	Assets under custody	20,047,724
	Underwritten transactions in debt and equity markets	2,058,880
	Trading volume of fixed-income securities	8,676,152
	Trading volume of listed equities and other securities	1,704,443
Complexity	Notional amount of over-the-counter (“OTC”) derivatives	7,338,366
	Trading and available-for-sale securities	804,507
	Level 3 assets	156,343
Global (cross-jurisdictional) activity	Cross-jurisdictional claims	2,402,511
	Cross-jurisdictional liabilities	2,244,014

- **Assessment Indicators of Domestic Systemically Important Banks**

In accordance with the Measures for Assessment of Systemically Important Banks issued by PBC and CBIRC and the Notice on Launching the Assessment Data Completion of Systemically Important Banks issued by CBIRC, the Bank calculated and disclosed the 2021 assessment indicators of domestic systemically important banks.

In RMB millions, unless otherwise specified

Indicator category	Indicator	2021
Size	Balance of adjusted on- and off-balance sheet assets	37,292,522
	Intra-financial system assets	3,402,184
Interconnectedness	Intra-financial system liabilities	3,287,766
	Securities and other financing instruments issued	2,566,987
Substitutability	Payments settled via payment systems or correspondent banks	493,730,289
	Assets under custody	19,980,932
	Agency and commission-based business	13,087,091
	Number of corporate customers (in 10,000)	969
	Number of personal customers (in 10,000)	70,371
	Number of domestic operating institutions	16,036
Complexity	Derivatives	8,118,630
	Securities measured at fair value	784,582
	Assets of non-banking affiliates	969,234
	Wealth management business	563,640
	Balance of wealth management products issued by the wealth management subsidiary	2,021,804
	Cross-jurisdictional claims and liabilities	4,161,856

4.6 Outlook

2022 was an extraordinary year. Adhering to Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, ICBC continued to earnestly implement the decisions and arrangements of the Central Committee of the Communist Party of China (“CPC”) and the State Council. Following the “48-character” guideline, the Bank coordinated development and safety, and advanced the “Strong, Excellent and Large” features by making efforts in “stability, progress and reform”. It achieved the admirable performance of **making progress and improving quality while ensuring stability, which was better than the expected and the best over recent years**, and reached a new stage in the high-quality development of the Bank.

2023 is the start for comprehensively implementing the guiding principles of the 20th National Congress of the CPC. The fundamentals of the Chinese economy remain unchanged, and they will maintain long-term growth and demonstrate strong resilience, great potential and sufficient vitality. The economic operation is expected to recover in general, creating favorable conditions for the high-quality development of the banking

industry. However, the world has entered a new period of turmoils and changes and the world economy may be troubled by stagflation, producing adverse influence for the stable and healthy operation of banking.

ICBC will continue to follow the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, study and carry out in depth the guiding principles of the 20th National Congress of the CPC, and fully and faithfully apply the new development philosophy on all fronts. Following the “48-character” guideline, the Bank will focus on serving the Chinese path to modernization and driving high-quality development. It will strive to further practice the arrangements of “leveraging our strengths, tackling areas of weaknesses and solidifying the foundation” and seek new breakthroughs in development plans. With concrete action, the Bank will contribute to the efforts to kick off to a good start for building a modern socialist country in all respects.

First, it will stabilize growth to fully serve the Chinese path to modernization. The Bank will firmly implement the decisions and arrangements of the Central Committee of the CPC, put stability first and pursue progress while ensuring stability, and fulfill its responsibilities as a large bank in promoting larger domestic demand, optimized supply and smooth circulation. It will deepen the implementation of key strategies such as the No.1 Personal Bank, the Preferred Bank for Foreign Exchange Business, Sharpening Competitive Edge in Key Regions, and Urban-Rural Collaborative Development. By providing high-quality financial services, the Bank will contribute to the efforts of stabilizing growth, employment and price.

Second, it will adjust structure to create the new ecosystem of high-quality development. Aiming to develop into a world-class and modern financial enterprise with Chinese characteristics, the Bank will construct a balanced and coordinated customer structure, a stable and reasonable asset structure, a diverse income structure, an innovative and leading product structure, and a fully integrated channel structure. In doing so, it will solidify the “Strong, Excellent and Large” features and move closer towards balanced, coordinated and sustainable developments.

Third, it will provide driving forces by enhancing support in technology, data and talents. The Bank will accurately follow the direction of modern financial development and remain committed to technology self-reliance, development empowered by digital technology and development led and driven by talents. It will advance the building of “D-ICBC”, a strong bank with technology advantages and top-notch talent teams, and first-class think tanks. Continuous efforts will be made to improve customer experience, business efficiency and value creation capability. The Bank will continue to plan in a well-coordinated way and fully deepen the comprehensive reform to build new engines for high-quality development.

Fourth, it will prevent risks and put up new high-level defense lines for security. Adhering to a holistic approach to national security, the Bank will refine the Five-pronged Risk Management Approach, strengthen source control and joint prevention, and keep a close eye on major fields, weak links and critical positions in promoting the iteration and upgrading of the comprehensive risk management system. It will enhance building, execution and supervision of the internal control system and unremittingly reinforce production safety to effectively prevent and eliminate major risks.

Fifth, it will break new ground in the guidance of the Party building. The Bank will keep cementing the results of the disciplinary inspection by the CPC Central Committee, continue to refine the implementation mechanism for the major decisions and arrangements of the CPC Central Committee, and promote the guiding principles of the 20th CPC National Congress to be carried out throughout the Bank and produce vivid practice. It will remain firmly committed to the full and strict Party self-governance, continue with strict keynote, measures and atmosphere in the long run, and strive to build a clean, righteous, practical and accountable political environment.

4.7 Hot Topics in the Capital Market

Hot Topic 1: Bright Spots in High-quality Development

Since 2019, ICBC has adhered to the “48-character” guideline, implemented the strategy of “leveraging our strengths, tackling areas of weaknesses and solidifying the foundation”, strived to be stronger, bigger and better in a push for high-quality development and managed to make its financial services more adaptable, competitive and inclusive. The Bank delivered **better-than-expected results and year-on-year improvements** in major performance indicators, showing steady progress with higher quality. With more evident features of high-quality development, ICBC has made fresh headway in its drive for a world-class and modern financial enterprise with Chinese characteristics.

First, the “strong” foundation was effectively cemented. The capital adequacy ratio rose to over 19%, remaining on the rise for 10 consecutive quarters since 2019 and cementing the Bank’s position among the world’s top banks. Allowance to NPLs was stable at around 200%, suggesting strong resilience to risks. Asset quality was further consolidated with NPL ratio standing at 1.38% in 2022, in a downtrend for 8 quarters in a row.

Second, the “excellent” quality was effectively maintained. In 2019-2021, the Bank’s return on average total assets (“ROA”) remained above 1% and the return on weighted average equity (“ROE”) was kept at around 12%, both at relatively good level. Net interest margin (“NIM”) stayed above 2.1%. ROA and ROE were 0.97% and 11.43% in 2022, respectively, and NIM stood at 1.92%. The Bank maintained a comparable range of profitability and return to those of its peers.

Third, the strengths in “large” scale were effectively consolidated. Scale indicators registered further growth. Total assets rose to nearly RMB40 trillion from RMB28 trillion. Total loans expanded from RMB15 trillion to more than RMB23 trillion. The balance of deposits (including deposits from banks and other financial institutions) exceeded RMB32 trillion from RMB23 trillion, leading the global banking industry. Net capital base grew from RMB3 trillion to RMB4 trillion. **Profitability continued to improve.** Operating income grew to RMB841.4 billion from RMB725.1 billion, being the first bank to break the mark of RMB800.0 billion in the domestic banking sector. Net profit rose to RMB361.0 billion from RMB298.7 billion, the first among comparable peers to break the mark of RMB300.0 billion, RMB350.0 billion and RMB360.0 billion respectively, an all-time high topping the world.

Fourth, the “specialized” brand image was effectively enhanced. Loans to manufacturing, sci-tech innovation, green and other specialty fields registered faster-than-average growth, maintaining an edge over peers. Specifically, the balance of loans to manufacturing exceeded RMB3 trillion, and both the balance and increment of such ranked first in the industry. Total loans to strategic emerging industries exceeded RMB1.7 trillion. The balance of agriculture-related loans exceeded RMB3 trillion.

Hot Topic 2: Serving the Real Economy as a Pillar to Ensure its Stable Growth

In 2022 when domestic and international situations were complicated by various risks and challenges, the Bank adhered to the principle of commercial sustainability, maintained a prudent risk appetite, selected customers and projects on the basis of merit, and effectively transmitted the monetary policy. Moreover, the Bank expanded the total supply of financial resources, boosted precise and direct access to funding, provided high-quality support for the real economy and effectively bolstered business development and competitiveness enhancement.

First, aggregate investment and financing grew fast to support profit growth. The continuity and stability of financing were boosted to help stabilize the economy and growth while maintaining strong momentum for income and profit growth. **Total credit supply expanded.** The Bank introduced a series of financial service policy tools, including 30 measures to help stabilize the macroeconomy. Credit supply registered higher year-on-year growth than a year ago, leading the banking sector in both quantity and quality. In 2022, the Bank’s RMB denominated loans of domestic branches increased by RMB2.6 trillion from the end of last year, with the increment increased by RMB428.3 billion year-on-year. Quarterly growth of loans registered a higher year-on-year increase thanks to all-out, front-loaded and targeted lending at a more balanced pace. **A combination of financing channels was utilized.** An all-time high of more than RMB6.4 trillion of financing was channeled into the real economy in the form of loans, bonds, leasing and debt-for-equity swaps. In addition, the Bank aligned its lending activity with the structural monetary policy instruments for carbon emission reduction, clean and efficient use of coal, sci-tech innovation and transportation and logistics, and supplied the largest amount of funding for these fields across the banking sector.

Second, the allocation of credit funds became more targeted to further sharpen the competitive edge. The Bank recorded an increase of RMB775.1 billion in loans to new basic industries when compared with the beginning of the year, leading the market by both total size and increment, with a focus on five key areas (including the financing of infrastructure fund-backed projects and the transportation, water conservancy and energy network infrastructures) and the marketing of key projects in the 14th Five-Year Plan. Focused on primary responsibilities and core businesses, loans to manufacturing increased by nearly RMB870.0 billion when compared with the beginning of the year. Industry chain-wide financial service plans were rolled out for integrated circuits, the automobile industry and machinery and equipment. Targeted efforts were made at the intersection of innovation and industrial chains. The Bank’s loans to emerging industries increased by 65% from the beginning of the year, and loans to enterprises featuring “Specialization, Refinement, Differentiation and Innovation” increased by more than 85%. **The inclusive service models were innovated.** The Bank forged a “targeted, smooth and smart” new

image of digital inclusive finance and continued to improve the three product lines of e-Mortgage Quick Loan, Quick Lending for Operation and Digital Supply Chain. The inclusive loans increased by more than RMB450.0 billion or 40% from the beginning of the year, and the number of customers exceeded 1 million. **The green finance layout was optimized.** The Bank built the green finance brand “ICBC Green Bank+”, and improved the “green technological transformation” product line. At the end of 2022, the balance of green loans reached nearly RMB4 trillion, leading the banking sector in both balance and increment. The Bank launched the “Chunrong Action” to stabilize foreign trade and foreign investment. More than RMB1.17 trillion of new loans were issued to foreign trade and foreign-funded enterprises in the fields of advanced manufacturing, “Specialization, Refinement, Differentiation and Innovation” fields and domestic and foreign trade integration. Making the most of its global network, the Bank issued more than USD48.5 billion of loans to overseas upstream and downstream of key foreign traders and foreign-funded enterprises. The Bank boosted its competitiveness in major regional credit markets leveraging its strengths in comprehensive financial services, and its RMB loans in key regions, such as the Beijing-Tianjin-Hebei Integration, the Yangtze River Economic Belt, the Guangdong-Hong Kong-Macao Greater Bay Area and the Chengdu-Chongqing Economic Circle grew faster than the beginning of the year. In addition, in 2022, the Bank continued to deepen and improve the LPR pricing authorization system for classified loans and accurately implemented loan pricing. On the other hand, the Bank applied strict “access control” to new loans, maintaining a low NPL ratio through the year.

Hot Topic 3: Working Hard on “GBC+” Projects to Improve the Customer Ecosphere

In 2022, the Bank made solid progress in deepening the development of “GBC+” projects. With the construction of scenario-based financial services and digital marketing as the core means, the optimal integration of online and offline channels as effective support and customer groups such as “agriculture, rural areas and farmers”, payroll service customers and merchants as the important points of breakthrough, the Bank improved the customer ecosystem where customers of different sizes are well coordinated and customers at different age groups are well balanced. It further optimized the D-ICBC digital ecosystem and the ECOS technology ecosystem, unblocked the internal circulation of funds and effectively achieved rapid growth of deposits in 2022.

First, key GBC (government, business and consumer) scenarios were effectively implemented. With a focus on 22 key scenarios including rural revitalization, basic living consumption and medical insurance services, the G (government), B (business) and C (consumer) are integrated and mutually promoted to achieve all-round development. During the reporting period, the key scenarios created 6,994 new G-end customers (up 195% year-on-year), 473 thousand new B-end customers (up 141% year-on-year), and 72.75 million new and active C-end customers (up 85% year-on-year), showing faster improvement of the customer ecosystem. G-end customers’ deposits increased by RMB151.9 billion, B-end customers’ deposits increased by RMB338.8 billion and payroll service for C-end customers amounted to RMB1.9 trillion, indicating remarkable results of deposit taking and customer attraction.

Second, the Bank's customer base achieved bigger size and higher quality. During the reporting period, the number of either corporate customers or corporate accounts exceeded 10 million, a historical high. New corporate customers drove an increase of RMB283.8 billion in corporate deposits and new personal customers fueled an increase of RMB178.0 billion in savings deposits compared with the end of the previous year. The Bank registered a substantially larger number of corporate customers with average daily financial assets of more than RMB10,000 and personal customers with average daily financial assets of more than RMB50,000, showing an improving quality of customers. The number of corporate borrowers increased by nearly 30%, and corporate loans rose by RMB1.63 trillion from the end of the previous year, hitting a record high.

Third, the inner circulation of funds was unimpeded. Backed by the GBC panoramic fund flow data system, the Bank continued to use high-quality financial services to promote the improvement of quality and increase of fund retention from existing customers and attracted new customers to open accounts with the Bank. During the reporting period, the fund returning ratio of the Bank reached 43.58%, an increase of 3 percentage points.

Fourth, the coordination of channels gained momentum. Basic strengths in offline channels were consolidated to boost the competitiveness of outlets. New areas of online services were opened up and mobile banking and other online channels were improved to provide customers with faster, stronger and more interesting experience of digital finance. The Bank pursued in-depth integration of online and offline channels so that all channels could complement each other better to enable "one-point access, all-channel response", providing strong support for the implementation of key strategies and development of various work of the Bank.

Fifth, key customer groups grew at a faster pace. Though urban-rural collaboration, the Bank as a top-notch player has had its rural revitalization work take root in rural markets. During the reporting period, the personal, corporate and institutional customers in county areas increased by 4%, 14% and 11%, respectively. The balance of agriculture-related loans exceeded RMB3 trillion to hit a record high, leading the banking sector in both increment and growth rate. **Payroll service** deepened interaction between business segments and integration of resources to achieve growth on multiple fronts in parallel. During the reporting period, the Bank provided payroll service for 814 thousand corporate customers, an increase of 87 thousand corporations, serving a total of 110 million personal customers, an increase of 1.25 million individuals, with the balance of relevant AUM growing by RMB844.5 billion to RMB6.9 trillion. The number of **merchant customers** exceeded 10 million, the first to break the mark worldwide, and the number of new merchant customers exceeded RMB3.2 million, far ahead of peers by both total size and increment. Fund inflows from merchants totaled RMB3.79 trillion, an increase of 5.8%. Incremental savings deposits and financial assets reached RMB127.7 billion and RMB149.3 billion, up 59% and 43%, respectively, providing a new model and a new driving force for the Bank's profit growth.

In addition, the Bank stepped up efforts to build the D-ICBC digital ecosystem and the ECOS technology ecosystem, providing a powerhouse for the GBC+ customer ecosystem. In terms of the D-ICBC digital ecosystem, empowering industry development, the Bank participated deeply in digital transformation of the industry and innovated the ICBC Global Pay – Overseas Direct Payment, which won the first prize of the PBC's

FinTech Development Awards. In serving the public wellbeing, the service processes were continuously streamlined, and Mobile Banking 8.0 and ICBC e Life 5.0 were launched to provide over 500 million customers with personalized service experience. The Bank was the first to complete aging and barrier-free transformation of internet services. In strengthening government-bank cooperation, the Bank unleashed its technological and data strengths to facilitate the digital government construction. It was the only bank to develop the nationwide pooling system for pension insurance funds, and cooperated with local governments in developing the dedicated government App. The annual transaction value of the Anxin fund supervision platform exceeded RMB330.0 billion. In terms of ECOS technology ecosystem, driven by both technology and data, the cloud computing platform continued to lead in the banking sector by size, with the data scale growing rapidly in excess of 270PB, up about 30% year on year, and the number of intelligent models in use exceeding 2,200. The distributed and open architecture transition was deepened, with more than 5,000 open API services exported. The Bank helped deepen innovation in the R&D mechanism and adopted the open competition mechanism to better unleash the vitality of sci-tech innovation. The requirement R&D cycle was shortened by 11% year-on-year, suggesting significant improvements in quality and effectiveness of R&D.

In the future, the Bank will adhere to systematic thinking, strengthen FinTech empowerment, coordinate the development of “GBC+” projects, provide a strong growth momentum for the customer ecosystem and accelerate the cultivation of a balanced, coordinated and sustainable ecosystem of high-quality development.

Hot Topic 4: New Breakthroughs in High-quality Development of Deposits

In 2022, the Bank worked hard to build the customer base and progressed steadily toward volume-price coordination, making new breakthroughs in the high-quality development of deposits. At the end of the year, due to customers increased by RMB3.43 trillion over the end of last year, RMB2.12 trillion more than the increase at the same period of last year. The deposits showed continued improvements in stability and equilibrium, leading the market by both aggregate and incremental size.

First, the Bank had a stronger influence in aggregate deposit base. With its farsightedness in the pattern of fund flows in the society, the Bank was a frontrunner in competing for deposits and achieved rapid growth of total deposits. The balance of domestic deposits in RMB and foreign currencies (including deposits from banks and other financial institutions) exceeded RMB30 trillion to reach RMB30.9 trillion, an increase of RMB3.5 trillion over the end of last year, and RMB2 trillion higher than the same period of last year, providing more stable and sustainable financial support for the real economy. The incremental size hit an all-time high for the same period.

Second, the average daily growth in deposits led the banking sector. The Bank attaches great importance to the daily accumulation of deposits, highlighting the daily average level. The deposit base has been gradually stabilized and increased by expanding channels, strengthening product portfolio, improving system functions and enhancing service experience. The equilibrium rate of new deposits reached the highest level in recent years, with the deposit curve trending up steadily and upward, leaving a “distinctive curve” pointing to an average daily increment ahead of peers.

Third, breakthroughs were made in the coordinated growth across deposit business segments. The Bank scientifically grasped the new trends and features of fund flows to expand the flow and stock and enlarge the deposit and AUM capacity. The balance of domestic personal deposits in RMB and foreign currencies exceeded RMB14 trillion. Domestic corporate deposits in RMB and foreign currencies broke the mark of RMB13 trillion, with a focus on payroll service, pensions, new urban residents, merchants, county areas and entrepreneurs, and stronger synergies among sectors and business lines. Incremental personal deposits and corporate deposits reached a record high for the same period.

Fourth, the competitiveness in deposits in key regions has steadily improved. The Bank served the coordinated regional development strategies of China, focused on the changing spatial patterns of the national economy such as industrial upgrading, redistribution of factors of production and evolution of metropolitan areas. It actively seized business opportunities in key regions and tapped deep into the deposit markets in key regions, leading the market by both balance and increment of deposits in the Beijing-Tianjin-Hebei region, the Yangtze River Delta, the Guangdong-Hong Kong-Macao Greater Bay Area, Central China and Chengdu-Chongqing region.

Fifth, deposits showed a prominent feature of coordinated volume and price development. The Bank took the initiatives to adapt to the market-oriented reform of deposit interest rates and actively implemented the market-oriented adjustment mechanism for deposit interest rates. In September, the Bank lowered the quoted rate of RMB deposits, which marks an important step forward in promoting the market-oriented reform of deposit interest rates. Tools were flexibly used to improve the deposit mix to stabilize the proportion of demand deposits. The deposit cost was kept at a relatively low level among comparable peers by constantly optimizing the terms, interest rates and structure of deposits. The Bank has enhanced its ability to coordinate volume with price of deposits and create value.

Sixth, the overall customer base continued to consolidate. The Bank fully harnessed its strengths in comprehensive financial services including products, services, channels and technology and strengthened its overall customer base with higher-quality financial products and better comprehensive services, retaining funds more efficiently. The customer base expanded effectively on the G (government), B (business) and C (consumer) ends. With stronger ability to reach customers with targeted services, the Bank saw a broader range and a higher activity level of customers, a higher ratio of fund retention from institutional and corporate customers, a higher on-boarding ratio of target customers outside the Bank and a higher retention rate of payroll service customers.

The Bank continued to improve the customer ecosystem and the structure of new deposits with well-coordinated quality and quantity, volume and price. The Bank sharpened its competitive edge in market by effective growth of daily average deposits and boosted the ability to provide more stable and sustainable funding support for the real economy while pursuing its own high-quality development.

5. Details of Changes in Share Capital and Shareholding of Substantial Shareholders

5.1 Details of Securities Issuance and Listing

During the reporting period, the Bank did not issue any shares, did not have any employee shares, employee stock ownership plan, did not issue any convertible bonds, or corporate bonds to be disclosed in accordance with Chapter II, Section 9 of the “No. 2 Standards on the Content and Format of Information Disclosure of Companies with Public Offerings – Content and Format of the Annual Report (Revision 2021)” issued by CSRC.

For details on the issuance of preference shares of the Bank, please refer to the section headed “Details of Changes in Share Capital and Shareholding of Substantial Shareholders – Preference Shares”.

For details on the issuance progress of tier 2 capital bonds and undated additional tier 1 capital bonds of the Bank during the reporting period, please refer to the section headed “Discussion and Analysis – Capital Adequacy Ratio and Leverage Ratio”.

5.2 Number of Shareholders and Particulars of Shareholding

As at the end of the reporting period, the Bank had a total number of 734,420 ordinary shareholders and no holders of preference shares with voting rights restored or holders of shares with special voting rights, including 110,635 holders of H shares and 623,785 holders of A shares. As at the end of the month immediately before the annual results announcement date (28 February 2023), the Bank had a total number of 752,712 ordinary shareholders and no holders of preference shares with voting rights restored or holders of shares with special voting rights.

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

Name of shareholder	Nature of shareholder	Class of shares	Increase/ decrease of shares during the reporting period	Number of shares held at the end of reporting period	Unit: Share	
					Shareholding percentage (%)	Number of pledged/ locked-up/ marked shares
Central Huijin Investment Ltd.	State-owned	A Share	–	123,717,852,951	34.71	None
Ministry of Finance of the People's Republic of China ("MOF")	State-owned	A Share	–	110,984,806,678	31.14	None
HKSCC Nominees Limited ⁽⁵⁾	Foreign legal person	H Share	-8,788,188	86,145,336,361	24.17	Unknown
National Council for Social Security Fund ⁽⁶⁾	State-owned	A Share	–	12,331,645,186	3.46	None
China Securities Finance Co., Ltd.	State-owned legal person	A Share	–	2,416,131,540	0.68	None
Hong Kong Securities Clearing Company Limited ⁽⁷⁾	Foreign legal person	A Share	513,627,255	1,900,078,921	0.53	None
Central Huijin Asset Management Co., Ltd.	State-owned legal person	A Share	–	1,013,921,700	0.28	None
China Life Insurance Company Limited – Traditional – Ordinary insurance products – 005L – CT001 Hu	Other entities	A Share	541,168,980	977,079,865	0.27	None
Taiping Life Insurance Co., Ltd.	State-owned legal person	A Share	370,944,126	538,741,372	0.15	None
ICBC – SSE 50 Exchange Traded Securities Investment Funds ⁽⁸⁾	Other entities	A Share	917,700	300,225,253	0.08	None

Notes: (1) The above data are based on the Bank's register of shareholders as at 31 December 2022.

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

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

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

- (5) The number of shares held by HKSCC Nominees Limited at the end of the period refers to the total number of H shares held by it as a nominee on behalf of all institutional and individual investors registered with accounts opened with HKSCC Nominees Limited as at 31 December 2022, which included H shares of the Bank held by China Taiping Insurance Group Ltd. and its persons acting in concert, National Council for Social Security Fund, Ping An Asset Management Co., Ltd. and Temasek Holdings (Private) Limited.
- (6) According to the Notice on Comprehensively Transferring Part of State-Owned Capital to Fortify Social Security Funds (Cai Zi [2019] No. 49), MOF transferred 12,331,645,186 A shares to the state-owned capital transfer account of National Council for Social Security Fund in a lump sum in December 2019. According to the relevant requirements under the Notice of the State Council on Issuing the Implementation Plan for Transferring Part of State-Owned Capital to Fortify Social Security Funds (Guo Fa [2017] No. 49), National Council for Social Security Fund shall perform the obligation of more than 3-year lock-up period as of the date of the receipt of transferred shares. At the end of the reporting period, according to the information provided by National Council for Social Security Fund to the Bank, National Council for Social Security Fund also held 8,053,958,573 H shares of the Bank and 20,385,603,759 A and H shares in aggregate, accounting for 5.72% of the Bank's total ordinary shares.
- (7) The number of shares held by Hong Kong Securities Clearing Company Limited at the end of the period refers to the total A shares (Northbound shares of the Shanghai-Hong Kong Stock Connect) held by it as a nominal holder designated by and on behalf of Hong Kong and foreign investors as at 31 December 2022.
- (8) "ICBC – SSE 50 Exchange Traded Securities Investment Funds" are securities investment funds raised as approved by CSRC Zheng Jian Ji Jin Zi [2004] No. 196 Document dated 22 November 2004, with China Asset Management Co., Ltd. as the fund manager and ICBC as fund custodian.

5.3 Particulars of Substantial Shareholders

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

5.4 Interests and Short Positions Held by Substantial Shareholders and Other Persons

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

As at 31 December 2022, the Bank received notices from the following persons about their interests or short positions held in the Bank's ordinary shares and underlying shares, which were recorded in the register pursuant to Section 336 of the Securities and Futures Ordinance of Hong Kong as follows:

HOLDERS OF A SHARES

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

Notes: (1) According to the register of shareholders of the Bank as at 31 December 2022, Central Huijin Investment Ltd. held 123,717,852,951 shares in the Bank, while Central Huijin Asset Management Co., Ltd., a subsidiary of Central Huijin Investment Ltd., held 1,013,921,700 shares in the Bank.

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

HOLDERS OF H SHARES

Name of substantial shareholder	Capacity	Number of H shares held (share)	Nature of interests	Percentage of H shares ⁽⁴⁾ (%)	Percentage of total ordinary shares ⁽⁴⁾ (%)
Ping An Asset Management Co., Ltd. ⁽¹⁾	Investment manager	12,168,809,000	Long position	14.02	3.41
National Council for Social Security Fund ⁽²⁾	Beneficial owner	8,663,703,234	Long position	9.98	2.43
Temasek Holdings (Private) Limited	Interest of controlled corporations	7,317,475,731	Long position	8.43	2.05
Taiping Asset Management Co., Ltd. ⁽³⁾	Investment manager	4,415,314,000	Long position	5.09	1.24

Notes: (1) As confirmed by Ping An Asset Management Co., Ltd., such shares were held by Ping An Asset Management Co., Ltd. on behalf of certain customers (including but not limited to Ping An Life Insurance Company of China, Ltd.) in its capacity as investment manager and the interests in such shares were disclosed based on the latest disclosure of interests form filed by Ping An Asset Management Co., Ltd. for the period ended 31 December 2022 (the date of relevant event being 12 June 2019). Both Ping An Life Insurance Company of China, Ltd. and Ping An Asset Management Co., Ltd. are subsidiaries of Ping An Insurance (Group) Company of China, Ltd. As Ping An Asset Management Co., Ltd. is in a position to fully exercise the voting rights in respect of such shares on behalf of customers and independently exercise the rights of investment and business management in its capacity as investment manager, and is completely independent from Ping An Insurance (Group) Company of China, Ltd., Ping An Insurance (Group) Company of China, Ltd. is exempted from aggregating the interests in such shares as a holding company under the aggregation exemption and disclosing the holding of the same in accordance with the Securities and Futures Ordinance of Hong Kong.

(2) According to the information provided by National Council for Social Security Fund to the Bank, National Council for Social Security Fund held 8,053,958,573 H shares of the Bank as at the end of the reporting period, accounting for 9.28% of the Bank's H shares and 2.26% of the Bank's total ordinary shares.

(3) According to the declaration of interests filed by China Taiping Insurance Group Ltd. and its subsidiaries, Taiping Asset Management Co., Ltd., in the capacity of an investment manager, held 4,415,314,000 H shares of the Bank, including 4,360,174,000 H shares of the Bank held by Taiping Life Insurance Co., Ltd. as beneficial owner (disclosed on 25 November 2022). China Taiping Insurance Group Ltd. and China Taiping Insurance Holdings Company Limited, as holding groups of Taiping Life Insurance Co., Ltd., indirectly held 4,405,157,000 H shares of the Bank (disclosed on 22 November 2022).

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

5.5 Preference Shares

Issuance and Listing of Preference Shares in Latest Three Years

Issuance of offshore preference shares

With the approval of CBIRC by its Document Yin Bao Jian Fu [2020] No. 138 and the approval of CSRC by its Document Zheng Jian Xu Ke [2020] No. 1391, the Bank made a non-public issuance of 145 million USD-denominated non-cumulative perpetual offshore preference shares (the “Offshore USD Preference Shares”) on 23 September 2020 at an issuance price of USD20 per share (see the table below for details). The Offshore USD Preference Shares were listed on the SEHK on 24 September 2020. All proceeds from the issuance, after deduction of commission and issuance expenses, were used to replenish additional tier 1 capital and increase capital adequacy ratio.

Type of offshore preference shares	Stock code	Dividend rate	Total issuance amount	Full amount of proceeds per share	Net amount of proceeds per share	Number of shares issued
USD Preference Shares	4620	3.58%	USD2.9 billion	USD20	RMB135.77	145 million shares

The number of qualified places for the Offshore USD Preference Shares shall not be less than six, and they shall be offered only to professional investors instead of retail investors, and shall be non-publicly transferred in the OTC market only.

For details on the issuance of offshore preference shares of the Bank, please refer to the announcements published by the Bank on the website of Shanghai Stock Exchange, the “HKEXnews” website of Hong Kong Exchanges and Clearing Limited and the website of the Bank.

Reset dividend rate of “工行優 1”

Pursuant to relevant provisions of the Prospectus on Non-public Offering of Preference Shares of Industrial and Commercial Bank of China Limited, domestic preference shares non-publicly offered by the Bank in November 2015 (abbreviation “工行優1” and code “360011”) were priced at a coupon dividend rate adjusted in stages, with the coupon dividend rate being the benchmark interest rate plus a fixed spread. The coupon dividend rate for the first five years remained unchanged from the date of issuance, and subsequently the benchmark interest rate will be reset every five years, and the nominal dividend rate during each reset period will remain unchanged. In November 2020, the Bank reset the nominal dividend rate of “工行優1” as it lasted five years from the issuance date, and the coupon dividend rate after reset became 4.58% from 23 November 2020.

For details on the reset dividend rate of domestic preference shares of the Bank, please refer to the announcements published by the Bank on the website of Shanghai Stock Exchange, the “HKEXnews” website of Hong Kong Exchanges and Clearing Limited and the website of the Bank.

Number of Preference Shareholders and Particulars of Shareholding

As at the end of the reporting period, the Bank had one offshore preference shareholder (or proxy), 27 domestic preference shareholders of “工行優1” and 34 domestic preference shareholders of “工行優2”. As at the end of the month immediately before the annual results announcement date (28 February 2023), the Bank had one offshore preference shareholder (or proxy), 27 domestic preference shareholders of “工行優1” and 35 domestic preference shareholders of “工行優2”.

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

Unit: Share

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

Notes: (1) The above data are based on the Bank’s register of offshore preference shareholders as at 31 December 2022.

(2) As the issuance of the offshore preference shares above was non-public offering, the register of preference shareholders presented the information on the registered holder of the offshore preference shares.

(3) The Bank is not aware of any connected relations or concert party action between the afore-mentioned preference shareholder and top 10 ordinary shareholders.

(4) “Shareholding percentage” refers to the percentage of offshore preference shares held by preference shareholders in total number of offshore preference shares.

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

Unit: Share

Name of shareholder	Nature of shareholder	Class of shares	Increase/ decrease during the reporting period	Shares held at the end of the period	Shareholding percentage (%)	Number of shares subject to restrictions on sales	Number of pledged/ locked-up/ marked shares
China Mobile Communications Group Co., Ltd.	State-owned legal person	Domestic preference shares	–	200,000,000	44.4	–	None
China National Tobacco Corporation	Other entities	Domestic preference shares	–	50,000,000	11.1	–	None
China Life Insurance Company Limited	State-owned legal person	Domestic preference shares	–	35,000,000	7.8	–	None
Ping An Life Insurance Company of China, Ltd.	Domestic non-state-owned legal person	Domestic preference shares	–	30,000,000	6.7	–	None
BOCOM Schroders Asset Management Co., Ltd.	Domestic non-state-owned legal person	Domestic preference shares	–	18,000,000	4.0	–	None
CCB Trust Co., Ltd.	State-owned legal person	Domestic preference shares	–	15,000,000	3.3	–	None
BOC International (China) Co., Ltd.	State-owned legal person	Domestic preference shares	–	15,000,000	3.3	–	None
Hwabao Trust Co., Ltd.	State-owned legal person	Domestic preference shares	1,710,000	13,110,000	2.9	–	None
China National Tobacco Corporation Shandong Branch	Other entities	Domestic preference shares	–	10,000,000	2.2	–	None
China National Tobacco Corporation Heilongjiang Branch	Other entities	Domestic preference shares	–	10,000,000	2.2	–	None
Ping An Property & Casualty Insurance Company of China, Ltd.	Domestic non-state-owned legal person	Domestic preference shares	–	10,000,000	2.2	–	None

Notes: (1) The above data are based on the Bank’s register of domestic preference shareholders of “工行優 1” as at 31 December 2022.

- (2) China National Tobacco Corporation Shandong Branch and China National Tobacco Corporation Heilongjiang Branch are both wholly-owned subsidiaries of China National Tobacco Corporation. “China Life Insurance Company Limited – Traditional – Ordinary insurance products – 005L – CT001 Hu” is managed by China Life Insurance Company Limited. Ping An Life Insurance Company of China, Ltd. and Ping An Property & Casualty Insurance Company of China, Ltd. have connected relations. Save as disclosed above, the Bank is not aware of any connected relations or concert party action among the afore-mentioned preference shareholders and among the afore-mentioned preference shareholders and top 10 ordinary shareholders.
- (3) “Shareholding percentage” refers to the percentage of domestic preference shares of “工行優 1” held by preference shareholders in total number (450 million shares) of domestic preference shares of “工行優 1”.

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

Unit: Share

Name of shareholder	Nature of shareholder	Class of shares	Increase/decrease during the reporting period	Shares held at the end of the period	Shareholding percentage (%)	Number of shares subject to restrictions on sales	Number of pledged/locked-up/ marked shares
China Life Insurance Company Limited	State-owned legal person	Domestic preference shares	–	120,000,000	17.1	–	None
Hwabao Trust Co., Ltd.	State-owned legal person	Domestic preference shares	–	112,750,000	16.1	–	None
China Mobile Communications Group Co., Ltd.	State-owned legal person	Domestic preference shares	–	100,000,000	14.3	–	None
BOC International (China) Co., Ltd.	State-owned legal person	Domestic preference shares	–	70,000,000	10.0	–	None
CCB Trust Co., Ltd.	State-owned legal person	Domestic preference shares	-6,000,000	64,000,000	9.1	–	None
China National Tobacco Corporation	Other entities	Domestic preference shares	–	50,000,000	7.1	–	None
Jiangsu International Trust Co., Ltd.	State-owned legal person	Domestic preference shares	–	37,250,000	5.3	–	None
Shanghai Tobacco Group Co., Ltd.	Other entities	Domestic preference shares	–	30,000,000	4.3	–	None
Bank of Beijing Co., Ltd.	Domestic non-state-owned legal person	Domestic preference shares	-4,400,000	15,600,000	2.2	–	None
BOCOM Schrodgers Asset Management Co., Ltd.	Domestic non-state-owned legal person	Domestic preference shares	–	15,000,000	2.1	–	None
Ping An Property & Casualty Insurance Company of China, Ltd.	Domestic non-state-owned legal person	Domestic preference shares	–	15,000,000	2.1	–	None

- Notes: (1) The above data are based on the Bank's register of domestic preference shareholders of “工行優 2” as at 31 December 2022.
- (2) Shanghai Tobacco Group Co., Ltd., China National Tobacco Corporation Shandong Branch and China National Tobacco Corporation Heilongjiang Branch are all wholly-owned subsidiaries of China National Tobacco Corporation. “China Life Insurance Company Limited – Traditional – Ordinary insurance products – 005L – CT001 Hu” is managed by China Life Insurance Company Limited. Ping An Life Insurance Company of China, Ltd. and Ping An Property & Casualty Insurance Company of China, Ltd. have connected relations. Save as disclosed above, the Bank is not aware of any connected relations or concert party action among the afore-mentioned preference shareholders and among the afore-mentioned preference shareholders and top 10 ordinary shareholders.
- (3) “Shareholding percentage” refers to the percentage of domestic preference shares of “工行優 2” held by preference shareholders in total number (700 million shares) of domestic preference shares of “工行優 2”.

Dividend Distribution of Preference Shares

As per the resolution and authorization of the General Meeting, the Bank reviewed and approved the Proposal on Distribution of Dividends for “工行優 2” and Offshore USD Preference Shares at the meeting of its Board of Directors on 30 August 2022, permitting the Bank to distribute the dividends on domestic preference shares “工行優 2” on 26 September 2022 and on the offshore USD preference shares on 23 September 2022; the Bank reviewed and approved the Proposal on Distribution of Dividends for “工行優 1” at the meeting of its Board of Directors on 28 October 2022, permitting the Bank to distribute the dividends on domestic preference shares “工行優 1” on 23 November 2022.

Dividends on the Bank's domestic preference shares “工行優 1” and “工行優 2” are paid annually in cash, and calculated based on the aggregate par value of the issued domestic preference shares. Dividends on the Bank's domestic preference shares are non-cumulative. Holders of domestic preference shares are only entitled to dividends at the prescribed dividend rate, but are not entitled to any distribution of residual profits of the Bank together with the holders of ordinary shares. According to the dividend distribution plan in the domestic preference share issuance proposal, the Bank distributed dividends of RMB2,061 million (pre-tax) on the domestic preference share “工行優 1” at a dividend rate of 4.58% (pre-tax); and distributed dividends of RMB2,940 million (pre-tax) on the domestic preference share “工行優 2” at a dividend rate of 4.2% (pre-tax).

Dividends on the Bank's offshore USD preference shares are paid annually in cash, and calculated based on the liquidation preference of the offshore preference shares. Dividends on the Bank's offshore USD preference shares are non-cumulative. Holders of offshore USD preference shares are only entitled to dividends at the prescribed dividend rate, but are not entitled to any distribution of residual profits of the Bank together with the holders of ordinary shares. According to the dividend distribution plan in the offshore USD preference share issuance proposal, total dividends of about USD115.3 million (pre-tax) on the offshore USD preference shares were distributed in USD at a dividend rate of 3.58% (after-tax). According to relevant laws, when the Bank distributes dividends for offshore USD preference shares, the enterprise income tax shall be withheld by the Bank at a rate of 10%. According to the requirements of the terms and conditions of the offshore USD preference shares, the Bank paid the relevant taxes, included in the dividends for offshore USD preference shares.

The table below shows the distribution of dividends on preference shares by the Bank in latest three years:

Type of preference shares	2022		2021		2020	
	Dividend rate	Dividend distributed ⁽¹⁾	Dividend rate	Dividend distributed ⁽¹⁾	Dividend rate	Dividend distributed ⁽¹⁾
Domestic preference share “工行優 1”	4.58%	RMB 2,061 million	4.58%	RMB 2,061 million	4.50%	RMB 2,025 million
Domestic preference share “工行優 2”	4.20%	RMB 2,940 million	4.20%	RMB 2,940 million	4.20%	RMB 2,940 million
Offshore EUR preference shares ⁽²⁾	N/A	N/A	6.00%	EUR40 million	6.00%	EUR40 million
Offshore USD preference share ⁽³⁾	3.58%	About USD 115.3 million	3.58%	About USD 115.3 million	N/A	N/A

Notes: (1) Dividend distributed is tax included.

(2) Offshore EUR preference shares refer to EUR0.6 billion preference shares issued offshore by the Bank at a dividend rate of 6.00% in 2014. The Bank redeemed the above offshore EUR preference shares on 10 December 2021.

(3) Offshore USD preference share refers to USD2.9 billion preference shares issued offshore by the Bank at a dividend rate of 3.58% in 2020.

The above-mentioned preference share dividend distribution plans have been fulfilled. For particulars of the Bank’s distribution of dividends on preference shares, please refer to the announcements of the Bank on the website of Shanghai Stock Exchange, the “HKEXnews” website of Hong Kong Exchanges and Clearing Limited and the website of the Bank.

Redemption or Conversion of Preference Shares

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

Restoration of Voting Rights of Preference Shares

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

Accounting Policy Adopted for Preference Shares and Rationale

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

6. Other Information

6.1 Corporate Governance Code

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

With regard to the compliance with Article B.(f) of Part I of the Corporate Governance Code (Appendix 14 to the Hong Kong Listing Rules), Mr. Nout Wellink ceased to serve as Independent Non-executive Director of the Bank on 31 March 2022 due to expiration of his term of office. On 23 June 2022, Mr. Norman Chan Tak Lam was elected as Independent Non-executive Director of the Bank at the Annual General Meeting for the Year 2021, and his qualification was approved by CBIRC in September 2022. The Bank has met the aforesaid provisions.

6.2 Amendment to the Articles of Association

On 23 June 2022, the Bank's Annual General Meeting for the Year 2021 reviewed and adopted the Proposal on the Amendment to the Articles of Association. The amendments covered the business purpose, the responsibilities of the Board of Directors, the Board of Supervisors, the Shareholders' General Meeting and the Senior Management, risk management, remuneration incentive, social responsibilities and ESG, green finance, consumer protection and information disclosure, etc. Currently, the new version of the Articles of Association is being reviewed and approved by the CBIRC. Before the approval takes effect, the current Articles of Association of the Bank shall remain in force. For details, please refer to the circular issued by the Bank on 6 May 2022.

6.3 Securities Transactions of Directors and Supervisors

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

6.4 Profits and Dividends Distribution

As approved at the Annual General Meeting for the Year 2021 held on 23 June 2022, the Bank has distributed cash dividends of about RMB104,534 million, or RMB2.933 per ten shares (pre-tax) for the period from 1 January 2021 to 31 December 2021 to the ordinary shareholders whose names appeared on the share register after the close of market on 11 July 2022.

The Board of Directors of the Bank proposed distributing cash dividends of RMB3.035 (pre-tax) for each ten shares of 356,406,257,089 ordinary shares for 2022, totaling about RMB108,169 million. The distribution plan will be submitted for approval to the Annual General Meeting for the Year 2022. Once approved, the above-mentioned dividends will be paid to the holders of A shares and H shares whose names appeared on the share register of the Bank after the close of market on 14 July 2023. The Bank will suspend the registration procedures of H share ownership transfer on 8 July 2023 (inclusive) through 14 July 2023 (inclusive). The holders of H shares of the Bank that desire to receive the proposed cash dividends but have not registered the ownership transfer documents are requested to hand over their ownership transfer documents together with the H shares to the Bank's H share registrar – Computershare Hong Kong Investor Services Limited that is located at Room 1712-1716, 17 Floor, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. of 7 July 2023. Pursuant to relevant regulatory requirements and operational rules, dividends on A shares and H shares will be paid on 17 July 2023 and 18 August 2023, respectively.

For dividend-related tax and tax reduction, please refer to the announcements on dividend distribution of the Bank.

The Bank did not convert any capital reserve to share capital in the last three years. The table below sets out the dividend distribution of ordinary shares of the Bank for the last three years:

Item	2022	2021	2020
Dividend per ten shares (pre-tax, in RMB yuan)	3.035	2.933	2.660
Cash dividends (pre-tax, in RMB millions)	108,169	104,534	94,804
Percentage of cash dividends ⁽¹⁾ (%)	31.3	30.9	30.9

Note: (1) Calculated by dividing cash dividends on ordinary shares (pre-tax) by net profit attributable to ordinary shareholders of the parent company for the period.

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

6.5 Purchase, Sale and Redemption of Shares

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

7. Financial Report

7.1 Audit Opinions

The 2022 financial statements of the Bank prepared in accordance with PRC GAAP and IFRSs have been audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP and Deloitte Touche Tohmatsu, respectively. Deloitte Touche Tohmatsu Certified Public Accountants LLP and Deloitte Touche Tohmatsu have expressed unqualified opinions in the independent auditor's report.

7.2 Consolidated Statement of Profit or Loss, Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows

7.2.1 Consolidated Statement of Profit or Loss

For the Year ended 31 December 2022

(In RMB millions, unless otherwise stated)

	2022	2021
Interest income	1,280,376	1,162,218
Interest expense	<u>(586,689)</u>	<u>(471,538)</u>
NET INTEREST INCOME	693,687	690,680
Fee and commission income	145,818	148,727
Fee and commission expense	<u>(16,553)</u>	<u>(15,703)</u>
NET FEE AND COMMISSION INCOME	129,265	133,024
Net trading income	8,610	8,955
Net gains on financial investments	6,315	16,440
Other operating income, net	<u>3,564</u>	<u>11,781</u>
OPERATING INCOME	841,441	860,880
Operating expenses	(240,884)	(236,227)
Impairment losses on assets	<u>(182,419)</u>	<u>(202,623)</u>
OPERATING PROFIT	418,138	422,030
Share of results of associates and joint ventures	<u>4,427</u>	<u>2,869</u>
PROFIT BEFORE TAXATION	422,565	424,899
Income tax expense	<u>(61,527)</u>	<u>(74,683)</u>
PROFIT FOR THE YEAR	<u>361,038</u>	<u>350,216</u>
Profit for the year attributable to:		
Equity holders of the parent company	360,483	348,338
Non-controlling interests	<u>555</u>	<u>1,878</u>
PROFIT FOR THE YEAR	<u>361,038</u>	<u>350,216</u>
EARNINGS PER SHARE		
– Basic (RMB yuan)	<u>0.97</u>	<u>0.95</u>
– Diluted (RMB yuan)	<u>0.97</u>	<u>0.95</u>

7.2.2 Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year ended 31 December 2022

(In RMB millions, unless otherwise stated)

	2022	2021
Profit for the year	361,038	350,216
Other comprehensive income (after tax, net):		
(a) Items that will not be reclassified to profit or loss:		
(i) Changes in fair value of equity instruments designated as at fair value through other comprehensive income	(2,968)	(1,180)
(ii) Other comprehensive income recognised under the equity method	(25)	15
(iii) Other	13	28
(b) Items that may be reclassified subsequently to profit or loss:		
(i) Changes in fair value of debt instruments measured at fair value through other comprehensive income	(24,375)	1,623
(ii) Credit losses of debt instruments measured at fair value through other comprehensive income	3,831	1,827
(iii) Cash flow hedging reserve	1,284	442
(iv) Other comprehensive income recognised under the equity method	(313)	541
(v) Foreign currency translation reserve	21,345	(12,353)
(vi) Other	(1,975)	885
Subtotal of other comprehensive income for the year	(3,183)	(8,172)
Total comprehensive income for the year	357,855	342,044
Total comprehensive income for the year attributable to:		
Equity holders of the parent company	356,711	340,089
Non-controlling interests	1,144	1,955
	357,855	342,044

7.2.3 Consolidated Statement of Financial Position

As at 31 December 2022

(In RMB millions, unless otherwise stated)

	31 December 2022	31 December 2021
ASSETS		
Cash and balances with central banks	3,427,892	3,098,438
Due from banks and other financial institutions	1,042,504	827,150
Derivative financial assets	87,205	76,140
Reverse repurchase agreements	864,067	663,496
Loans and advances to customers	22,593,648	20,109,200
Financial investments	10,527,292	9,257,760
– Financial investments measured at fair value through profit or loss	714,879	623,223
– Financial investments measured at fair value through other comprehensive income	2,178,018	1,803,604
– Financial investments measured at amortised cost	7,634,395	6,830,933
Investments in associates and joint ventures	65,878	61,782
Property and equipment	293,887	290,296
Deferred tax assets	101,600	79,259
Other assets	605,684	707,862
TOTAL ASSETS	39,609,657	35,171,383
LIABILITIES		
Due to central banks	145,781	39,723
Due to banks and other financial institutions	3,185,564	2,921,029
Financial liabilities measured at fair value through profit or loss	64,126	87,180
Derivative financial liabilities	96,350	71,337
Repurchase agreements	574,778	365,943
Certificates of deposit	375,452	290,342
Due to customers	29,870,491	26,441,774
Income tax payable	85,581	92,443
Debt securities issued	905,953	791,375
Deferred tax liabilities	3,800	5,624
Other liabilities	787,955	789,355
TOTAL LIABILITIES	36,095,831	31,896,125
EQUITY		
Equity attributable to equity holders of the parent company		
– Share capital	356,407	356,407
– Other equity instruments	354,331	354,331
– Preference shares	134,614	134,614
– Perpetual bonds	219,717	219,717
– Reserves	1,016,896	926,375
– Retained profits	1,767,537	1,620,642
	3,495,171	3,257,755
Non-controlling interests	18,655	17,503
TOTAL EQUITY	3,513,826	3,275,258
TOTAL EQUITY AND LIABILITIES	39,609,657	35,171,383

7.2.4 Consolidated Statement of Changes in Equity

For the Year ended 31 December 2022

(In RMB millions, unless otherwise stated)

	Attributable to equity holders of the parent company													Total equity
	Share capital	Other equity instruments	Capital reserve	Surplus reserve	General reserve	Reserves					Retained profits	Non-controlling interests		
						Investment revaluation reserve	Foreign currency translation reserve	Cash flow hedging reserve	Other reserves	Subtotal				
Balance as at 1 January 2022	356,407	354,331	148,703	357,169	438,952	24,628	(39,999)	(4,243)	1,165	926,375	1,620,642	3,257,755	17,503	3,275,258
Profit for the year	-	-	-	-	-	-	-	-	-	-	360,483	360,483	555	361,038
Other comprehensive income	-	-	-	-	-	(23,542)	20,808	1,256	(2,294)	(3,772)	-	(3,772)	589	(3,183)
Total comprehensive income	-	-	-	-	-	(23,542)	20,808	1,256	(2,294)	(3,772)	360,483	356,711	1,144	357,855
Dividends – ordinary shares 2021 final	-	-	-	-	-	-	-	-	-	-	(104,534)	(104,534)	-	(104,534)
Distributions to other equity instrument holders	-	-	-	-	-	-	-	-	-	-	(14,810)	(14,810)	-	(14,810)
Appropriation to surplus reserve (i)	-	-	-	35,318	-	-	-	-	-	35,318	(35,318)	-	-	-
Appropriation to general reserve (ii)	-	-	-	-	57,767	-	-	-	-	57,767	(57,767)	-	-	-
Dividends to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	-	(28)	(28)
Other comprehensive income transferred to retained earnings	-	-	-	-	-	(319)	-	-	-	(319)	319	-	-	-
Other	-	-	(423)	-	-	-	1,950	-	-	1,527	(1,478)	49	36	85
Balance as at 31 December 2022	<u>356,407</u>	<u>354,331</u>	<u>148,280</u>	<u>392,487</u>	<u>496,719</u>	<u>767</u>	<u>(17,241)</u>	<u>(2,987)</u>	<u>(1,129)</u>	<u>1,016,896</u>	<u>1,767,537</u>	<u>3,495,171</u>	<u>18,655</u>	<u>3,513,826</u>

- (i) Includes the appropriation to surplus reserve made by overseas branches and subsidiaries in the amounts of RMB68 million and RMB907 million, respectively.
- (ii) Includes the appropriation to general reserve made by subsidiaries in the amounts of RMB4,196 million.

Attributable to equity holders of the parent company

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

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

7.2.5 Consolidated Statement of Cash Flows

For the Year ended 31 December 2022

(In RMB millions, unless otherwise stated)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	422,565	424,899
Adjustments for:		
Share of results of associates and joint ventures	(4,427)	(2,869)
Depreciation	30,319	28,194
Amortisation	3,721	3,125
Impairment losses on assets	182,419	202,623
Unrealised losses/(gains) on foreign exchange	8,870	(22,300)
Interest expense on debt securities issued	28,067	27,673
Accreted interest on impaired loans	(1,695)	(1,964)
Net gains on financial investments	(22,850)	(18,349)
Interest income on financial investments	(298,722)	(262,827)
Net losses/(gains) on changes in fair value	11,558	(14,473)
Net gains on disposal and stocktake of property and equipment and other assets (other than repossessed assets)	(1,548)	(2,077)
Dividend income	(4,072)	(3,388)
	<u>354,205</u>	<u>358,267</u>
Net (increase)/decrease in operating assets:		
Due from central banks	(147,741)	155,880
Due from banks and other financial institutions	(4,067)	157,890
Financial assets measured at fair value through profit or loss	(45,211)	143,496
Reverse repurchase agreements	(100,215)	99,863
Loans and advances to customers	(2,511,204)	(2,184,611)
Other assets	60,745	(43,570)
	<u>(2,747,693)</u>	<u>(1,671,052)</u>
Net (decrease)/increase in operating liabilities:		
Financial liabilities measured at fair value through profit or loss	(11,808)	(853)
Due to central banks	105,849	(15,161)
Due to banks and other financial institutions	193,899	158,557
Repurchase agreements	186,956	77,427
Certificates of deposit	62,306	(37,420)
Due to customers	3,194,252	1,261,998
Other liabilities	155,187	311,773
	<u>3,886,641</u>	<u>1,756,321</u>

	2022	2021
Net cash flows from operating activities before taxation	1,493,153	443,536
Income tax paid	<u>(88,496)</u>	<u>(82,654)</u>
Net cash flows from operating activities	<u>1,404,657</u>	<u>360,882</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment and other assets	(23,128)	(27,584)
Proceeds from disposal of property and equipment and other assets (other than repossessed assets)	10,018	13,008
Purchases of financial investments	(4,415,567)	(3,344,684)
Proceeds from sale and redemption of financial investments	3,192,493	2,423,298
Investments in associates and joint ventures	(3,314)	(21,207)
Proceeds from disposal of associates and joint ventures	2,811	206
Investment returns received	<u>326,066</u>	<u>282,407</u>
Net cash flows from investing activities	<u>(910,621)</u>	<u>(674,556)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of other equity instruments	–	139,793
Proceeds from issuance of debt securities	955,862	835,441
Interest paid on debt securities	(25,721)	(26,320)
Repayment of debt securities	(870,573)	(836,623)
Cash payment for redemption of other equity instruments	–	(11,155)
Dividends paid on ordinary shares	(104,534)	(94,804)
Dividends or interest paid to other equity instrument holders	(14,810)	(9,607)
Dividends paid to non-controlling shareholders	(28)	(465)
Cash payment for other financing activities	<u>(4,985)</u>	<u>(7,813)</u>
Net cash flows from financing activities	<u>(64,789)</u>	<u>(11,553)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		
	429,247	(325,227)
Cash and cash equivalents at beginning of the year	1,436,757	1,791,122
Effect of exchange rate changes on cash and cash equivalents	<u>60,847</u>	<u>(29,138)</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		
	<u>1,926,851</u>	<u>1,436,757</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES INCLUDE:		
Interest received	1,040,678	939,737
Interest paid	<u>(451,918)</u>	<u>(351,322)</u>

7.3 Significant Accounting Policies

(1) Mandatory amendments to IFRSs effective for the current year

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

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

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

(2) Issued but not yet effective IFRSs and amendments to IFRSs

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective.

IFRS 17: Insurance Contracts and the related Amendments¹

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture²

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback³

Amendments to IAS 1: Classification of Liabilities as Current or Non-current³

Amendments to IAS 1: Non-current Liabilities with Covenants³

Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies¹

Amendments to IAS 8: Definition of Accounting Estimates¹

Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction¹

1 Effective for annual periods beginning on or after 1 January 2023.

2 Effective for annual periods beginning on or after a date to be determined.

3 Effective for annual periods beginning on or after 1 January 2024.

Further information about those changes that are expected to affect the Group:

IFRS 17 Insurance Contracts and the related amendments

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 *Insurance Contracts*.

IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

In June 2020, the IASB issued amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after 1 January 2023.

In December 2021, the IASB issued Amendment to IFRS 17 *Initial Application of IFRS 17* and IFRS 9 – *Comparative Information* to address implementation challenges that were identified after IFRS 17 was published. The amendment addresses challenges in the presentation of comparative information.

IFRS 17 is to be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.

The adoption of the new and revised IFRS is expected to have no material impact on the financial position and financial performance of the Group.

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

The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. Upon the application of the amendments, the Group will recognise a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with the right-of-use assets and the lease liabilities.

The adoption of the amendment is expected to have no material impact on the financial position and financial performance of the Group.

Other new and revised IFRSs that have been issued but are not yet effective are expected to have no material impact on the financial position and financial performance of the Group.

7.4 Notes to the Consolidated Financial Statements

(In RMB millions, unless otherwise stated)

7.4.1 Net Interest Income

	2022	2021
Interest income on:		
Loans and advances to customers	900,149	832,136
Corporate loans and advances	507,252	467,973
Personal loans	376,950	353,733
Discounted bills	15,947	10,430
Financial investments	298,722	262,827
Due from central banks	45,425	42,027
Due from banks and other financial institutions	36,080	25,228
	<u>1,280,376</u>	<u>1,162,218</u>
Interest expense on:		
Due to customers	(480,083)	(397,625)
Due to banks and other financial institutions	(70,732)	(44,387)
Debt securities issued and certificates of deposit	(35,874)	(29,526)
	<u>(586,689)</u>	<u>(471,538)</u>
Net interest income	<u>693,687</u>	<u>690,680</u>

7.4.2 Net Fee and Commission Income

	2022	2021
Fee and commission income on:		
Settlement, clearing business and cash management	45,439	41,270
Personal wealth management and private banking services	26,253	30,001
Investment banking business	19,586	22,416
Bank card business	17,736	16,679
Corporate wealth management services	14,172	15,165
Guarantee and commitment business	8,803	9,756
Asset custody business	8,709	8,738
Trust and agency services	1,894	1,808
Other	3,226	2,894
	<u>145,818</u>	<u>148,727</u>
Fee and commission expense	<u>(16,553)</u>	<u>(15,703)</u>
Net fee and commission income	<u><u>129,265</u></u>	<u><u>133,024</u></u>

7.4.3 Net Trading Income

	2022	2021
Debt securities	5,638	6,781
Derivatives and other	5,332	2,370
Equity investments	<u>(2,360)</u>	<u>(196)</u>
	<u><u>8,610</u></u>	<u><u>8,955</u></u>

7.4.4 Net Gains on Financial Investments

	2022	2021
Dividend income from equity investments designated as at FVTOCI, including:		
Derecognised during the year	4,072	3,388
Held at the end of current year	541	291
	3,531	3,097
(Losses)/Gains on financial instruments measured at FVTPL, net, including:		
Net losses on financial instruments designated as at FVTPL	(1,701)	10,739
Net gains on disposal of financial instruments measured at FVTOCI, net	(6,231)	(17,674)
Other	3,047	2,084
	897	229
	<u>6,315</u>	<u>16,440</u>

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

“FVTOCI” stands for fair value through other comprehensive income.

7.4.5 Other Operating Income, Net

	2022	2021
Net premium income	48,327	46,024
Operating cost of insurance business	(51,867)	(49,706)
Net lease income	12,075	13,016
Net gains on disposal of property and equipment, repossessed assets and other assets	1,590	2,182
Other	(6,561)	265
	<u>3,564</u>	<u>11,781</u>

7.4.6 Operating Expenses

	2022	2021
Staff costs:		
Salaries and bonuses	93,376	90,250
Staff benefits	31,918	30,800
Post-employment benefits – defined contribution plans	18,207	18,313
	<u>143,501</u>	<u>139,363</u>
Property and equipment expenses:		
Depreciation charge for property and equipment	15,976	14,596
Depreciation charge for right-of-use assets and other leasing expense	7,976	8,173
Repairs and maintenance charges	3,082	4,106
Utility expenses	2,000	1,947
	<u>29,034</u>	<u>28,822</u>
Amortisation	3,721	3,125
Other administrative expenses	27,457	26,539
Taxes and surcharges	10,100	9,318
Other	27,071	29,060
	<u>240,884</u>	<u>236,227</u>

7.4.7 Impairment Losses on Assets

	2022	2021
Loans and advances to customers	143,173	168,267
Other	39,246	34,356
	<u>182,419</u>	<u>202,623</u>

7.4.8 Income Tax Expense

(a) Income tax expense

	2022	2021
Current income tax expense		
Chinese mainland	76,152	79,459
Hong Kong SAR and Macau SAR	1,898	1,768
Other overseas jurisdictions	<u>3,584</u>	<u>1,950</u>
	81,634	83,177
Deferred income tax expense	<u>(20,107)</u>	<u>(8,494)</u>
	<u>61,527</u>	<u>74,683</u>

(b) Reconciliation between income tax and accounting profit

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

	2022	2021
Profit before taxation	<u>422,565</u>	<u>424,899</u>
Tax at the PRC statutory income tax rate	105,641	106,225
Effects of different applicable rates of tax prevailing in other countries/regions	(869)	(827)
Effects of non-deductible expenses	18,135	22,319
Effects of non-taxable income	(58,688)	(51,427)
Effects of profits attributable to associates and joint ventures	(439)	(717)
Effects of other	<u>(2,253)</u>	<u>(890)</u>
Income tax expense	<u>61,527</u>	<u>74,683</u>

7.4.9 Dividends

	2022	2021
Dividends on ordinary shares declared and paid:		
Dividends on ordinary shares for 2021:		
RMB0.2933 per share (2020: RMB0.2660 per share)	<u>104,534</u>	<u>94,804</u>
Dividends or interests declared and paid to other equity instrument holders:		
Dividends on preference shares	5,797	6,047
Interests on perpetual bonds distributed	<u>9,013</u>	<u>3,560</u>
	<u>14,810</u>	<u>9,607</u>
Dividends on ordinary shares proposed for approval (not recognised as at 31 December):		
Dividends on ordinary shares for 2022:		
RMB0.3035 per share (2021: RMB0.2933 per share)	<u>108,169</u>	<u>104,534</u>

7.4.10 Earnings Per Share

	2022	2021
Earnings:		
Profit for the year attributable to equity holders of the parent company	360,483	348,338
Less: Profit for the year attributable to other equity instrument holders of the parent company	<u>(14,810)</u>	<u>(9,607)</u>
Profit for the year attributable to ordinary shareholders of the parent company	<u>345,673</u>	<u>338,731</u>
Shares:		
Weighted average number of ordinary shares in issue (in million shares)	<u>356,407</u>	<u>356,407</u>
Basic earnings per share (RMB yuan)	<u>0.97</u>	<u>0.95</u>
Diluted earnings per share (RMB yuan)	<u>0.97</u>	<u>0.95</u>

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

7.4.11 Derivative Financial Instruments

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

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

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

	31 December 2022			31 December 2021		
	Notional amounts	Fair values		Notional amounts	Fair values	
		Assets	Liabilities		Assets	Liabilities
Exchange rate contracts	4,310,971	52,249	(54,844)	5,107,815	44,956	(41,578)
Interest rate contracts	3,139,900	24,945	(23,760)	2,018,010	15,706	(15,457)
Commodity derivatives and other	937,006	10,011	(17,746)	975,169	15,478	(14,302)
	<u>8,387,877</u>	<u>87,205</u>	<u>(96,350)</u>	<u>8,100,994</u>	<u>76,140</u>	<u>(71,337)</u>

(1) Cash flow hedges

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

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

	31 December 2022						
	Notional amounts with remaining maturity of					Fair values	
	Within three months	Over three months but within one year	Over one year but within five years	Over five years	Total	Assets	Liabilities
Interest rate swap contracts	886	3,137	4,085	–	8,108	203	(38)
Currency swap contracts	74,270	81,348	4,999	–	160,617	1,739	(3,561)
Equity and other derivatives	4,730	5,002	66	4	9,802	44	(126)
	<u>79,886</u>	<u>89,487</u>	<u>9,150</u>	<u>4</u>	<u>178,527</u>	<u>1,986</u>	<u>(3,725)</u>
	31 December 2021						
	Notional amounts with remaining maturity of					Fair values	
	Within three months	Over three months but within one year	Over one year but within five years	Over five years	Total	Assets	Liabilities
Interest rate swap contracts	64	2,878	5,283	127	8,352	8	(146)
Currency swap contracts	47,204	43,049	1,391	–	91,644	436	(948)
Equity and other derivatives	4,383	1,243	49	4	5,679	–	(96)
	<u>51,651</u>	<u>47,170</u>	<u>6,723</u>	<u>131</u>	<u>105,675</u>	<u>444</u>	<u>(1,190)</u>

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

	31 December 2022			
	Carrying amount of hedged items		Hedging instruments	
	Assets	Liabilities	Effect on other comprehensive income during the current year	Accumulated effect on other comprehensive income
Debt securities (i)	34,288	(49,433)	184	345
Loans and advances to customers	623	-	8	-
Other (ii)	30,693	(60,418)	1,076	(3,340)
	<u>65,604</u>	<u>(109,851)</u>	<u>1,268</u>	<u>(2,995)</u>

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

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

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

There was no ineffectiveness recognised in profit or loss that arises from the cash flow hedges in 2022 and 2021.

(2) Fair value hedges

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

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

	2022	2021
Gains/(losses) arising from fair value hedges, net:		
Hedging instruments	4,721	2,207
The hedged items	(4,752)	(2,258)
	(31)	(51)

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

	Notional amounts with remaining maturity of				Fair values		
	Within three months	Over three months but within one year	Over one year but within five years	Over five years	Total	Assets	Liabilities
31 December 2022	<u>2,976</u>	<u>12,383</u>	<u>61,752</u>	<u>30,892</u>	<u>108,003</u>	<u>725</u>	<u>(94)</u>
31 December 2021	<u>4,623</u>	<u>7,187</u>	<u>41,439</u>	<u>21,108</u>	<u>74,357</u>	<u>627</u>	<u>(1,071)</u>

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

	31 December 2022			
	Carrying amount of hedged items		Accumulated adjustments to the fair value of hedged items	
	Assets	Liabilities	Assets	Liabilities
Debt securities (i)	89,761	(1,799)	(493)	105
Loans and advances to customers	4,780	-	(89)	-
Other (ii)	1,267	(6,528)	(10)	22
	<u>95,808</u>	<u>(8,327)</u>	<u>(592)</u>	<u>127</u>

(i) Debt securities are included in financial investments measured at FVTOCI, financial investments measured at amortised cost and debt securities issued.

(ii) Other hedged items are included in due from banks and other financial institutions and repurchase agreements.

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

(i) Debt securities are included in financial investments measured at FVTOCI, financial investments measured at amortised cost and debt securities issued.

(ii) Other hedged items are included in due from banks and other financial institutions, repurchase agreements and customer deposits.

(3) Net investment hedges

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

As at 31 December 2022, an accumulated net losses from the hedging instrument of RMB675 million was recognised in other comprehensive income (31 December 2021: accumulated net gains of RMB1,650 million). There was no ineffectiveness in profit or loss that arises from the net investment hedges in 2022 and 2021.

(4) Offsetting of financial instruments

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

	31 December 2022		31 December 2021	
	Gross amounts	Net amounts	Gross amounts	Net amounts
Derivative financial assets	<u>57,400</u>	<u>30,970</u>	<u>36,220</u>	<u>25,442</u>
Derivative financial liabilities	<u>60,494</u>	<u>34,064</u>	<u>41,792</u>	<u>31,014</u>

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

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

	31 December 2022	31 December 2021
Counterparty credit default risk-weighted assets	116,655	126,653
Including: Non-netting settled credit default risk-weighted assets	80,534	120,128
Netting settled credit default risk-weighted assets	36,121	6,525
Credit value adjustment risk-weighted assets	40,729	67,911
Central counterparties credit risk-weighted assets	8,840	1,751
	<u>166,224</u>	<u>196,315</u>

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

7.4.12 Financial Investments

	31 December 2022	31 December 2021
Financial investments measured at FVTPL	714,879	623,223
Financial investments measured at FVTOCI	2,178,018	1,803,604
Financial investments measured at amortised cost	7,634,395	6,830,933
	<u>10,527,292</u>	<u>9,257,760</u>

7.4.13 Other Comprehensive Income

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

	Investment revaluation reserve	Foreign currency translation reserve	Other	Total
1 January 2021	22,377	(27,882)	(4,923)	(10,428)
Movement during the year 31 December 2021 and 1 January 2022	2,251	(12,117)	1,951	(7,915)
	<u>24,628</u>	<u>(39,999)</u>	<u>(2,972)</u>	<u>(18,343)</u>
Movement during the year 31 December 2022	(23,861)	22,758	(1,038)	(2,141)
	<u>767</u>	<u>(17,241)</u>	<u>(4,010)</u>	<u>(20,484)</u>

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

	2022	2021
Items that will not be reclassified to profit or loss:		
(i) Changes in fair value of equity instruments designated as at FVTOCI	(2,968)	(1,180)
(ii) Other comprehensive income recognised under the equity method	(25)	15
(iii) Other	13	28
Items that may be reclassified subsequently to profit or loss:		
(i) Changes in fair value of debt instruments measured at FVTOCI	(27,769)	5,777
Less: Amount transferred to profit or loss from other comprehensive income and income tax effect	3,394	(4,154)
	<u>(24,375)</u>	<u>1,623</u>
(ii) Credit losses of debt instruments measured at FVTOCI	3,831	1,827
(iii) Cash flow hedging reserve:		
Gain during the year	1,268	374
Less: Income tax effect	16	68
	<u>1,284</u>	<u>442</u>
(iv) Other comprehensive income recognised under the equity method	(313)	541
(v) Foreign currency translation reserve	21,345	(12,353)
(vi) Other	(1,975)	885
	<u>(3,183)</u>	<u>(8,172)</u>

7.4.14 Commitments and Contingent Liabilities

(a) Capital commitments

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

	31 December 2022	31 December 2021
Contracted but not provided for	<u>19,427</u>	<u>31,307</u>

(b) Credit commitments

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

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

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

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

	31 December 2022	31 December 2021
Bank acceptances	680,068	449,141
Guarantees issued		
– Financing letters of guarantees	56,365	50,114
– Non-financing letters of guarantees	501,054	444,418
Sight letters of credit	53,646	54,466
Usance letters of credit	112,606	114,733
Loan commitments		
– With an original maturity of under one year	108,102	50,199
– With an original maturity of one year or over	348,202	497,892
Undrawn credit card limits	<u>1,111,002</u>	<u>1,069,406</u>
	<u>2,971,045</u>	<u>2,730,369</u>
Credit risk-weighted assets of credit commitments	<u>1,113,801</u>	<u>1,082,099</u>

(c) Operating leases

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

	31 December 2022	31 December 2021
Within one year	16,946	16,451
Over one year but within two years	15,380	15,920
Over two years but within three years	14,627	15,937
Over three years but within five years	24,864	27,840
Over five years	57,258	59,648
	<u>129,075</u>	<u>135,796</u>

(d) Legal proceedings and arbitrations

The Group is involved in lawsuits and arbitrations during its normal course of operations. As at 31 December 2022, there were a number of legal proceedings and arbitrations outstanding against the Bank and/or its subsidiaries with a total claimed amount of RMB4,738 million (31 December 2021: RMB6,165 million).

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

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

As an underwriting agent of the MOF, the Bank underwrites certain PRC government bonds and sells the bonds to the general public. The Bank is obliged to redeem these bonds at the discretion of the holders at any time prior to maturity. The redemption price for the bonds is based on the nominal value of the bonds plus any interest accrued up to the redemption date. The MOF will not provide funding for the early redemption of these PRC government bonds on a back-to-back basis but is obliged to repay the principal and the respective interest upon maturity. The redemption obligations, which represent the nominal value of government bonds underwritten and sold by the Group, but not yet matured as at 31 December 2022 were RMB62,140 million (31 December 2021: RMB75,553 million). Management expects that the redemption obligation of these PRC government bonds by the Bank prior to maturity will not be material.

As at 31 December 2022, the Group has not had any outstanding securities underwriting commitments (31 December 2021: RMB6,350 million).

(f) Designated funds and loans

	31 December 2022	31 December 2021
Designated funds	<u>3,420,373</u>	<u>2,783,961</u>
Designated loans	<u>3,420,106</u>	<u>2,783,778</u>

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

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

(g) Fiduciary activities

The Group provides custody, trust and asset management services to third parties. Those assets held in a fiduciary capacity are not included in the Group's consolidated statement of financial position.

7.4.15 Segment Information

(a) Operating segments

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

Corporate banking

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

Personal banking

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

Treasury operations

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

Other

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

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

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

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

	2022				
	Corporate banking	Personal banking	Treasury operations	Other	Total
External net interest income	291,628	132,168	269,891	–	693,687
Internal net interest income/(expense)	14,267	167,717	(181,984)	–	–
Net fee and commission income	74,554	54,228	483	–	129,265
Other income/(expense), net (i)	8,466	(8,010)	11,984	6,049	18,489
Operating income	388,915	346,103	100,374	6,049	841,441
Operating expenses	(97,437)	(122,897)	(16,812)	(3,738)	(240,884)
Impairment losses on assets	(125,707)	(24,851)	(30,822)	(1,039)	(182,419)
Operating profit	165,771	198,355	52,740	1,272	418,138
Share of results of associates and joint ventures	–	–	–	4,427	4,427
Profit before taxation	165,771	198,355	52,740	5,699	422,565
Income tax expense					(61,527)
Profit for the year					<u>361,038</u>
Other segment information:					
Depreciation and amortisation	10,543	13,271	2,781	111	26,706
Capital expenditure	13,255	16,618	3,501	139	33,513

	31 December 2022				
	Corporate banking	Personal banking	Treasury operations	Other	Total
Segment assets	14,683,048	8,658,389	15,992,193	174,427	39,508,057
Including:					
Investments in associates and joint ventures	–	–	–	65,878	65,878
Property and equipment	106,222	141,504	27,976	18,185	293,887
Other non-current assets (ii)	45,386	22,659	5,610	9,649	83,304
Unallocated assets					<u>101,600</u>
Total assets					<u>39,609,657</u>
Segment liabilities	15,448,837	15,326,369	5,039,830	191,414	36,006,450
Unallocated liabilities					<u>89,381</u>
Total liabilities					<u>36,095,831</u>
Other segment information:					
Credit commitments	<u>1,861,309</u>	<u>1,109,736</u>	<u>–</u>	<u>–</u>	<u>2,971,045</u>

(i) Includes net trading income, net gains on financial investments and other net operating income.

(ii) Includes intangible assets, goodwill, long-term deferred expenses, right-of-use assets and other non-current assets.

(b) Geographical information

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

Chinese mainland (Head Office and domestic branches)

Head Office (“HO”): the HO business divisions (including institutions directly managed by the HO and its offices);

Yangtze River Delta: including Shanghai, Jiangsu, Zhejiang and Ningbo;

Pearl River Delta: including Guangdong, Shenzhen, Fujian and Xiamen;

Bohai Rim: including Beijing, Tianjin, Hebei, Shandong and Qingdao;

Central China: including Shanxi, Henan, Hubei, Hunan, Anhui, Jiangxi and Hainan;

Western China: including Chongqing, Sichuan, Guizhou, Yunnan, Guangxi, Shaanxi, Gansu, Qinghai, Ningxia, Xinjiang, Inner Mongolia and Tibet; and

Northeastern China: including Liaoning, Heilongjiang, Jilin and Dalian.

Overseas and other

Branches located outside Chinese mainland, domestic and overseas subsidiaries, and investments in associates and joint ventures.

Chinese mainland (HO and domestic branches)

	Head Office	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central China	Western China	Northeastern China	Overseas and other	Eliminations	Total
External net interest income	290,613	77,438	80,913	11,062	77,663	103,557	8,725	43,716	-	693,687
Internal net interest (expense)/income	(259,518)	52,414	18,670	125,852	28,413	18,105	18,710	(2,646)	-	-
Net fee and commission income	42,134	20,667	14,954	17,965	9,327	10,437	2,621	12,830	(1,670)	129,265
Other income/(expense), net (i)	11,096	(1,992)	(1,078)	(1,057)	(594)	(1,297)	(842)	12,651	1,602	18,489
Operating income	84,325	148,527	113,459	153,822	114,809	130,802	29,214	66,551	(68)	841,441
Operating expenses	(30,360)	(36,619)	(26,794)	(37,485)	(34,096)	(38,699)	(13,050)	(23,849)	68	(240,884)
Impairment losses on assets	(53,708)	(13,775)	(26,978)	(21,243)	(20,634)	(30,262)	(4,286)	(11,533)	-	(182,419)
Operating profit	257	98,133	59,687	95,094	60,079	61,841	11,878	31,169	-	418,138
Share of results of associates and joint ventures	-	-	-	-	-	-	-	4,427	-	4,427
Profit before taxation	257	98,133	59,687	95,094	60,079	61,841	11,878	35,596	-	422,565
Income tax expense										(61,527)
Profit for the year										<u>361,038</u>
Other segment information:										
Depreciation and amortisation	4,534	3,946	2,696	3,972	3,511	4,206	1,471	2,370	-	26,706
Capital expenditure	3,758	3,579	2,796	2,933	3,292	3,547	1,099	12,509	-	<u>33,513</u>

31 December 2022

Chinese mainland (HO and domestic branches)

	Head Office	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central China	Western China	Northeastern China	Overseas and other	Eliminations	Total
Assets by geographical areas	8,069,477	9,418,551	6,583,520	6,065,352	4,396,769	5,174,047	1,469,644	4,365,670	(6,034,973)	39,508,057
Including:										
Investments in associates and joint ventures	-	-	-	-	-	-	-	65,878	-	65,878
Property and equipment	12,750	32,205	13,678	19,853	18,542	22,240	8,403	166,216	-	293,887
Other non-current assets (ii)	16,623	7,274	6,149	6,812	8,359	9,769	2,469	25,849	-	83,304
Unallocated assets										<u>101,600</u>
Total assets										<u>39,609,657</u>
Liabilities by geographical areas	5,335,535	9,208,450	5,833,211	9,263,328	4,599,017	4,842,967	1,819,550	1,139,365	(6,034,973)	36,006,450
Unallocated liabilities										<u>89,381</u>
Total liabilities										<u>36,095,831</u>
Other segment information:										
Credit commitments	1,157,911	1,378,232	931,972	1,106,387	624,496	680,902	160,799	796,832	(3,866,486)	<u>2,971,045</u>

(i) Includes net trading income, net gains on financial investments and other net operating income.

(ii) Includes intangible assets, goodwill, long-term deferred expenses, right-of-use assets and other non-current assets.

Chinese mainland (HO and domestic branches)

	Head Office	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central China	Western China	Northeastern China	Overseas and other	Eliminations	Total
External net interest income	268,554	79,643	83,851	24,702	77,869	105,129	12,041	38,891	-	690,680
Internal net interest (expense)/income	(202,860)	39,174	11,381	106,166	20,293	12,805	15,066	(2,025)	-	-
Net fee and commission income	47,014	21,368	14,503	17,067	8,623	11,540	2,361	12,120	(1,572)	133,024
Other income/(expense), net (i)	22,780	(3,641)	(2,261)	(2,275)	(1,428)	(2,675)	114	25,059	1,503	37,176
Operating income	135,488	136,544	107,474	145,660	105,357	126,799	29,582	74,045	(69)	860,880
Operating expenses	(32,376)	(34,986)	(26,051)	(37,142)	(33,208)	(38,426)	(12,923)	(21,184)	69	(236,227)
Impairment losses on assets	(45,081)	(17,638)	(21,724)	(44,135)	(25,034)	(22,896)	(15,400)	(10,715)	-	(202,623)
Operating profit	58,031	83,920	59,699	64,383	47,115	65,477	1,259	42,146	-	422,030
Share of results of associates and joint ventures	-	-	-	-	-	-	-	2,869	-	2,869
Profit before taxation	58,031	83,920	59,699	64,383	47,115	65,477	1,259	45,015	-	424,899
Income tax expense										(74,683)
Profit for the year										<u>350,216</u>
Other segment information:										
Depreciation and amortisation	3,910	3,412	2,584	3,939	3,358	4,040	1,450	2,155	-	24,848
Capital expenditure	6,089	4,639	3,845	3,710	4,100	4,625	1,501	14,822	-	<u>43,331</u>

31 December 2021

Chinese mainland (HO and domestic branches)

	Head Office	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central China	Western China	Northeastern China	Overseas and other	Eliminations	Total
Assets by geographical areas	8,145,032	8,248,981	5,870,705	5,186,815	3,786,925	4,553,489	1,333,077	4,100,318	(6,133,218)	35,092,124
Including:										
Investments in associates and joint ventures	-	-	-	-	-	-	-	61,782	-	61,782
Property and equipment	13,971	33,190	13,729	20,726	18,911	23,331	8,865	157,573	-	290,296
Other non-current assets (ii)	16,056	7,371	6,075	7,087	8,457	9,685	2,317	23,613	-	80,661
Unallocated assets										<u>79,259</u>
Total assets										<u>35,171,383</u>
Liabilities by geographical areas	5,470,908	8,944,022	5,645,178	7,928,583	3,568,847	3,745,729	1,539,014	1,088,995	(6,133,218)	31,798,058
Unallocated liabilities										<u>98,067</u>
Total liabilities										<u>31,896,125</u>
Other segment information:										
Credit commitments	1,123,767	1,172,580	791,688	1,001,597	450,171	611,013	147,856	631,815	(3,200,118)	<u>2,730,369</u>

(i) Includes net trading income, net gains on financial investments and other net operating income.

(ii) Includes intangible assets, goodwill, long-term deferred expenses, right-of-use assets and other non-current assets.

8. Unaudited Supplementary Information To the Consolidated Financial Statements

8.1 Correspondence between balance sheet in published financial statements and capital composition

The disclosure of correspondence between balance sheet in published financial statements and capital composition is based on the Notice on Issuing Regulatory Documents on Capital Regulation for Commercial Banks (Yin Jian Fa [2013] No. 33) Appendix 2 Notice on Enhancing Disclosure Requirements for Composition of Capital.

(i) Capital composition

Item	31 December 2022	31 December 2021	Reference
Common equity tier 1 capital:			
1 Paid-in capital	356,407	356,407	X18
2 Retained earnings	2,654,856	2,413,631	
2a Surplus reserve	392,162	356,849	X21
2b General reserve	496,406	438,640	X22
2c Retained profits	1,766,288	1,618,142	X23
3 Accumulated other comprehensive income (and other public reserve)	127,335	129,939	
3a Capital reserve	148,174	148,597	X19
3b Other	(20,839)	(18,658)	X24
4 Valid portion to common equity tier 1 capital during the transition period (only applicable to non-joint stock companies. Fill in 0 for joint stock banks)	–	–	
5 Valid portion of minority interests	3,293	3,539	X25
6 Common equity tier 1 capital before regulatory adjustments	3,141,891	2,903,516	
Common equity tier 1 capital: Regulatory adjustments			
7 Prudential valuation adjustments	–	–	
8 Goodwill (net of deferred tax liabilities)	8,320	7,691	X16
9 Other intangible assets other than land use rights (net of deferred tax liabilities)	7,473	5,669	X14-X15
10 Deferred tax assets that rely on future profits excluding those arising from temporary differences (net of deferred tax liabilities)	–	–	
11 Cash flow hedging reserve that relates to the hedging of items that are not fair-valued on the balance sheet	(2,962)	(4,202)	X20
12 Shortfall of provision for loan impairment	–	–	

Item	31 December 2022	31 December 2021	Reference
13 Gain on sales related to asset securitisation	–	–	
14 Unrealised gains and losses due to changes in own credit risk on fair-valued liabilities	–	–	
15 Defined-benefit pension fund net assets (net of deferred tax liabilities)	–	–	
16 Direct or indirect investments in own ordinary shares	–	–	
17 Reciprocal cross-holdings in common equity tier 1 capital between banks, or between banks and other financial institutions	–	–	
18 Deductible amount of non-significant minority investments in common equity tier 1 capital instruments issued by financial institutions that are not subject to consolidation	–	–	
19 Deductible amount of significant minority investments in common equity tier 1 capital instruments issued by financial institutions that are not subject to consolidation	–	–	
20 Mortgage servicing rights	N/A	N/A	
21 Deferred tax assets arising from temporary differences (amount above 10% threshold, net of deferred tax liabilities)	–	–	
22 Deductible amount exceeding the 15% threshold for significant minority capital investments in common equity tier 1 capital instruments issued by financial institutions that are not subject to consolidation and undeducted portion of deferred tax assets arising from temporary differences (net of deferred tax liabilities)	–	–	
23 Including: Deductible amount of significant minority investments in common equity tier 1 capital instruments issued by financial institutions	–	–	
24 Including: Deductible amount of mortgage servicing rights	N/A	N/A	
25 Including: Deductible amount in deferred tax assets arising from temporary differences	–	–	
26a Investments in common equity tier 1 capital instruments issued by financial institutions that are under control but not subject to consolidation	7,980	7,980	X11

Item	31 December 2022	31 December 2021	Reference
26b Shortfall in common equity tier 1 capital instruments issued by financial institutions that are under control but not subject to consolidation	–	–	
26c Other that should be deducted from common equity tier 1 capital	–	–	
27 Undeducted shortfall that should be deducted from additional tier 1 capital and tier 2 capital	–	–	
28 Total regulatory adjustments to common equity tier 1 capital	20,811	17,138	
29 Common equity tier 1 capital	3,121,080	2,886,378	
Additional tier 1 capital:			
30 Additional tier 1 capital instruments and related premiums	354,331	354,331	
31 Including: Portion classified as equity	354,331	354,331	X28+X32
32 Including: Portion classified as liabilities	–	–	
33 Invalid instruments to additional tier 1 capital after the transition period	–	–	
34 Valid portion of minority interests	584	655	X26
35 Including: Invalid portion to additional tier 1 capital after the transition period	–	–	
36 Additional tier 1 capital before regulatory adjustments	354,915	354,986	
Additional tier 1 capital: Regulatory adjustments			
37 Direct or indirect investments in own additional tier 1 instruments	–	–	
38 Reciprocal cross-holdings in additional tier 1 capital between banks, or between banks and other financial institutions	–	–	
39 Deductible amount of non-significant minority investments in additional tier 1 capital instruments issued by financial institutions that are not subject to consolidation	–	–	
40 Significant minority investments in additional tier 1 capital instruments issued by financial institutions that are not subject to consolidation	–	–	

Item	31 December 2022	31 December 2021	Reference
41a Investments in additional tier 1 capital instruments issued by financial institutions that are under control but not subject to consolidation	–	–	
41b Shortfall in additional tier 1 capital instruments issued by financial institutions that are under control but not subject to consolidation	–	–	
41c Other that should be deducted from additional tier 1 capital	–	–	
42 Undeducted shortfall that should be deducted from tier 2 capital	–	–	
43 Total regulatory adjustments to additional tier 1 capital	–	–	
44 Additional tier 1 capital	354,915	354,986	
45 Tier 1 capital (common equity tier 1 capital + additional tier 1 capital)	3,475,995	3,241,364	
Tier 2 capital:			
46 Tier 2 capital instruments and related premiums	528,307	418,415	X17
47 Invalid instruments to tier 2 capital after the transition period	–	20,285	
48 Valid portion of minority interests	1,013	1,116	X27
49 Including: Invalid portion to tier 2 capital after the transition period	–	–	
50 Valid portion of surplus provision for loan impairment	275,764	248,774	X02+X04
51 Tier 2 capital before regulatory adjustments	805,084	668,305	
Tier 2 capital: Regulatory adjustments			
52 Direct or indirect investments in own tier 2 instruments	–	–	
53 Reciprocal cross-holdings in tier 2 capital between banks, or between banks and other financial institutions	–	–	
54 Deductible portion of non-significant minority investments in tier 2 capital instruments issued by financial institutions that are not subject to consolidation	–	–	
55 Significant minority investments in tier 2 capital instruments issued by financial institutions that are not subject to consolidation	–	–	X31

Item	31 December 2022	31 December 2021	Reference
56a Investments in tier 2 capital instruments issued by financial institutions that are under control but not subject to consolidation	–	–	
56b Shortfall in tier 2 capital instruments issued by financial institutions that are under control but not subject to consolidation	–	–	
56c Other that should be deducted from tier 2 capital	–	–	
57 Total regulatory adjustments to tier 2 capital	–	–	
58 Tier 2 capital	805,084	668,305	
59 Total capital (tier 1 capital+tier 2 capital)	4,281,079	3,909,669	
60 Total risk-weighted assets	22,225,272	21,690,349	
Requirements for capital adequacy ratio and reserve capital			
61 Common equity tier 1 capital adequacy ratio	14.04%	13.31%	
62 Tier 1 capital adequacy ratio	15.64%	14.94%	
63 Capital adequacy ratio	19.26%	18.02%	
64 Institution specific buffer requirements	4.0%	4.0%	
65 Including: Capital conservation buffer requirements	2.5%	2.5%	
66 Including: Countercyclical buffer requirements	–	–	
67 Including: G-SIB buffer requirements	1.5%	1.5%	
68 Percentage of common equity tier 1 capital meeting buffers to risk-weighted assets	9.04%	8.31%	
Domestic minima for regulatory capital			
69 Common equity tier 1 capital adequacy ratio	5.0%	5.0%	
70 Tier 1 capital adequacy ratio	6.0%	6.0%	
71 Capital adequacy ratio	8.0%	8.0%	
Amounts below the thresholds for deduction			
72 Undeducted portion of non-significant minority investments in capital instruments issued by financial institutions that are not subject to consolidation	176,987	155,815	X05+X07 +X08+X09 +X12+X29 +X30

Item	31 December 2022	31 December 2021	Reference
73 Undeducted portion of significant minority investments in capital instruments issued by financial institutions that are not subject to consolidation	30,838	28,773	X06+X10 +X13
74 Mortgage servicing rights (net of deferred tax liabilities)	N/A	N/A	
75 Deferred tax assets arising from temporary differences (net of deferred tax liabilities)	101,072	74,611	
Valid caps of surplus provision for loan impairment in tier 2 capital			
76 Provision for loan impairment under the weighted approach	31,195	24,545	X01
77 Valid cap of surplus provision for loan impairment in tier 2 capital under the weighted approach	19,820	15,909	X02
78 Surplus provision for loan impairment under the internal ratings-based approach	641,029	579,219	X03
79 Valid cap of surplus provision for loan impairment in tier 2 capital under the internal ratings-based approach	255,944	232,865	X04
Capital instruments subject to phase-out arrangements			
80 Valid cap to common equity tier 1 capital instruments for the current period due to phase-out arrangements	–	–	
81 Excluded from common equity tier 1 capital due to cap	–	–	
82 Valid cap to additional tier 1 capital instruments for the current period due to phase-out arrangements	–	–	
83 Excluded from additional tier 1 capital due to cap	–	–	
84 Valid cap to tier 2 capital instruments for the current period due to phase-out arrangements	–	20,285	
85 Excluded from tier 2 capital for the current period due to cap	38,000	37,740	

(ii) Consolidated financial statements

	31 December 2022	31 December 2022	31 December 2021	31 December 2021
	Consolidated balance sheet as in published financial statements*	31 December 2022 Balance sheet under regulatory scope of consolidation*	Consolidated balance sheet as in published financial statements*	31 December 2021 Balance sheet under regulatory scope of consolidation*
Assets				
Cash and balances with central banks	3,427,892	3,427,892	3,098,438	3,098,438
Due from banks and other financial institutions	365,625	323,131	346,457	301,191
Precious metals	273,289	273,289	265,962	265,962
Placements with banks and other financial institutions	676,879	676,879	480,693	480,693
Derivative financial assets	87,205	87,205	76,140	76,140
Reverse repurchase agreements	864,067	858,304	663,496	662,544
Loans and advances to customers	22,593,648	22,591,551	20,109,200	20,107,266
Financial investments	10,527,292	10,302,218	9,257,760	9,060,427
– Financial investments measured at FVTPL	714,879	637,851	623,223	560,683
– Financial investments measured at FVTOCI	2,178,018	2,115,023	1,803,604	1,743,097
– Financial investments measured at amortised cost	7,634,395	7,549,344	6,830,933	6,756,647
Long-term equity investments	65,878	73,858	61,782	69,762
Fixed assets	274,839	274,771	270,017	269,952
Construction in progress	17,072	17,002	18,182	18,172
Deferred tax assets	101,600	101,072	79,259	79,259
Other assets	334,371	328,887	443,997	430,485
Total assets	39,609,657	39,336,059	35,171,383	34,920,291

(*) Prepared in accordance with PRC GAAP.

	31 December 2022	31 December 2022	31 December 2021	31 December 2021
	Consolidated balance sheet as in published financial statements*	31 December 2022 Balance sheet under regulatory scope of consolidation*	Consolidated balance sheet as in published financial statements*	31 December 2021 Balance sheet under regulatory scope of consolidation*
Liabilities				
Due to central banks	145,781	145,781	39,723	39,723
Due to banks and other financial institutions	2,664,901	2,664,901	2,431,689	2,431,689
Placements from banks and other financial institutions	520,663	520,663	489,340	489,340
Financial liabilities measured at FVTPL	64,126	64,126	87,180	87,180
Derivative financial liabilities	96,350	96,350	71,337	71,337
Repurchase agreements	574,778	573,279	365,943	351,049
Certificates of deposit	375,452	375,452	290,342	290,342
Due to customers	29,870,491	29,870,491	26,441,774	26,441,774
Employee benefits payable	49,413	49,034	41,083	40,659
Taxes payable	102,074	102,031	108,897	108,871
Debt securities issued	905,953	900,807	791,375	791,375
Deferred tax liabilities	3,800	3,706	5,624	4,648
Other liabilities	722,049	464,748	731,818	508,191
Total liabilities	36,095,831	35,831,369	31,896,125	31,656,178
Equity				
Share capital	356,407	356,407	356,407	356,407
Other equity instruments	354,331	354,331	354,331	354,331
Preference shares	134,614	134,614	134,614	134,614
Perpetual bonds	219,717	219,717	219,717	219,717
Capital reserve	148,174	148,174	148,597	148,597
Other comprehensive income	(20,484)	(20,839)	(18,343)	(18,658)
Surplus reserve	392,487	392,162	357,169	356,849
General reserve	496,719	496,406	438,952	438,640
Retained profits	1,767,537	1,766,288	1,620,642	1,618,142
Equity attributable to equity holders of the parent company	3,495,171	3,492,929	3,257,755	3,254,308
Minority interests	18,655	11,761	17,503	9,805
Total equity	3,513,826	3,504,690	3,275,258	3,264,113

(*) Prepared in accordance with PRC GAAP.

(iii) Description of related items

Item	31 December 2022 Balance sheet under regulatory scope of consolidation	Reference
Loans and advances to customers	22,591,551	
Total loans and advances to customers	23,263,775	
Less: Provision for loan impairment under the weighted approach	31,195	X01
Including: Valid cap of surplus provision for loan impairment in tier 2 capital under the weighted approach	19,820	X02
Less: Provision for loan impairment under the internal ratings-based approach	641,029	X03
Including: Valid cap of surplus provision for loan impairment in tier 2 capital under the internal ratings-based approach	255,944	X04
Financial investments		
Financial investments measured at FVTPL	637,851	
Including: Non-significant minority investments in common equity tier 1 capital instruments issued by financial institutions that are not subject to consolidation	57	X05
Including: Significant minority investments in common equity tier 1 capital instruments issued by financial institutions that are not subject to consolidation	130	X06
Including: Non-significant minority investments in additional tier 1 capital instruments issued by financial institutions that are not subject to consolidation	63	X07
Including: Non-significant minority investments in tier 2 capital instruments issued by financial institutions that are not subject to consolidation	159,641	X08
Financial investments measured at FVTOCI	2,115,023	
Including: Non-significant minority investments in common equity tier 1 capital instruments issued by financial institutions that are not subject to consolidation	14,516	X09
Including: Significant minority investments in common equity tier 1 capital instruments issued by financial institutions that are not subject to consolidation	2,625	X10
Including: Non-significant minority investments in tier 2 capital instruments issued by financial institutions that are not subject to consolidation	–	X29

Item	31 December 2022 Balance sheet under regulatory scope of consolidation	Reference
Financial investments measured at amortised cost	7,549,344	
Including: Non-significant minority investments in tier 2 capital instruments issued by financial institutions that are not subject to consolidation	–	X30
Including: Significant minority investments in tier 2 capital instruments issued by financial institutions that are not subject to consolidation	–	X31
Long-term equity investments	73,858	
Including: Investments in common equity tier 1 capital instruments issued by financial institutions that are under control but not subject to consolidation	7,980	X11
Including: Undeducted portion of non-significant minority investments in capital instruments issued by financial institutions that are not subject to consolidation	2,710	X12
Including: Undeducted portion of significant minority investments in capital instruments issued by financial institutions that are not subject to consolidation	28,083	X13
Other assets	328,887	
Interest receivable	2,941	
Intangible assets	22,320	X14
Including: Land use rights	14,847	X15
Other receivables	154,823	
Goodwill	8,320	X16
Long-term deferred expenses	6,604	
Repossessed assets	3,405	
Other	130,474	

Item	31 December 2022 Balance sheet under regulatory scope of consolidation	Reference
Debt securities issued	900,807	
Including: Valid portion of tier 2 capital instruments and their premiums	528,307	X17
Share capital	356,407	X18
Other equity instruments	354,331	
Including: Preference shares	134,614	X28
Including: Perpetual bonds	219,717	X32
Capital reserve	148,174	X19
Other comprehensive income	(20,839)	X24
Reserve for changes in fair value of financial assets	533	
Reserve for cash flow hedging	(2,987)	
Including: Cash flow hedging reserve that relates to the hedging of items that are not fair-valued on the balance sheet	(2,962)	X20
Changes in share of other owners' equity of associates and joint ventures	(582)	
Foreign currency translation reserve	(17,457)	
Other	(346)	
Surplus reserve	392,162	X21
General reserve	496,406	X22
Retained profits	1,766,288	X23
Minority interests	11,761	
Including: Valid portion of common equity tier 1 capital	3,293	X25
Including: Valid portion of additional tier 1 capital	584	X26
Including: Valid portion of tier 2 capital	1,013	X27

(iv) Main features of eligible capital instruments

Main features of regulatory capital instrument	Ordinary shares (A share)	Ordinary shares (H share)	Preference shares (Domestic)	Preference shares (Domestic)
Issuer	The Bank	The Bank	The Bank	The Bank
Unique identifier	601398	1398	360011	360036
Governing law(s) of the instrument	Securities Law of the People's Republic of China/China	Securities and Futures Ordinance of Hong Kong/Hong Kong SAR, China	Company Law of the People's Republic of China, Securities Law of the People's Republic of China. Guidance of the State Council on Launch of Preference Shares Pilot, Trial Administrative Measures on Preference Shares, Guidance on the Issuance of Preference Shares of Commercial Banks to Replenish Tier 1 Capital/China	Company Law of the People's Republic of China, Securities Law of the People's Republic of China, Guidance of the State Council on Launch of Preference Shares Pilot, Trial Administrative Measures on Preference Shares, Guidance on the Issuance of Preference Shares of Commercial Banks to Replenish Tier 1 Capital/China
Regulatory treatment	Common equity tier 1 capital	Common equity tier 1 capital	Additional tier 1 capital	Additional tier 1 capital
Including: Transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Common equity tier 1 capital	Common equity tier 1 capital	Additional tier 1 capital	Additional tier 1 capital
Including: Post-transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Common equity tier 1 capital	Common equity tier 1 capital	Additional tier 1 capital	Additional tier 1 capital
Including: Eligible to the parent company/group level	Parent company/Group	Parent company/Group	Parent company/Group	Parent company/Group
Instrument type	Common equity tier 1 capital instrument	Common equity tier 1 capital instrument	Additional tier 1 capital instrument	Additional tier 1 capital instrument
Amount recognised in regulatory capital (in millions, as at the latest reporting date)	RMB336,554	RMB168,374	RMB44,947	RMB69,981
Par value of instrument (in millions)	RMB269,612	RMB86,795	RMB45,000	RMB70,000
Accounting treatment	Share capital, capital reserve	Share capital, capital reserve	Other equity	Other equity
Original date of issuance	19 October 2006	19 October 2006	18 November 2015	19 September 2019

Main features of regulatory capital instrument	Ordinary shares (A share)	Ordinary shares (H share)	Preference shares (Domestic)	Preference shares (Domestic)
Perpetual or dated Including: Original maturity date Issuer call (subject to prior supervisory approval) Including: Optional call date, contingent call dates and redemption amount Including: Subsequent call dates, if applicable	Perpetual No maturity date No N/A N/A	Perpetual No maturity date No N/A N/A	Perpetual No maturity date Yes The First Redemption Date is 18 November 2020, in full or partial amount Commences on the First Redemption Date (18 November 2020) and ends on the completion date of redemption or conversion of all the Domestic Preference Shares	Perpetual No maturity date Yes The First Redemption Date is 24 September 2024, in full or partial amount Commences on the First Redemption Date (24 September 2024) and ends on the completion date of redemption or conversion of all the Domestic Preference Shares
Coupons/dividends Including: Fixed or floating dividend/coupon Including: Coupon rate and any related index	Floating N/A	Floating N/A	Fixed to floating 4.5% (dividend rate) before 23 November 2020, 4.58% (dividend rate) between 23 November 2020 and 22 November 2025	Fixed to floating 4.2% (dividend rate) before 24 September 2024
Including: Existence of a dividend stopper Including: Fully discretionary, partially discretionary or mandatory cancellation of coupons/dividends Including: Redemption incentive mechanism Including: Non-cumulative or cumulative	N/A Fully discretionary No Non-cumulative	N/A Fully discretionary No Non-cumulative	Yes Fully discretionary	Yes Fully discretionary No Non-cumulative

Main features of regulatory capital instrument	Ordinary shares (A share)	Ordinary shares (H share)	Preference shares (Domestic)	Preference shares (Domestic)
Convertible or non-convertible Including: If convertible, conversion trigger(s)	No N/A	No N/A	Yes Additional Tier 1 Capital Trigger Event or Tier 2 Capital Trigger Event	Yes Additional Tier 1 Capital Trigger Event or Tier 2 Capital Trigger Event
Including: If convertible, fully or partially	N/A	N/A	Fully or partially convertible when an Additional Tier 1 Capital Trigger Event occurs; fully convertible when a Tier 2 Capital Trigger Event occurs	Fully or partially convertible when an Additional Tier 1 Capital Trigger Event occurs; fully convertible when a Tier 2 Capital Trigger Event occurs
Including: If convertible, conversion rate	N/A	N/A	The initial conversion price is equal to the average trading price of the A shares of the Bank for the 20 trading days preceding 25 July 2014, the date of publication of the Board resolution in respect of the issuance plan	The initial conversion price is equal to the average trading price of the A shares of the Bank for the 20 trading days preceding 30 August 2018, the date of publication of the Board resolution in respect of the issuance plan
Including: If convertible, mandatory or optional conversion	N/A	N/A	Mandatory	Mandatory
Including: If convertible, specify instrument type convertible into	N/A	N/A	Common equity tier 1 capital	Common equity tier 1 capital
Including: If convertible, specify issuer of instrument it converts into	N/A	N/A	The Bank	The Bank

Main features of regulatory capital instrument	Ordinary shares (A share)	Ordinary shares (H share)	Preference shares (Domestic)	Preference shares (Domestic)
Write-down feature	No	No	No	No
Including: If write-down, write-down trigger(s)	N/A	N/A	N/A	N/A
Including: If write-down, full or partial	N/A	N/A	N/A	N/A
Including: If write-down, permanent or temporary	N/A	N/A	N/A	N/A
Including: If temporary write-down, description of write-up mechanism	N/A	N/A	N/A	N/A
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinated to depositor, general creditor, creditor of the subordinated debts and preference shareholders	Subordinated to depositor, general creditor, creditor of the subordinated debts and preference shareholders	Subordinated to deposits, general debts, subordinated debts, tier 2 capital bonds and undated additional tier 1 capital bonds	Subordinated to deposits, general debts, subordinated debts, tier 2 capital bonds and undated additional tier 1 capital bonds
Non-compliant transitioned features	No	No	No	No
Including: If yes, specify non-compliant features	N/A	N/A	N/A	N/A

Main features of regulatory capital instrument	Preference shares (Offshore)	Undated additional tier 1 capital bonds (Domestic)	Undated additional tier 1 capital bonds (Domestic)	Undated additional tier 1 capital bonds (Offshore)
Issuer	The Bank	The Bank	The Bank	The Bank
Unique identifier	4620	1928018	2128021	Regulation S ISIN: XS2383421711
Governing law(s) of the instrument	The creation and issue of the Offshore Preference Shares and the rights and obligations (including non-contractual rights and obligations) attached to them are governed by, and shall be construed in accordance with, PRC law	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents /China	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents /China	The Notes and any other non-contractual obligations arising out of or in connection with them shall be governed by, and construed in accordance with English law. However, the provisions in the terms and conditions of the Notes relating to subordination of the Notes shall be governed by and construed in accordance with PRC law and regulations
Regulatory treatment				
Including: Transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Additional tier 1 capital	Additional tier 1 capital	Additional tier 1 capital	Additional tier 1 capital
Including: Post-transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Additional tier 1 capital	Additional tier 1 capital	Additional tier 1 capital	Additional tier 1 capital
Including: Eligible to the parent company/group level	Parent company/ Group	Parent company/ Group	Parent company/ Group	Parent company/ Group
Instrument type	Additional tier 1 capital instrument	Additional tier 1 capital instrument	Additional tier 1 capital instrument	Additional tier 1 capital instrument
Amount recognised in regulatory capital (in millions, as at the latest reporting date)	RMB equivalent 19,687	RMB79,987	RMB69,992	RMB equivalent 39,742

Main features of regulatory capital instrument	Preference shares (Offshore)	Undated additional tier 1 capital bonds (Domestic)	Undated additional tier 1 capital bonds (Domestic)	Undated additional tier 1 capital bonds (Offshore)
Par value of instrument (in millions)	USD2,900	RMB80,000	RMB70,000	USD6,160
Accounting treatment	Other equity	Other equity	Other equity	Other equity
Original date of issuance	23 September 2020	26 July 2019	4 June 2021	24 September 2021
Perpetual or dated	Perpetual	Perpetual	Perpetual	Perpetual
Including: Original maturity date	No maturity date	No maturity date	No maturity date	No maturity date
Issuer call (subject to prior supervisory approval)	Yes	Yes	Yes	Yes
Including: Optional call date, contingent call dates and redemption amount	The First Redemption Date is 23 September 2025, in full or partial amount	The First Redemption Date is 30 July 2024, in full or partial amount	The First Redemption Date is 8 June 2026, in full or partial amount	The First Redemption Date is 24 September 2026, in full or partial amount
Including: Subsequent call dates, if applicable	23 September in each year after the First Redemption Date	Redemption of present bonds in full or in part on each Distribution Payment Date since the First Redemption Date (30 July 2024). The Issuer has the right to redeem the present bonds in full rather than in part if the present bonds are no longer qualified as additional tier 1 capital after they are issued due to unpredictable changes in regulatory rules	Redemption of present bonds in full or in part on each Distribution Payment Date since the First Redemption Date (8 June 2026). The Issuer has the right to redeem the present bonds in full rather than in part if the present bonds are no longer qualified as additional tier 1 capital after they are issued due to unpredictable changes in regulatory rules	Redemption of present bonds in full or in part on each Distribution Payment Date since the First Redemption Date (24 September 2026). The Issuer has the right to redeem the present bonds in full rather than in part if the present bonds are no longer qualified as additional tier 1 capital after they are issued due to unpredictable changes in regulatory rules
Coupons/dividends				
Including: Fixed or floating dividend/coupon	Fixed to floating	Fixed to floating	Fixed to floating	Fixed to floating
Including: Coupon rate and any related index	3.58% (dividend rate) before 23 September 2025	4.45% (interest rate) before 30 July 2024	4.04% (interest rate) before 8 June 2026	3.20% (interest rate) before 24 September 2026
Including: Existence of a dividend stopper	Yes	Yes	Yes	Yes
Including: Fully discretionary, partially discretionary or mandatory cancellation of coupons/dividends	Fully discretionary	Fully discretionary	Fully discretionary	Fully discretionary
Including: Redemption incentive mechanism	No	No	No	No
Including: Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative

Main features of regulatory capital instrument	Preference shares (Offshore)	Undated additional tier 1 capital bonds (Domestic)	Undated additional tier 1 capital bonds (Domestic)	Undated additional tier 1 capital bonds (Offshore)
Convertible or non-convertible Including: If convertible, conversion trigger(s) Including: If convertible, fully or partially	Yes Non-viability Trigger Event Fully or partially convertible when a Non-viability Trigger Event occurs	No N/A N/A	No N/A N/A	No N/A N/A
Including: If convertible, conversion rate	The initial conversion price is equal to the average trading price of the H shares of the Bank for the 20 trading days preceding 30 August 2018, the date of publication of the Board resolution in respect of the issuance plan Mandatory	N/A	N/A	N/A
Including: If convertible, mandatory or optional conversion		N/A	N/A	N/A
Including: If convertible, specify instrument type convertible into	Common equity tier 1 capital	N/A	N/A	N/A
Including: If convertible, specify issuer of instrument it converts into	The Bank	N/A	N/A	N/A

Main features of regulatory capital instrument	Preference shares (Offshore)	Undated additional tier 1 capital bonds (Domestic)	Undated additional tier 1 capital bonds (Domestic)	Undated additional tier 1 capital bonds (Offshore)
Write-down feature	No	Yes	Yes	Yes
Including: If write-down, write-down trigger(s)	N/A	Additional Tier 1 Capital Trigger Event or Tier 2 Capital Trigger Event	Non-viability Trigger Event	Non-viability Trigger Event
Including: If write-down, full or partial	N/A	Full or partial write-down when an Additional Tier 1 Capital Trigger Event occurs; full write-down when a Tier 2 Capital Trigger Event occurs	Full or partial write-down when a Non-viability Trigger Event occurs	Full or partial write-down when a Non-viability Trigger Event occurs
Including: If write-down, permanent or temporary	N/A	Permanent write-down	Permanent write-down	Permanent write-down
Including: If temporary write-down, description of write-up mechanism	N/A	N/A	N/A	N/A
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinated to deposits, general debts, subordinated debts, tier 2 capital bonds and undated additional tier 1 capital bonds	Subordinated to deposits, general debts, subordinated debts and tier 2 capital bonds	Subordinated to deposits, general debts, subordinated debts and tier 2 capital bonds	Subordinated to deposits, general debts, subordinated debts and tier 2 capital bonds
Non-compliant transitioned features	No	No	No	No
Including: If yes, specify non-compliant features	N/A	N/A	N/A	N/A

Main features of regulatory capital instrument	Undated additional tier 1 capital bonds (Domestic)	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds
Issuer	The Bank	The Bank	The Bank	The Bank
Unique identifier	2128044	Rule 144A ISIN: US455881AD47 Regulation S ISIN: USY39656AC06	1928006	1928007
Governing law(s) of the instrument	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents /China	The Notes and the Fiscal Agency Agreement shall be governed by, and shall be construed in accordance with New York law, except that the provisions of the Notes relating to subordination shall be governed by, and construed in accordance with PRC law	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents
Regulatory treatment	Additional tier 1 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
Including: Transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)				
Including: Post-transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Additional tier 1 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
Including: Eligible to the parent company/group level	Parent company/ Group	Parent company/ Group	Parent company/ Group	Parent company/ Group
Instrument type	Additional tier 1 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument

Main features of regulatory capital instrument	Undated additional tier 1 capital bonds (Domestic)	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds
Amount recognised in regulatory capital (in millions, as at the latest reporting date)	RMB29,997	RMB equivalent 8,307	RMB45,000	RMB10,000
Par value of instrument (in millions)	RMB30,000	USD2,000	RMB45,000	RMB10,000
Accounting treatment	Other equity	Debt securities issued	Debt securities issued	Debt securities issued
Original date of issuance	24 November 2021	21 September 2015	21 March 2019	21 March 2019
Perpetual or dated	Perpetual	Dated	Dated	Dated
Including: Original maturity date	No maturity date	21 September 2025	25 March 2029	25 March 2034
Issuer call (subject to prior supervisory approval)	Yes	No	Yes	Yes
Including: Optional call date, contingent call dates and redemption amount	The First Redemption Date is 26 November 2026 in full or partial amount	N/A	25 March 2024, in full amount	25 March 2029, in full amount
Including: Subsequent call dates, if applicable	Redemption of present bonds in full or in part on each Distribution Payment Date since the First Redemption Date (26 November 2026). The Issuer has the right to redeem the present bonds in full rather than in part if the present bonds are no longer qualified as additional tier 1 capital after they are issued due to unpredictable changes in regulatory rules	N/A	N/A	N/A

Main features of regulatory capital instrument	Undated additional tier 1 capital bonds (Domestic)	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds
Coupons/dividends				
Including: Fixed or floating dividend/coupon	Fixed to floating	Fixed	Fixed	Fixed
Including: Coupon rate and any related index	3.65% (interest rate) before 26 November 2026	4.875%	4.26%	4.51%
Including: Existence of a dividend stopper	Yes	No	No	No
Including: Fully discretionary, partially discretionary or mandatory cancellation of coupons/dividends	Fully discretionary	Mandatory	Mandatory	Mandatory
Including: Redemption incentive mechanism	No	No	No	No
Including: Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible or non-convertible	No	No	No	No
Including: If convertible, conversion trigger(s)	N/A	N/A	N/A	N/A
Including: If convertible, fully or partially	N/A	N/A	N/A	N/A
Including: If convertible, conversion rate	N/A	N/A	N/A	N/A
Including: If convertible, mandatory or optional conversion	N/A	N/A	N/A	N/A
Including: If convertible, specify instrument type convertible into	N/A	N/A	N/A	N/A
Including: If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A	N/A
Write-down feature				
Including: If write-down, write-down trigger(s)	Non-viability Trigger Event	Yes	Yes	Yes
	Whichever occurs earlier: (i) CBIRC having decided that a write-down is necessary, without which the Issuer would become non-viable; or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable	Whichever occurs earlier: (i) CBIRC having decided that a write-down is necessary, without which the Issuer would become non-viable; or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable	Whichever occurs earlier: (i) CBIRC having decided that a write-down is necessary, without which the Issuer would become non-viable; or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable	Whichever occurs earlier: (i) CBIRC having decided that a write-down is necessary, without which the Issuer would become non-viable; or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable

Main features of regulatory capital instrument	Undated additional tier 1 capital bonds (Domestic)	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds
Including: If write-down, full or partial	Full or partial write-down when a Non-viability Trigger Event occurs	Partial or full write-down	Partial or full write-down	Partial or full write-down
Including: If write-down, permanent or temporary Including: If temporary write-down, description of write-up mechanism	Permanent write-down N/A	Permanent write-down N/A	Permanent write-down N/A	Permanent write-down N/A
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinated to deposits, general debts, subordinated debts and tier 2 capital bonds	Subordinated to depositor and general creditor, pari passu with other subordinated debts	Subordinated to depositor and general creditor; but senior to equity capital, additional tier 1 capital instruments and hybrid capital bonds; pari passu with other subordinated debts that have been issued by the Issuer and are pari passu with the present bonds; and pari passu with other tier 2 capital instruments that will possibly be issued in the future and are pari passu with the present bonds	Subordinated to depositor and general creditor; but senior to equity capital, additional tier 1 capital instruments and hybrid capital bonds; pari passu with other subordinated debts that have been issued by the Issuer and are pari passu with the present bonds; and pari passu with other tier 2 capital instruments that will possibly be issued in the future and are pari passu with the present bonds
Non-compliant transitioned features	No	No	No	No
Including: If yes, specify non-compliant features	N/A	N/A	N/A	N/A

Main features of regulatory capital instrument	Tier 2 capital bonds			
Issuer	The Bank	The Bank	The Bank	The Bank
Unique identifier	1928011	1928012	2028041	2028049
Governing law(s) of the instrument	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents
Regulatory treatment	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
Including: Transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)				
Including: Post-transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
Including: Eligible to the parent company/group level	Parent company/ Group	Parent company/ Group	Parent company/ Group	Parent company/ Group
Instrument type	Tier 2 capital instrument			
Amount recognised in regulatory capital (in millions, as at the latest reporting date)	RMB45,000	RMB10,000	RMB60,000	RMB30,000
Par value of instrument (in millions)	RMB45,000	RMB10,000	RMB60,000	RMB30,000
Accounting treatment	Debt securities issued	Debt securities issued	Debt securities issued	Debt securities issued
Original date of issuance	24 April 2019	24 April 2019	22 September 2020	12 November 2020

Main features of regulatory capital instrument	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds
Perpetual or dated	Dated	Dated	Dated	Dated
Including: Original maturity date	26 April 2029	26 April 2034	24 September 2030	16 November 2030
Issuer call (subject to prior supervisory approval)	Yes	Yes	Yes	Yes
Including: Optional call date, contingent call dates and redemption amount	26 April 2024, in full amount	26 April 2029, in full amount	24 September 2025, in full amount	16 November 2025, in full amount
Including: Subsequent call dates, if applicable	N/A	N/A	N/A	N/A
Coupons/dividends				
Including: Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed
Including: Coupon rate and any related index	4.40%	4.69%	4.20%	4.15%
Including: Existence of a dividend stopper	No	No	No	No
Including: Fully discretionary, partially discretionary or mandatory cancellation of coupons/dividends	Mandatory	Mandatory	Mandatory	Mandatory
Including: Redemption incentive mechanism	No	No	No	No
Including: Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible or non-convertible	No	No	No	No
Including: If convertible, conversion trigger(s)	N/A	N/A	N/A	N/A
Including: If convertible, fully or partially	N/A	N/A	N/A	N/A
Including: If convertible, conversion rate	N/A	N/A	N/A	N/A
Including: If convertible, mandatory or optional conversion	N/A	N/A	N/A	N/A
Including: If convertible, specify instrument type convertible into	N/A	N/A	N/A	N/A
Including: If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A	N/A

Main features of regulatory capital instrument	Tier 2 capital bonds			
Write-down feature	Yes	Yes	Yes	Yes
Including: If write-down, write-down trigger(s)	Whichever occurs earlier: (i) CBIRC having decided that a write-down is necessary, without which the Issuer would become non-viable; or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable	Whichever occurs earlier: (i) CBIRC having decided that a write-down is necessary, without which the Issuer would become non-viable; or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable	Whichever occurs earlier: (i) CBIRC having decided that a write-down is necessary, without which the Issuer would become non-viable; or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable	Whichever occurs earlier: (i) CBIRC having decided that a write-down is necessary, without which the Issuer would become non-viable; or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable
Including: If write-down, full or partial	Partial or full write-down			
Including: If write-down, permanent or temporary	Permanent write-down	Permanent write-down	Permanent write-down	Permanent write-down
Including: If temporary write-down, description of write-up mechanism	N/A	N/A	N/A	N/A
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinated to depositor and general creditor; but senior to equity capital, additional tier 1 capital instruments and hybrid capital bonds; pari passu with other subordinated debts that have been issued by the Issuer and are pari passu with the present bonds; and pari passu with other tier 2 capital instruments that will possibly be issued in the future and are pari passu with the present bonds	Subordinated to depositor and general creditor; but senior to equity capital, additional tier 1 capital instruments and hybrid capital bonds; pari passu with other subordinated debts that have been issued by the Issuer and are pari passu with the present bonds; and pari passu with other tier 2 capital instruments that will possibly be issued in the future and are pari passu with the present bonds	Subordinated to depositor and general creditor; but senior to equity capital, additional tier 1 capital instruments and hybrid capital bonds; pari passu with other subordinated debts that have been issued by the Issuer and are pari passu with the present bonds; and pari passu with other tier 2 capital instruments that will possibly be issued in the future and are pari passu with the present bonds	Subordinated to depositor and general creditor; but senior to equity capital, additional tier 1 capital instruments and hybrid capital bonds; pari passu with other subordinated debts that have been issued by the Issuer and are pari passu with the present bonds; and pari passu with other tier 2 capital instruments that will possibly be issued in the future and are pari passu with the present bonds
Non-compliant transitioned features	No	No	No	No
Including: If yes, specify non-compliant features	N/A	N/A	N/A	N/A

Main features of regulatory capital instrument	Tier 2 capital bonds			
Issuer	The Bank	The Bank	The Bank	The Bank
Unique identifier	2028050	2128051	2128002	2128052
Governing law(s) of the instrument	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents
Regulatory treatment	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
Including: Transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)				
Including: Post-transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
Including: Eligible to the parent company/group level	Parent company/ Group	Parent company/ Group	Parent company/ Group	Parent company/ Group
Instrument type	Tier 2 capital instrument			
Amount recognised in regulatory capital (in millions, as at the latest reporting date)	RMB10,000	RMB50,000	RMB30,000	RMB10,000
Par value of instrument (in millions)	RMB10,000	RMB50,000	RMB30,000	RMB10,000
Accounting treatment	Debt securities issued	Debt securities issued	Debt securities issued	Debt securities issued
Original date of issuance	12 November 2020	13 December 2021	19 January 2021	13 December 2021
Perpetual or dated	Dated	Dated	Dated	Dated
Including: Original maturity date	16 November 2035	15 December 2031	21 January 2031	15 December 2036

Main features of regulatory capital instrument	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds
Issuer call (subject to prior supervisory approval) Including: Optional call date, contingent call dates and redemption amount	Yes 16 November 2030, in full amount	Yes 21 January 2026, in full amount	Yes 15 December 2026, in full amount	Yes 15 December 2031, in full amount
Including: Subsequent call dates, if applicable	N/A	N/A	N/A	N/A
Coupons/dividends				
Including: Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed
Including: Coupon rate and any related index	4.45%	4.15%	3.48%	3.74%
Including: Existence of a dividend stopper	No	No	No	No
Including: Fully discretionary, partially discretionary or mandatory cancellation of coupons/dividends	Mandatory	Mandatory	Mandatory	Mandatory
Including: Redemption incentive mechanism	No	No	No	No
Including: Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible or non-convertible	No	No	No	No
Including: If convertible, conversion trigger(s)	N/A	N/A	N/A	N/A
Including: If convertible, fully or partially	N/A	N/A	N/A	N/A
Including: If convertible, conversion rate	N/A	N/A	N/A	N/A
Including: If convertible, mandatory or optional conversion	N/A	N/A	N/A	N/A
Including: If convertible, specify instrument type convertible into	N/A	N/A	N/A	N/A
Including: If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A	N/A

Main features of regulatory capital instrument	Tier 2 capital bonds			
Write-down feature	Yes	Yes	Yes	Yes
Including: If write-down, write-down trigger(s)	Whichever occurs earlier: (i) CBIRC having decided that a write-down is necessary, without which the Issuer would become non-viable; or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable	Whichever occurs earlier: (i) CBIRC having decided that a write-down is necessary, without which the Issuer would become non-viable; or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable	Whichever occurs earlier: (i) CBIRC having decided that a write-down is necessary, without which the Issuer would become non-viable; or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable	Whichever occurs earlier: (i) CBIRC having decided that a write-down is necessary, without which the Issuer would become non-viable; or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable
Including: If write-down, full or partial	Partial or full write-down			
Including: If write-down, permanent or temporary	Permanent write-down	Permanent write-down	Permanent write-down	Permanent write-down
Including: If temporary write-down, description of write-up mechanism	N/A	N/A	N/A	N/A
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinated to depositor and general creditor; but senior to equity capital, additional tier 1 capital instruments and hybrid capital bonds; pari passu with other subordinated debts that have been issued by the Issuer and are pari passu with the present bonds; and pari passu with other tier 2 capital instruments that will possibly be issued in the future and are pari passu with the present bonds	Subordinated to depositor and general creditor; but senior to equity capital, additional tier 1 capital instruments and hybrid capital bonds; pari passu with other subordinated debts that have been issued by the Issuer and are pari passu with the present bonds; and pari passu with other tier 2 capital instruments that will possibly be issued in the future and are pari passu with the present bonds	Subordinated to depositor and general creditor; but senior to equity capital, additional tier 1 capital instruments and hybrid capital bonds; pari passu with other subordinated debts that have been issued by the Issuer and are pari passu with the present bonds; and pari passu with other tier 2 capital instruments that will possibly be issued in the future and are pari passu with the present bonds	Subordinated to depositor and general creditor; but senior to equity capital, additional tier 1 capital instruments and hybrid capital bonds; pari passu with other subordinated debts that have been issued by the Issuer and are pari passu with the present bonds; and pari passu with other tier 2 capital instruments that will possibly be issued in the future and are pari passu with the present bonds
Non-compliant transitioned features	No	No	No	No
Including: If yes, specify non-compliant features	N/A	N/A	N/A	N/A

Main features of regulatory capital instrument	Tier 2 capital bonds			
Issuer	The Bank	The Bank	The Bank	The Bank
Unique identifier	2228004	2228004	2228005	2228025
Governing law(s) of the instrument	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents
Regulatory treatment	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
Including: Transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)				
Including: Post-transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
Including: Eligible to the parent company/group level	Parent company/ Group	Parent company/ Group	Parent company/ Group	Parent company/ Group
Instrument type	Tier 2 capital instrument			
Amount recognised in regulatory capital (in millions, as at the latest reporting date)	RMB35,000	RMB35,000	RMB5,000	RMB5,000
Par value of instrument (in millions)	RMB35,000	RMB35,000	RMB5,000	RMB5,000
Accounting treatment	Debt securities issued	Debt securities issued	Debt securities issued	Debt securities issued
Original date of issuance	18 January 2022	18 January 2022	18 January 2022	12 April 2022
Perpetual or dated	Dated	Dated	Dated	Dated
Including: Original maturity date	20 January 2032	20 January 2032	20 January 2037	14 April 2037

Main features of regulatory capital instrument	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds
Issuer call (subject to prior supervisory approval) Including: Optional call date, contingent call dates and redemption amount	Yes 20 January 2027, in full amount	Yes 20 January 2032, in full amount	Yes 14 April 2027, in full amount	Yes 14 April 2032, in full amount
Including: Subsequent call dates, if applicable	N/A	N/A	N/A	N/A
Coupons/dividends				
Including: Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed
Including: Coupon rate and any related index	3.28%	3.60%	3.50%	3.74%
Including: Existence of a dividend stopper	No	No	No	No
Including: Fully discretionary, partially discretionary or mandatory cancellation of coupons/dividends	Mandatory	Mandatory	Mandatory	Mandatory
Including: Redemption incentive mechanism	No	No	No	No
Including: Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible or non-convertible	No	No	No	No
Including: If convertible, conversion trigger(s)	N/A	N/A	N/A	N/A
Including: If convertible, fully or partially	N/A	N/A	N/A	N/A
Including: If convertible, conversion rate	N/A	N/A	N/A	N/A
Including: If convertible, mandatory or optional conversion	N/A	N/A	N/A	N/A
Including: If convertible, specify instrument type convertible into	N/A	N/A	N/A	N/A
Including: If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A	N/A

Main features of regulatory capital instrument	Tier 2 capital bonds			
Write-down feature	Yes	Yes	Yes	Yes
Including: If write-down, write-down trigger(s)	Whichever occurs earlier: (i) CBIRC having decided that a write-down is necessary, without which the Issuer would become non-viable; or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable	Whichever occurs earlier: (i) CBIRC having decided that a write-down is necessary, without which the Issuer would become non-viable; or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable	Whichever occurs earlier: (i) CBIRC having decided that a write-down is necessary, without which the Issuer would become non-viable; or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable	Whichever occurs earlier: (i) CBIRC having decided that a write-down is necessary, without which the Issuer would become non-viable; or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable
Including: If write-down, full or partial	Partial or full write-down			
Including: If write-down, permanent or temporary	Permanent write-down	Permanent write-down	Permanent write-down	Permanent write-down
Including: If temporary write-down, description of write-up mechanism	N/A	N/A	N/A	N/A
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinated to depositor and general creditor; but senior to equity capital, additional tier 1 capital instruments and hybrid capital bonds; pari passu with other subordinated debts that have been issued by the Issuer and are pari passu with the present bonds; and pari passu with other tier 2 capital instruments that will possibly be issued in the future and are pari passu with the present bonds	Subordinated to depositor and general creditor; but senior to equity capital, additional tier 1 capital instruments and hybrid capital bonds; pari passu with other subordinated debts that have been issued by the Issuer and are pari passu with the present bonds; and pari passu with other tier 2 capital instruments that will possibly be issued in the future and are pari passu with the present bonds	Subordinated to depositor and general creditor; but senior to equity capital, additional tier 1 capital instruments and hybrid capital bonds; pari passu with other subordinated debts that have been issued by the Issuer and are pari passu with the present bonds; and pari passu with other tier 2 capital instruments that will possibly be issued in the future and are pari passu with the present bonds	Subordinated to depositor and general creditor; but senior to equity capital, additional tier 1 capital instruments and hybrid capital bonds; pari passu with other subordinated debts that have been issued by the Issuer and are pari passu with the present bonds; and pari passu with other tier 2 capital instruments that will possibly be issued in the future and are pari passu with the present bonds
Non-compliant transitioned features	No	No	No	No
Including: If yes, specify non-compliant features	N/A	N/A	N/A	N/A

Main features of regulatory capital instrument	Tier 2 capital bonds			
Issuer	The Bank	The Bank	The Bank	The Bank
Unique identifier	092280065	092280134	092280066	092280135
Governing law(s) of the instrument	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents
Regulatory treatment	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
Including: Transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)				
Including: Post-transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
Including: Eligible to the parent company/group level	Parent company/ Group	Parent company/ Group	Parent company/ Group	Parent company/ Group
Instrument type	Tier 2 capital instrument			
Amount recognised in regulatory capital (in millions, as at the latest reporting date)	RMB30,000	RMB50,000	RMB10,000	RMB10,000
Par value of instrument (in millions)	RMB30,000	RMB50,000	RMB10,000	RMB10,000
Accounting treatment	Debt securities issued	Debt securities issued	Debt securities issued	Debt securities issued
Original date of issuance	18 August 2022	8 November 2022	18 August 2022	8 November 2022
Perpetual or dated	Dated	Dated	Dated	Dated
Including: Original maturity date	22 August 2032	10 November 2032	22 August 2037	10 November 2037

Main features of regulatory capital instrument	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds
Issuer call (subject to prior supervisory approval) Including: Optional call date, contingent call dates and redemption amount	Yes 22 August 2027, in full amount	Yes 22 August 2032, in full amount	Yes 10 November 2027, in full amount	Yes 10 November 2032, in full amount
Including: Subsequent call dates, if applicable	N/A	N/A	N/A	N/A
Coupons/dividends				
Including: Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed
Including: Coupon rate and any related index	3.02%	3.32%	3.00%	3.34%
Including: Existence of a dividend stopper	No	No	No	No
Including: Fully discretionary, partially discretionary or mandatory cancellation of coupons/dividends	Mandatory	Mandatory	Mandatory	Mandatory
Including: Redemption incentive mechanism	No	No	No	No
Including: Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible or non-convertible	No	No	No	No
Including: If convertible, conversion trigger(s)	N/A	N/A	N/A	N/A
Including: If convertible, fully or partially	N/A	N/A	N/A	N/A
Including: If convertible, conversion rate	N/A	N/A	N/A	N/A
Including: If convertible, mandatory or optional conversion	N/A	N/A	N/A	N/A
Including: If convertible, specify instrument type convertible into	N/A	N/A	N/A	N/A
Including: If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A	N/A

Main features of regulatory capital instrument	Tier 2 capital bonds			
Write-down feature	Yes	Yes	Yes	Yes
Including: If write-down, write-down trigger(s)	Whichever occurs earlier: (i) CBIRC having decided that a write-down is necessary, without which the Issuer would become non-viable; or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable	Whichever occurs earlier: (i) CBIRC having decided that a write-down is necessary, without which the Issuer would become non-viable; or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable	Whichever occurs earlier: (i) CBIRC having decided that a write-down is necessary, without which the Issuer would become non-viable; or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable	Whichever occurs earlier: (i) CBIRC having decided that a write-down is necessary, without which the Issuer would become non-viable; or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable
Including: If write-down, full or partial	Partial or full write-down			
Including: If write-down, permanent or temporary	Permanent write-down	Permanent write-down	Permanent write-down	Permanent write-down
Including: If temporary write-down, description of write-up mechanism	N/A	N/A	N/A	N/A
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinated to depositor and general creditor; but senior to equity capital, additional tier 1 capital instruments and hybrid capital bonds; pari passu with other subordinated debts that have been issued by the Issuer and are pari passu with the present bonds; and pari passu with other tier 2 capital instruments that will possibly be issued in the future and are pari passu with the present bonds	Subordinated to depositor and general creditor; but senior to equity capital, additional tier 1 capital instruments and hybrid capital bonds; pari passu with other subordinated debts that have been issued by the Issuer and are pari passu with the present bonds; and pari passu with other tier 2 capital instruments that will possibly be issued in the future and are pari passu with the present bonds	Subordinated to depositor and general creditor; but senior to equity capital, additional tier 1 capital instruments and hybrid capital bonds; pari passu with other subordinated debts that have been issued by the Issuer and are pari passu with the present bonds; and pari passu with other tier 2 capital instruments that will possibly be issued in the future and are pari passu with the present bonds	Subordinated to depositor and general creditor; but senior to equity capital, additional tier 1 capital instruments and hybrid capital bonds; pari passu with other subordinated debts that have been issued by the Issuer and are pari passu with the present bonds; and pari passu with other tier 2 capital instruments that will possibly be issued in the future and are pari passu with the present bonds
Non-compliant transitioned feature	No	No	No	No
Including: If yes, specify non-compliant features	N/A	N/A	N/A	N/A

Main features of regulatory capital instrument	Tier 2 capital bonds	Tier 2 capital bonds
Issuer	The Bank 232280007	The Bank 232280008
Unique identifier		
Governing law(s) of the instrument	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents
Regulatory treatment	Tier 2 capital	Tier 2 capital
Including: Transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Tier 2 capital	Tier 2 capital
Including: Post-transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Tier 2 capital	Tier 2 capital
Including: Eligible to the parent company/group level	Parent company/Group	Parent company/Group
Instrument type	Tier 2 capital instrument	Tier 2 capital instrument
Amount recognised in regulatory capital (in millions, as at the latest reporting date)	RMB25,000	RMB5,000
Par value of instrument (in millions)	RMB25,000	RMB5,000
Accounting treatment	Debt securities issued	Debt securities issued
Original date of issuance	20 December 2022	20 December 2022
Perpetual or dated	Dated	Dated
Including: Original maturity date	22 December 2032	22 December 2037
Issuer call (subject to prior supervisory approval)	Yes	Yes
Including: Optional call date, contingent call dates and redemption amount	22 December 2027, in full amount	22 December 2032, in full amount
Including: Subsequent call dates, if applicable	N/A	N/A

Main features of regulatory capital instrument	Tier 2 capital bonds	Tier 2 capital bonds
Coupons/dividends	Fixed	Fixed
Including: Fixed or floating dividend/coupon	3.70%	3.85%
Including: Coupon rate and any related index	No	No
Including: Existence of a dividend stopper	Mandatory	Mandatory
Including: Fully discretionary, partially discretionary or mandatory cancellation of coupons/dividends	No	No
Including: Redemption incentive mechanism	Non-cumulative	Non-cumulative
Including: Non-cumulative or cumulative	No	No
Convertible or non-convertible	N/A	N/A
Including: If convertible, conversion trigger(s)	N/A	N/A
Including: If convertible, fully or partially	N/A	N/A
Including: If convertible, conversion rate	N/A	N/A
Including: If convertible, mandatory or optional conversion	N/A	N/A
Including: If convertible, specify instrument type convertible into	N/A	N/A
Including: If convertible, specify issuer of instrument it converts into	Yes	Yes
Write-down feature	Whichever occurs earlier: (i) CBIRC having decided that a write-down is necessary, without which the Issuer would become non-viable;	Whichever occurs earlier: (i) CBIRC having decided that a write-down is necessary, without which the Issuer would become non-viable;
Including: If write-down, write-down trigger(s)	or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable	or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable
Including: If write-down, full or partial	Partial or full write-down	Partial or full write-down
Including: If write-down, permanent or temporary	Permanent write-down	Permanent write-down
Including: If temporary write-down, description of write-up mechanism	N/A	N/A

Main features of regulatory capital instrument

Position in subordination hierarchy in liquidation
(specify instrument type immediately senior to instrument)

Tier 2 capital bonds

Subordinated to depositor and general creditor; but senior to equity capital, additional tier 1 capital instruments and hybrid capital bonds; pari passu with other subordinated debts that have been issued by the Issuer and are pari passu with the present bonds; and pari passu with other tier 2 capital instruments that will possibly be issued in the future and are pari passu with the present bonds

Tier 2 capital bonds

Subordinated to depositor and general creditor; but senior to equity capital, additional tier 1 capital instruments and hybrid capital bonds; pari passu with other subordinated debts that have been issued by the Issuer and are pari passu with the present bonds; and pari passu with other tier 2 capital instruments that will possibly be issued in the future and are pari passu with the present bonds

Non-compliant transitioned features

Including: If yes, specify non-compliant features

No

N/A

No

N/A

8.2 Disclosure of Leverage Ratio

The following information is disclosed in accordance with the Administrative Measures for Leverage Ratio of Commercial Banks (Revised) (CBRC No.1, 2015).

(i) Correspondence between Regulatory Leverage Ratio Items and Accounting Items and their differences

S/N	Item	31 December 2022	31 December 2021
1	Total consolidated assets as per published financial statements	39,609,657	35,171,383
2	Consolidated adjustments for accounting purposes but outside the scope of regulatory consolidation	(273,598)	(251,092)
3	Adjustments for fiduciary assets	–	–
4	Adjustments for derivative financial instruments	97,074	104,865
5	Adjustment for securities financing transactions	39,728	40,027
6	Adjustment for off-balance sheet items	2,328,504	2,244,477
7	Other adjustments	(20,811)	(17,138)
8	Balance of adjusted on- and off-balance sheet assets	41,780,554	37,292,522

(ii) Leverage Ratio, Net Tier 1 Capital, Balance of Adjusted On- and Off-balance Sheet Assets and Related Information

S/N	Item	31 December 2022	31 December 2021
1	On-balance sheet items (excluding derivatives and SFTs)	38,689,986	34,436,056
2	Less: Asset amounts deducted in determining Basel III tier 1 capital	(20,811)	(17,138)
3	Balance of adjusted on-balance sheet assets (excluding derivatives and SFTs)	38,669,175	34,418,918
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	94,240	84,898
5	Add-on amounts for PFE associated with all derivatives transactions	84,921	91,940
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	–	–
7	Less: Deductions of receivables assets for cash variation margin provided in derivatives transactions	–	–
8	Less: Exempted CCP leg of client-cleared trade exposures	(58)	(128)
9	Effective notional amount of written credit derivatives	25,369	37,702
10	Less: Adjusted effective notional deductions for written credit derivatives	(20,193)	(33,407)
11	Total derivative exposures	184,279	181,005
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	558,868	408,095
13	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	–	–
14	CCR exposure for SFT assets	39,728	40,027
15	Agent transaction exposures	–	–
16	Total securities financing transaction exposures	598,596	448,122
17	Off-balance sheet exposure at gross notional amount	7,056,225	6,328,760
18	Less: Adjustments for conversion to credit equivalent amounts	(4,727,721)	(4,084,283)
19	Balance of adjusted off-balance sheet assets	2,328,504	2,244,477
20	Net tier 1 capital	3,475,995	3,241,364
21	Balance of adjusted on- and off-balance sheet assets	41,780,554	37,292,522
22	Leverage ratio	8.32%	8.69%

8.3 Quantitative Information Disclosure of Liquidity Coverage Ratio Using Advanced Capital Management Approach

The Group discloses liquidity coverage ratio using Advanced Capital Management Approach in accordance with Measures for the Disclosure of Information on Liquidity Coverage Ratio by Commercial Banks (Yin Jian Fa [2015] No. 52).

S/N	Item	Fourth-quarter 2022	
		Total unweighted value	Total weighted value
High-quality liquid assets			
1	Total high-quality liquid assets (HQLA)		6,660,490
Cash outflows			
2	Retail deposits and deposits from small business customers of which:	15,130,987	1,509,558
3	Stable deposits	55,650	2,024
4	Less stable deposits	15,075,337	1,507,534
5	Unsecured wholesale funding, of which:	16,495,064	5,569,319
6	Operational deposits (excluding those generated from correspondent banking activities)	9,465,040	2,300,066
7	Non-operational deposits (all counterparties)	6,959,050	3,198,279
8	Unsecured debt	70,974	70,974
9	Secured funding		9,077
10	Additional requirements, of which:	3,427,024	1,416,587
11	Outflows related to derivative exposures and other collateral requirements	1,243,785	1,243,785
12	Outflows related to loss of funding on debt products	–	–
13	Credit and liquidity facilities	2,183,239	172,802
14	Other contractual funding obligations	83,877	83,845
15	Other contingent funding obligations	5,775,330	106,549
16	Total cash outflows		8,694,935
Cash inflows			
17	Secured lending (including reverse repos and securities borrowing)	852,446	591,084
18	Inflows from fully performing exposures	1,889,237	1,241,478
19	Other cash inflows	1,226,288	1,224,325
20	Total cash inflows	3,967,971	3,056,887
Total Adjusted Values			
21	Total HQLA		6,660,490
22	Total net cash outflows		5,638,048
23	Liquidity coverage ratio (%)		118.27%

Data of the above table are the simple arithmetic average of the 92 calendar days' figures of the recent quarter.

8.4 Quantitative Information Disclosure of Net Stable Funding Ratio (NSFR) Using Advanced Capital Management Approach

The Group discloses net stable funding ratio information in accordance with Measures for the Disclosure of Information on Net Stable Funding Ratio by Commercial Banks (Yin Bao Jian Fa [2019] No. 11).

		31 December 2022				
		Unweighted value				
No.	Item	No maturity	< 6 months	6 months to < 1 year	≥ 1 year	Weighted value
Available stable funding (ASF) item						
1	Capital:	3,770,528	-	-	528,307	4,298,835
2	Regulatory capital	3,770,528	-	-	528,307	4,298,835
3	Other capital instruments	-	-	-	-	-
4	Retail deposits and deposits from small business customers:	7,213,206	8,563,324	20,688	9,841	14,232,269
5	Stable deposits	37,455	45,385	15,778	8,197	101,885
6	Less stable deposits	7,175,751	8,517,939	4,910	1,644	14,130,384
7	Wholesale funding:	9,207,060	7,701,069	501,415	229,331	8,170,565
8	Operational deposits	8,864,675	519,213	23,875	4,079	4,707,961
9	Other wholesale funding	342,385	7,181,856	477,540	225,252	3,462,604
10	Liabilities with matching interdependent assets	-	-	-	-	-
11	Other liabilities:	7,418	852,606	71,649	749,238	723,143
12	NSFR derivative liabilities	-	-	-	69,338	-
13	All other liabilities and equities not included in the above categories	7,418	852,606	71,649	679,900	723,143
14	Total ASF					27,424,812
Required stable funding (RSF) item						
15	Total NSFR high-quality liquid assets (HQLA)					1,160,260
16	Deposits held at other financial institutions for operational purposes	175,102	33,176	279	1,024	105,537
17	Loans and securities:	551	4,626,668	3,589,345	18,251,096	18,991,605
18	Loans to financial institutions secured by Level 1 HQLA	-	451,518	-	55	66,803
19	Loans to financial institutions secured by non-Level 1 HQLA and unsecured loans to financial institutions	-	1,199,164	391,059	287,449	662,853
20	Loans to retail and small business customers, non-financial institutions, sovereigns, central banks and PSEs, of which:	-	2,612,458	3,049,467	10,480,034	11,646,149
21	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	-	579,290	804,618	324,602	888,892

31 December 2022

No.	Item	Unweighted value				Weighted value
		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	
22	Residential mortgages, of which:	-	2,474	3,182	6,453,314	5,485,142
23	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	-	445	434	15,788	10,857
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	551	361,054	145,637	1,030,244	1,130,658
25	Assets with matching interdependent liabilities	-	-	-	-	-
26	Other assets:	301,113	448,318	30,814	130,711	793,357
27	Physical traded commodities, including gold	12,622				10,729
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs				7,199	6,119
29	NSFR derivative assets				62,200	-
30	NSFR derivative liabilities with additional variation margin posted				81,043*	16,209
31	All other assets not included in the above categories	288,491	448,318	30,814	61,312	760,300
32	Off-balance sheet items				8,430,008	238,972
33	Total RSF					21,289,731
34	Net Stable Funding Ratio (%)					128.82%

(*) The amount of derivative liabilities shall be filled in for this item, which is the amount of NSFR derivative liabilities without regard to maturity before deducting variation margin. It is excluded from the item 26 "Other assets".

No.	Item	Unweighted value				Weighted value
		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	
Available stable funding (ASF) item						
1	Capital:	3,680,528	–	–	438,479	4,119,007
2	Regulatory capital	3,680,528	–	–	438,479	4,119,007
3	Other capital instruments	–	–	–	–	–
4	Retail deposits and deposits from small business customers:	6,824,929	8,482,647	44,235	10,282	13,831,774
5	Stable deposits	39,959	40,202	17,085	7,644	100,027
6	Less stable deposits	6,784,970	8,442,445	27,150	2,638	13,731,747
7	Wholesale funding:	9,252,232	8,184,297	394,603	203,822	8,431,710
8	Operational deposits	8,892,911	584,054	25,229	5,031	4,756,128
9	Other wholesale funding	359,321	7,600,243	369,374	198,791	3,675,582
10	Liabilities with matching interdependent assets	–	–	–	–	–
11	Other liabilities:	8,275	1,053,973	32,512	708,929	600,390
12	NSFR derivative liabilities	–	–	–	133,071	–
13	All other liabilities and equities not included in the above categories	8,275	1,053,973	32,512	575,858	600,390
14	Total ASF					26,982,881
Required stable funding (RSF) item						
15	Total NSFR high-quality liquid assets (HQLA)					1,084,851
16	Deposits held at other financial institutions for operational purposes	195,577	69,618	274	1,004	133,985
17	Loans and securities:	615	4,911,316	3,632,772	17,944,178	18,771,497
18	Loans to financial institutions secured by Level 1 HQLA	–	690,333	–	47	102,655
19	Loans to financial institutions secured by non-Level 1 HQLA and unsecured loans to financial institutions	–	1,276,200	450,809	247,989	664,823
20	Loans to retail and small business customers, non-financial institutions, sovereigns, central banks and PSEs, of which:	–	2,602,441	3,054,870	10,201,415	11,400,356
21	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	–	540,183	763,065	325,428	849,077
22	Residential mortgages, of which:	–	2,775	3,159	6,485,998	5,512,982
23	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	–	477	441	16,242	11,182

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No.	Item	Unweighted value				Weighted value
		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	615	339,567	123,934	1,008,729	1,090,681
25	Assets with matching interdependent liabilities	–	–	–	–	–
26	Other assets:	340,899	492,999	31,710	239,967	879,285
27	Physical traded commodities, including gold	47,029				39,975
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs				35,600	30,260
29	NSFR derivative assets				131,973	–
30	NSFR derivative liabilities with additional variation margin posted				155,175*	31,035
31	All other assets not included in the above categories	293,870	492,999	31,710	72,394	778,015
32	Off-balance sheet items				8,400,045	244,112
33	Total RSF					21,113,730
34	Net Stable Funding Ratio (%)					127.80%

(*) The amount of derivative liabilities shall be filled in for this item, which is the amount of NSFR derivative liabilities without regard to maturity before deducting variation margin. It is excluded from the item 26 “Other assets”.

9. Summary of the Capital Adequacy Ratio Report Disclosed in Accordance with the Regulation Governing Capital of Commercial Banks (Provisional)

9.1 Capital Adequacy Ratio

- **Scope of Calculation of Capital Adequacy Ratio**

The Bank calculated capital adequacy ratios at all tiers in accordance with the Regulation Governing Capital of Commercial Banks (Provisional). The scope of calculation of consolidated capital adequacy ratio includes the Bank and financial institutions in which the Bank directly or indirectly invested in accordance with the Regulation Governing Capital of Commercial Banks (Provisional).

- **Results of Capital Adequacy Ratio Measurement**

Item	<i>In RMB millions, except for percentages</i>			
	At 31 December 2022		At 31 December 2021	
	Group	Parent Company	Group	Parent Company
Net common equity tier 1 capital	3,121,080	2,824,565	2,886,378	2,614,392
Net tier 1 capital	3,475,995	3,152,660	3,241,364	2,944,636
Net capital base	4,281,079	3,945,322	3,909,669	3,600,883
Common equity tier 1 capital adequacy ratio (%)	14.04	14.03	13.31	13.29
Tier 1 capital adequacy ratio (%)	15.64	15.66	14.94	14.97
Capital adequacy ratio (%)	19.26	19.60	18.02	18.30

Please refer to the section headed “Discussion and Analysis — Capital Adequacy Ratio and Leverage Ratio” for details on the capital adequacy ratio calculation at the end of 2022.

- **Measurement of Risk-Weighted Assets**

Item	<i>In RMB millions</i>	
	At 31 December 2022	At 31 December 2021
Credit risk-weighted assets	20,488,486	20,042,955
Parts covered by internal ratings-based approach	13,248,337	13,472,715
Parts uncovered by internal ratings-based approach	7,240,149	6,570,240
Market risk-weighted assets	203,207	153,686
Parts covered by internal model approach	80,583	51,014
Parts uncovered by internal model approach	122,624	102,672
Operational risk-weighted assets	1,533,579	1,493,708
Total	<u>22,225,272</u>	<u>21,690,349</u>

9.2 Credit Risk

- **Credit Risk Exposure**

Item	At 31 December 2022		<i>In RMB millions</i> At 31 December 2021	
	Parts covered by internal ratings-based approach	Parts uncovered by internal ratings-based approach	Parts covered by internal ratings-based approach	Parts uncovered by internal ratings-based approach
Corporate	13,218,501	1,921,276	11,784,229	1,579,671
Sovereign	–	8,887,123	–	7,788,462
Financial institution	–	4,113,104	–	3,234,577
Retail	8,091,471	525,806	7,803,147	558,255
Equity	–	193,606	–	186,061
Asset securitization	–	97,472	–	109,803
Others	–	5,139,070	–	4,855,985
Total risk exposure	<u>21,309,972</u>	<u>20,877,457</u>	<u>19,587,376</u>	<u>18,312,814</u>

- **Measurement Results of Internal Ratings-Based Approach**

MEASUREMENT RESULTS OF NON-RETAIL CREDIT RISK UNDER FOUNDATION IRB APPROACH

In RMB millions, except for percentages
At 31 December 2022

PD level	Exposure at default	Weighted average PD (%)	Weighted average LGD (%)	Risk-weighted assets	Average risk weight (%)
Level 1	1,512,015	0.09	44.78	439,149	29.04
Level 2	2,104,117	0.21	43.04	996,678	47.37
Level 3	2,566,672	0.64	43.27	1,886,578	73.50
Level 4	3,279,783	1.62	42.68	3,133,979	95.55
Level 5	1,863,311	2.57	41.33	1,835,753	98.52
Level 6	813,147	3.72	41.42	887,573	109.15
Level 7	423,498	5.28	41.51	515,514	121.73
Level 8	165,492	7.20	41.38	222,368	134.37
Level 9	136,219	9.60	40.30	202,505	148.66
Level 10	45,070	18.00	38.71	80,475	178.56
Level 11	80,965	56.00	41.18	140,066	173.00
Level 12	228,212	100.00	43.89	8,487	3.72
Total	13,218,501	-	-	10,349,125	78.29

At 31 December 2021

PD level	Exposure at default	Weighted average PD (%)	Weighted average LGD (%)	Risk-weighted assets	Average risk weight (%)
Level 1	1,189,661	0.09	44.71	347,327	29.20
Level 2	1,935,468	0.21	42.51	893,244	46.15
Level 3	2,236,190	0.64	43.31	1,625,358	72.68
Level 4	3,027,170	1.62	43.26	2,878,514	95.09
Level 5	1,735,751	2.56	42.12	1,712,171	98.64
Level 6	662,023	3.72	42.40	730,133	110.29
Level 7	391,316	5.28	41.99	480,058	122.68
Level 8	145,476	7.20	42.23	202,938	139.50
Level 9	135,605	9.60	41.44	207,749	153.20
Level 10	45,286	18.00	40.29	84,781	187.21
Level 11	68,751	56.00	41.50	117,549	170.98
Level 12	211,532	100.00	43.82	13,843	6.54
Total	11,784,229	-	-	9,293,665	78.87

MEASUREMENT RESULTS OF RETAIL CREDIT RISK UNDER IRB APPROACH

In RMB millions, except for percentages

At 31 December 2022

Type of risk exposure	Exposure at default	Weighted average PD (%)	Weighted average LGD (%)	Risk-weighted assets	Average risk weight (%)
Residential mortgages	6,333,088	1.65	30.94	1,208,440	19.08
Qualifying revolving retail exposure	675,607	3.99	45.74	158,505	23.46
Other retail exposures	1,082,776	3.62	62.39	628,348	58.03
Total	8,091,471	–	–	1,995,293	24.66

At 31 December 2021

Type of risk exposure	Exposure at default	Weighted average PD (%)	Weighted average LGD (%)	Risk-weighted assets	Average risk weight (%)
Residential mortgages	6,266,438	1.20	30.64	1,274,977	20.35
Qualifying revolving retail exposure	718,968	3.71	50.22	177,483	24.69
Other retail exposures	817,741	3.71	55.46	508,237	62.15
Total	7,803,147	–	–	1,960,697	25.13

9.3 Market Risk

CAPITAL REQUIREMENT FOR MARKET RISK

In RMB millions

Risk type	At 31	At 31
	December 2022	December 2021
Parts covered by internal model approach	6,447	4,081
Parts uncovered by internal model approach	9,810	8,214
Interest rate risk	5,335	4,465
Commodity risk	4,435	3,707
Option risk	40	42
Total	<u>16,257</u>	<u>12,295</u>

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

The Bank applied the Historical Simulation Method, based on the historical scenario data of 250 days, to measure the VaR and stressed VaR with a confidence interval of 99% and a holding period of ten days, which is then used for capital measurement of the Group's market risk under the internal model approach.

VALUE AT RISK (VAR)

In RMB millions

Item	2022				2021			
	Period end	Average	Maximum	Minimum	Period end	Average	Maximum	Minimum
VaR	1,262	427	1,262	227	468	535	839	288
Interest rate risk	749	247	749	125	273	398	811	189
Currency risk	495	316	544	194	249	369	913	115
Commodity risk	153	84	256	12	71	173	503	22
Stressed VaR	1,542	1,503	2,058	996	1,028	900	1,396	587
Interest rate risk	1,581	1,472	2,076	588	596	617	811	384
Currency risk	495	620	1,414	323	632	706	1,275	301
Commodity risk	153	137	518	21	140	219	503	54

9.4 Interest Rate Risk in the Banking Book

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

Currency	<i>In RMB millions</i>			
	+100 basis points in interest rate		-100 basis points in interest rate	
	Effect on net interest income	Effect on equity	Effect on net interest income	Effect on equity
RMB	(29,467)	(56,877)	29,467	63,210
USD	(469)	(4,663)	469	4,945
HKD	(809)	1,563	809	(1,642)
Other	(436)	(1,290)	436	1,355
Total	(31,181)	(61,267)	31,181	67,868

9.5 Operational Risk

The Bank adopts the standardized approach to measure capital requirement for operational risk. As at the end of 2022, the capital requirement for operational risk was RMB122,686 million.

9.6 Equity Risk in the Banking Book

In RMB millions

Equity type	At 31 December 2022			At 31 December 2021		
	Publicly-traded equity investment risk exposure ⁽¹⁾	Non-publicly-traded equity investment risk exposure ⁽¹⁾	Unrealised potential gains (losses) ⁽²⁾	Publicly-traded equity investment risk exposure ⁽¹⁾	Non-publicly-traded equity investment risk exposure ⁽¹⁾	Unrealised potential gains (losses) ⁽²⁾
Financial institution	32,286	15,898	7,509	29,513	14,205	7,207
Corporate	22,292	137,390	(5,120)	25,412	134,605	(2,667)
Total	54,578	153,288	2,389	54,925	148,810	4,540

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

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

10. Issue of Results Announcement, Annual Report and Capital Adequacy Ratio Report

This Results Announcement will be released on the “HKEXnews” website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the website of the Bank (www.icbc-ltd.com) simultaneously. The 2022 Annual Report prepared in accordance with IFRSs and the 2022 Capital Adequacy Ratio Report disclosed in accordance with the Regulation Governing Capital of Commercial Banks (Provisional) will be released on the “HKEXnews” website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the website of the Bank (www.icbc-ltd.com). Specifically, the 2022 Annual Report prepared in accordance with IFRSs will be dispatched to the shareholders of H shares of the Bank. The 2022 Annual Report and its abstract prepared in accordance with PRC GAAP and the 2022 Capital Adequacy Ratio Report disclosed in accordance with the Regulation Governing Capital of Commercial Banks (Provisional) will be released simultaneously on the websites of Shanghai Stock Exchange (www.sse.com.cn) and the Bank (www.icbc-ltd.com).

This Results Announcement has been prepared in both Chinese and English languages. In case of any discrepancy between the two versions, the Chinese version shall prevail.

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

30 March 2023

As at the date of this announcement, the Board of Directors comprises Mr. CHEN Siqing, Mr. LIAO Lin, Mr. ZHENG Guoyu and Mr. WANG Jingwu as executive directors, Mr. LU Yongzhen, Mr. FENG Weidong, Ms. CAO Liqun, Ms. CHEN Yifang and Mr. DONG Yang as non-executive directors, Mr. Anthony Francis NEOH, Mr. YANG Siu Shun, Mr. SHEN Si, Mr. Fred Zulu HU and Mr. Norman CHAN Tak Lam as independent non-executive directors.