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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

2023 Interim Results Announcement

The Board of Directors of Industrial and Commercial Bank of China Limited (the “Bank”) announces the unaudited interim results of the Bank and its subsidiaries (the “Group”) for the six months ended 30 June 2023. The Board of Directors and the Audit Committee of the Board of Directors of the Bank have reviewed and confirmed the unaudited interim results. Information 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	360011	Shanghai Stock Exchange
	工行優 2	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 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

	Six months ended 30 June 2023	Six months ended 30 June 2022		Six months ended 30 June 2021
		Original ⁽¹⁾	Restated ⁽¹⁾	
Operating results (in RMB millions)				
Net interest income	336,987	351,425	350,611	336,293
Net fee and commission income	73,465	76,017	76,041	75,943
Operating income	428,906	443,788	444,161	426,406
Operating expenses	105,379	103,173	102,496	94,991
Impairment losses on assets	122,255	133,622	133,849	124,547
Operating profit	201,272	206,993	207,816	206,868
Profit before taxation	203,655	209,145	210,003	208,070
Net profit	174,720	172,570	172,819	164,509
Net profit attributable to equity holders of the parent company	173,744	171,506	171,670	163,473
Net cash flows from operating activities	1,297,269	1,410,405	1,410,405	377,546
Per share data (in RMB yuan)				
Basic earnings per share	0.48	0.47	0.47	0.46
Diluted earnings per share	0.48	0.47	0.47	0.46

	30 June 2023	31 December 2022		31 December 2021
		Original	Restated	
Assets and liabilities (in RMB millions)				
Total assets	43,669,606	39,609,657	39,610,146	35,171,383
Total loans and advances to customers	25,291,921	23,212,312	23,210,376	20,667,245
Corporate loans	15,760,433	13,826,966	13,826,966	12,194,706
Personal loans	8,475,915	8,236,561	8,234,625	7,944,781
Discounted bills	1,055,573	1,148,785	1,148,785	527,758
Allowance for impairment losses on loans ⁽²⁾	751,196	672,762	672,762	603,983
Investment	11,255,131	10,527,292	10,533,702	9,257,760
Total liabilities	40,073,186	36,095,831	36,094,727	31,896,125
Due to customers	33,373,772	29,870,491	29,870,491	26,441,774
Corporate deposits	16,545,202	14,671,154	14,671,154	13,331,463
Personal deposits	16,122,514	14,545,306	14,545,306	12,497,968
Other deposits	230,591	199,465	199,465	250,349
Accrued interest	475,465	454,566	454,566	361,994
Due to banks and other financial institutions	3,050,944	3,185,564	3,187,712	2,921,029
Equity attributable to equity holders of the parent company	3,575,999	3,495,171	3,496,109	3,257,755
Share capital	356,407	356,407	356,407	356,407
Net asset value per share ⁽³⁾ (in RMB yuan)	9.04	8.81	8.82	8.15
Net common equity tier 1 capital ⁽⁴⁾	3,201,381	3,121,080	3,121,080	2,886,378
Net tier 1 capital ⁽⁴⁾	3,556,297	3,475,995	3,475,995	3,241,364
Net capital base ⁽⁴⁾	4,473,996	4,281,079	4,281,079	3,909,669
Risk-weighted assets ⁽⁴⁾	24,244,321	22,225,272	22,225,272	21,690,349
	30 June 2023	31 December 2022		31 December 2021
Credit rating				
S&P ⁽⁵⁾	A	A		A
Moody's ⁽⁵⁾	A1	A1		A1

- Notes:*
- (1) Since 1 January 2023, the Group has implemented IFRS 17 – Insurance Contracts. In accordance with the IFRS requirements, the Group made retroactive adjustments to relevant data and indicators for the comparable periods in 2022. According to the accounting requirements of the Interim Measures for the Administration of the Gold Leasing Business issued by PBC, the Group has made adjustments to the presentation of the interbank gold leasing business since 2023 and adjusted relevant data for the comparable periods in 2022 accordingly.
 - (2) 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.
 - (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) Calculated in accordance with the Regulation Governing Capital of Commercial Banks (Provisional).
 - (5) The rating results are in the form of “long-term foreign currency deposits rating”.

2.2 Financial Indicators

	Six months ended 30 June 2023	Six months ended 30 June 2022		Six months ended 30 June 2021
		Original	Restated	
Profitability (%)				
Return on average total assets ⁽¹⁾	0.84*	0.93*	0.94*	0.96*
Return on weighted average equity ⁽²⁾	10.51*	11.25*	11.26*	11.90*
Net interest spread ⁽³⁾	1.52*	1.85*	1.85*	1.93*
Net interest margin ⁽⁴⁾	1.72*	2.03*	2.03*	2.12*
Return on risk-weighted assets ⁽⁵⁾	1.50*	1.58*	1.58*	1.60*
Ratio of net fee and commission income to operating income	17.13	17.13	17.12	17.81
Cost-to-income ratio ⁽⁶⁾	23.29	22.14	21.97	21.19
	30 June 2023	31 December 2022		31 December 2021
		Original	Restated	
Asset quality (%)				
Non-performing loans (“NPLs”) ratio ⁽⁷⁾	1.36	1.38	1.38	1.42
Allowance to NPLs ⁽⁸⁾	218.62	209.47	209.47	205.84
Allowance to total loans ratio ⁽⁹⁾	2.97	2.90	2.90	2.92
Capital adequacy (%)				
Common equity tier 1 capital adequacy ratio ⁽¹⁰⁾	13.20	14.04	14.04	13.31
Tier 1 capital adequacy ratio ⁽¹⁰⁾	14.67	15.64	15.64	14.94
Capital adequacy ratio ⁽¹⁰⁾	18.45	19.26	19.26	18.02
Total equity to total assets ratio	8.24	8.87	8.88	9.31
Risk-weighted assets to total assets ratio	55.52	56.11	56.11	61.67

Notes: * indicates annualised ratios.

- (1) Calculated by dividing net profit by the average balance of total assets at the beginning and at the end of the reporting period.
- (2) Calculated in accordance with the Rules for the Compilation and Submission of Information Disclosure by Companies that Offer Securities to the Public No. 9 — Calculation and Disclosure of Return on Net Assets and Earnings per Share (Revision 2010) issued by 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 expense (less taxes and surcharges) by operating income.
- (7) Calculated by dividing the balance of NPLs by total balance of loans and advances to customers.
- (8) Calculated by dividing allowance for impairment losses on loans by total balance of NPLs.
- (9) Calculated by dividing allowance for impairment losses on loans by total balance of loans and advances to customers.
- (10) Calculated in accordance with the Regulation Governing Capital of Commercial Banks (Provisional).

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

In respect of the financial statements of the Bank prepared under PRC GAAP and those under IFRSs, net profit attributable to equity holders of the parent company for the six months ended 30 June 2023 and equity attributable to equity holders of the parent company as at the end of the reporting period have no differences.

3. Overview of Business Operation

Since the beginning of the year, in the face of severe and complex external environment, the Bank carried out in depth the themed education on studying and implementing Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and earnestly implemented the decisions and plans made by the Communist Party of China (“CPC” or the “Party”) Central Committee and the State Council. It adhered to the general principle of pursuing progress while ensuring stability and fully and faithfully applied the new development philosophy on all fronts. Focusing on the central task of serving Chinese modernization, the primary task of high-quality development and the strategic task of fostering a new pattern of development, the Bank practiced in depth the political and people-oriented nature of financial work, and firmly followed the financial development path with Chinese characteristics. According to the “48-character” guideline of the CPC ICBC Committee, it steadily advanced the tasks of maintaining stable growth, adjusting structure, increasing growth drivers, preventing risks and breaking new ground, with a focus on supporting the “stability” of the general economic situation with the “stability” of the Bank’s own operations and helping the economy realize effective improvement in quality and reasonable growth in quantity.

In the first half of 2023, the Group's operating results were better than expected, with the core indicators of "Strong, Excellent and Large" maintaining steady growth. **In terms of being "Strong"**, the Group's capital adequacy ratio was 18.45% and allowance to NPLs was 218.62%, indicating further enhanced risk resilience capacity. NPL ratio was 1.36%, meaning that asset quality maintained stable. **In terms of being "Excellent"**, while making more profit concessions to the real economy, the return on average assets ("ROA") and the return on weighted average equity ("ROE") were maintained at a relatively good level; the net interest margin ("NIM") stayed within a reasonable range; cost-to-income ratio was at a stable and reasonable level. **In terms of being "Large"**, the Group's operating income, net profit, assets, deposits, loans, capital, etc. all maintained a leading position among peers.

The Bank actively supported the national strategy of maintaining stable growth and continuously fulfilled its responsibilities as a large bank. With a focus on "addressing the country's needs, giving full play to finance, meeting customers' expectations and tapping into ICBC strengths", it continued to increase financial supply, gave play to its role as a leading large bank, and supported the sustained recovery and improvement of the economy. **In terms of total amount**, the balance of RMB loans of domestic branches increased by RMB1.99 trillion, with the increment increased by RMB387.6 billion year on year. Both the increment and the year-on-year growth are industry-leading. The total amount, increment and new investment amount all maintained leading positions in the market. **In terms of credit extended areas**, with a focus on its main responsibilities and main businesses, the Bank increased the support to key areas and weak links of the real economy. The balance of loans to manufacturing reached RMB3.6 trillion, the balance of loans to strategic emerging industries exceeded RMB2 trillion, and the balance of green credit loans recorded over RMB5 trillion, with both the total amount and the increment leading the industry. The balance of inclusive loans exceeded RMB2 trillion and agriculture-related loans were nearly RMB4 trillion, both registering an industry-leading growth. The balance of loans to private enterprises exceeded RMB5 trillion. The increase of loans to Specialization, Refinement, Differentiation and Innovation ("SRDI") enterprises was higher than that in the same period of last year. More than RMB650.0 billion on- and off-balance sheet financing was granted to domestic key foreign trade and foreign investment enterprises. The increment in personal consumption and business loans increased by RMB146.5 billion year on year, which promoted consumption and benefited people's livelihood.

Asset quality remained stable, due to comprehensive and systematic risk control. The Bank firmly established a holistic view of national security, adhered to the bottom-line thinking, and ensured both development and security. It deepened the Five-pronged Risk Management Approach, namely, the overall risk management of domestic and overseas institutions, on- and off-balance sheet business, commercial banking and investment banking and other services, online and offline business, and Head Office and subordinate institutions. According to the guideline of “active prevention, smart control and comprehensive management”, the Bank ensured the prevention of credit risk, market risk, operational risk, etc. and put forth effort to create a “security-first” benchmark for large bank. The level of intelligent risk control was effectively improved, work relating to asset quality was steadily advanced, the new rules on credit approval were thoroughly implemented, the key work of internal control and case prevention were vigorously promoted, consumer protection efforts produced positive results, and the safety operation barrier was further strengthened. The Group’s asset quality was generally stable and all types of risks were under control.

With more efforts invested in adjusting structure and increasing growth drivers, the Bank developed more powerful engines of growth. The Bank continued to promote the four strategic layout of “leveraging our strengths, tackling areas of weaknesses and solidifying the foundation” and the strategic priorities of personal finance, foreign exchange business, key areas and urban-rural collaborative development, etc. We made new progress in implementing the group development plan. We deepened the GBC+ (government, business and consumer) fundamental project, and increased the number of personal customers to 729 million and corporate customers to over 11 million. We accelerated the formation of a diversified customer structure that coordinated large, medium, small, micro and personal customers, which drove the balance of RMB deposits to exceed RMB30 trillion and the increment to exceed RMB3 trillion. The balance of personal assets under management (“AUM”) posted over RMB20 trillion. The Bank adhered to the principle of “balancing large and small customers and giving priority to retail business” and made coordinated efforts to serve large customers, large projects, micro and small enterprises, self-employed businesses and SRDI “little giants”. Such adjustments to the diverse credit structure produced remarkable results. Jeddah Branch in Saudi Arabia opened successfully. The Bank was authorized to act as the RMB clearing bank in Brazil, and the number of ICBC RMB clearing banks increased to 11, further refining the Bank’s global financial service network. Focusing on “serving customers, empowering employees”, the Bank deepened the development of D-ICBC and accelerated digital transformation of financial services. A number of digital innovation achievements in areas including mobile banking, open banking and ICBC e Life were launched successively, further strengthening the drive of high-quality development.

4. Discussion and Analysis

4.1 Income Statement Analysis

In the first half of 2023, the Bank realized a net profit of RMB174,720 million, representing an increase of 1.1% as compared to the same period of last year. Annualised return on average total assets stood at 0.84%, and annualised return on weighted average equity was 10.51%. Operating income amounted to RMB428,906 million, recording a decrease of 3.4%. Specifically, net interest income was RMB336,987 million, dropping by 3.9%. Non-interest income reached RMB91,919 million, decreasing by 1.7%. Operating expenses amounted to RMB105,379 million, representing an increase of 2.8%, and the cost-to-income ratio was 23.29%. Impairment losses on assets were RMB122,255 million, indicating a decrease of 8.7%. Income tax expense decreased by 22.2% to RMB28,935 million.

Net Interest Income

In the first half of 2023, net interest income amounted to RMB336,987 million, representing a decrease of RMB13,624 million or 3.9% as compared to the same period of last year. Interest income amounted to RMB696,583 million, growing by RMB77,374 million or 12.5%, and interest expenses rose by RMB90,998 million or 33.9% to RMB359,596 million. Due to 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 increasing proportion of time deposits, annualised net interest spread and net interest margin were 1.52% and 1.72%, 33 basis points and 31 basis points lower than those of the same period of last year, respectively.

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

In RMB millions, except for percentages

Item	Six months ended 30 June 2023			Six months ended 30 June 2022		
	Average balance	Interest income/expense	Average yield/cost (%)	Average balance	Interest income/expense	Average yield/cost (%)
Assets						
Loans and advances to customers	24,402,847	477,435	3.95	21,522,717	442,754	4.15
Investment	9,931,498	165,748	3.37	8,636,742	140,806	3.29
Due from central banks ⁽²⁾	3,185,687	26,216	1.66	2,893,046	20,976	1.46
Due from banks and other financial institutions ⁽³⁾	<u>1,904,974</u>	<u>27,184</u>	2.88	<u>1,748,700</u>	<u>14,673</u>	1.69
Total interest-generating assets	<u>39,425,006</u>	<u>696,583</u>	3.56	<u>34,801,205</u>	<u>619,209</u>	3.59
Non-interest-generating assets	2,625,978			2,670,917		
Allowance for impairment losses on assets	<u>(775,877)</u>			<u>(674,163)</u>		
Total assets	<u><u>41,275,107</u></u>			<u><u>36,797,959</u></u>		
Liabilities						
Deposits	30,213,526	284,796	1.90	26,405,307	223,078	1.70
Due to banks and other financial institutions ⁽³⁾	3,892,555	47,916	2.48	3,652,766	30,057	1.66
Debt securities issued and certificates of deposit	<u>1,435,425</u>	<u>26,884</u>	3.78	<u>1,084,133</u>	<u>15,463</u>	2.88
Total interest-bearing liabilities	<u>35,541,506</u>	<u>359,596</u>	2.04	<u>31,142,206</u>	<u>268,598</u>	1.74
Non-interest-bearing liabilities	<u>2,169,204</u>			<u>2,141,722</u>		
Total liabilities	<u><u>37,710,710</u></u>			<u><u>33,283,928</u></u>		
Net interest income		<u><u>336,987</u></u>			<u><u>350,611</u></u>	
Net interest spread			<u><u>1.52</u></u>			<u><u>1.85</u></u>
Net interest margin			<u><u>1.72</u></u>			<u><u>2.03</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 period and at the end of the period.
 - (2) Due from central banks mainly includes mandatory reserves and surplus reserves with central banks.
 - (3) Due from banks and other financial institutions includes the amount of reverse repurchase agreements, and due to banks and other financial institutions includes the amount of repurchase agreements.

Interest Income

◆ *Interest Income on Loans and Advances to Customers*

Interest income on loans and advances to customers was RMB477,435 million, RMB34,681 million or 7.8% higher compared to the same period of last year, as mainly affected by the increase of 13.4% in the average balance of loans and advances to customers.

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

In RMB millions, except for percentages

Item	Six months ended 30 June 2023			Six months ended 30 June 2022		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Short-term loans	5,475,802	88,686	3.27	4,448,509	75,541	3.42
Medium to long-term loans	18,927,045	388,749	4.14	17,074,208	367,213	4.34
Total loans and advances to customers	24,402,847	477,435	3.95	21,522,717	442,754	4.15

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

In RMB millions, except for percentages

Item	Six months ended 30 June 2023			Six months ended 30 June 2022		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Corporate loans	13,819,436	253,224	3.70	11,765,245	232,838	3.99
Discounted bills	1,120,051	8,701	1.57	652,362	6,975	2.16
Personal loans	8,117,960	178,036	4.42	7,853,841	185,854	4.77
Overseas business	<u>1,345,400</u>	<u>37,474</u>	5.62	<u>1,251,269</u>	<u>17,087</u>	2.75
Total loans and advances to customers	<u>24,402,847</u>	<u>477,435</u>	3.95	<u>21,522,717</u>	<u>442,754</u>	4.15

◆ *Interest Income on Investment*

Interest income on investment amounted to RMB165,748 million, representing an increase of RMB24,942 million or 17.7% as compared to the same period of last year, mainly due to the increase of 15.0% in the average balance of investment.

◆ *Interest Income on Due from Central Banks*

Interest income on due from central banks was RMB26,216 million, representing an increase of RMB5,240 million or 25.0% as compared to that of last year, principally due to the rising average interest rate of due from overseas central banks and the increased scale 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 RMB27,184 million, representing an increase of RMB12,511 million or 85.3% as compared to the same period 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 RMB284,796 million, representing an increase of RMB61,718 million or 27.7% as compared to the same period of last year, mainly due to the increase of 14.4% in the average balance of due to customers and the increase of 20 basis points in the average cost.

ANALYSIS OF AVERAGE DEPOSIT COST BY PRODUCTS

In RMB millions, except for percentages

Item	Six months ended 30 June 2023			Six months ended 30 June 2022		
	Average balance	Interest expense	Average cost (%)	Average balance	Interest expense	Average cost (%)
Corporate deposits						
Time deposits	6,885,096	93,395	2.74	5,511,411	68,937	2.52
Demand deposits	<u>7,299,487</u>	<u>36,208</u>	1.00	<u>7,190,420</u>	<u>30,852</u>	0.87
Subtotal	<u>14,184,583</u>	<u>129,603</u>	1.84	<u>12,701,831</u>	<u>99,789</u>	1.58
Personal deposits						
Time deposits	9,190,920	124,057	2.72	7,421,324	108,142	2.94
Demand deposits	<u>5,814,584</u>	<u>7,775</u>	0.27	<u>5,317,036</u>	<u>9,014</u>	0.34
Subtotal	<u>15,005,504</u>	<u>131,832</u>	1.77	<u>12,738,360</u>	<u>117,156</u>	1.85
Overseas business	<u>1,023,439</u>	<u>23,361</u>	4.60	<u>965,116</u>	<u>6,133</u>	1.28
Total deposits	<u><u>30,213,526</u></u>	<u><u>284,796</u></u>	1.90	<u><u>26,405,307</u></u>	<u><u>223,078</u></u>	1.70

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

Interest expense on due to banks and other financial institutions was RMB47,916 million, representing an increase of RMB17,859 million or 59.4% as compared to the same period of last year, principally attributable to the increase in the interest rates of foreign-currency borrowing funds.

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

Interest expense on debt securities issued and certificates of deposit was RMB26,884 million, indicating an increase of RMB11,421 million or 73.9% over the same period of last year, mainly attributable to the increased scale of the negotiable certificates of deposit (“NCDs”) issued by the Bank and certificates of deposit issued by overseas institutions, as well as the increased interest rates of overseas certificates of deposit.

Non-interest Income

In the first half of 2023, non-interest income decreased by RMB1,631 million or 1.7% to RMB91,919 million, accounting for 21.4% of the Bank’s operating income. Specifically, net fee and commission income fell by RMB2,576 million or 3.4% to RMB73,465 million, and other non-interest income increased by RMB945 million or 5.4% to RMB18,454 million.

NET FEE AND COMMISSION INCOME

In RMB millions, except for percentages

Item	Six months ended	Six months ended	Increase/ (decrease)	Growth rate (%)
	30 June 2023	30 June 2022		
Settlement, clearing business and cash management	24,398	24,186	212	0.9
Personal wealth management and private banking services	14,019	15,499	(1,480)	(9.5)
Investment banking business	13,677	12,983	694	5.3
Bank card business	10,234	8,681	1,553	17.9
Corporate wealth management services	6,863	8,070	(1,207)	(15.0)
Guarantee and commitment business	5,865	6,664	(799)	(12.0)
Asset custody business	4,380	4,598	(218)	(4.7)
Trust and agency services	1,372	1,268	104	8.2
Other	1,555	1,700	(145)	(8.5)
Fee and commission income	82,363	83,649	(1,286)	(1.5)
Less: Fee and commission expense	8,898	7,608	1,290	17.0
Net fee and commission income	73,465	76,041	(2,576)	(3.4)

In the first half of 2023, the Bank's net fee and commission income was RMB73,465 million, representing a decrease of RMB2,576 million or 3.4% as compared to the same period of last year. The income from bank card business recorded an increase of RMB1,553 million, principally due to the increase in income from merchant acquiring service fee, etc. The income from investment banking business recorded an increase of RMB694 million, mainly because of the increase in income from syndicate arrangement underwriting and management business. The income from settlement, clearing business and cash management recorded an increase of RMB212 million, as mainly benefited from the increase in income from agency foreign exchange trading business and RMB corporate settlement business. Affected by the volatile capital markets, changes in the investors' risk appetite and other factors, income from personal wealth management and private banking, corporate wealth management, asset custody and other businesses dropped. The decrease in fee rates for guarantee and commitment business resulted in a decline in relevant income. Fee and commission expense increased by RMB1,290 million, mainly due to the increase in the acquiring service fee.

OTHER NON-INTEREST RELATED GAINS

In RMB millions, except for percentages

Item	Six months ended	Six months ended	Increase/ (decrease)	Growth rate (%)
	30 June 2023	30 June 2022		
Net trading income	9,871	4,635	5,236	113.0
Net gains on financial investments	12,664	7,182	5,482	76.3
Other operating (expense)/income, net	(4,081)	5,692	(9,773)	(171.7)
Total	18,454	17,509	945	5.4

Other non-interest related gains amounted to RMB18,454 million, representing an increase of RMB945 million or 5.4% as compared to the same period of last year. Among these, the increase in net trading income was mainly due to the increase in bond investment income; the increase in net gains on financial investments was primarily a result of the increased valuation of bonds and funds; and other net operating expense was resulted from the net losses on exchange and exchange rate products.

Operating Expenses

In RMB millions, except for percentages

Item	Six months ended	Six months ended	Increase/ (decrease)	Growth rate (%)
	30 June 2023	30 June 2022		
Staff costs	63,000	62,777	223	0.4
Property and equipment expenses	13,706	13,591	115	0.8
Taxes and surcharges	5,498	4,918	580	11.8
Amortisation	2,126	1,637	489	29.9
Other	21,049	19,573	1,476	7.5
Total	105,379	102,496	2,883	2.8

Impairment Losses on Assets

In the first half of 2023, the Bank set aside the impairment losses on assets of RMB122,255 million, a decrease of RMB11,594 million or 8.7% as compared to the same period of last year. Specifically, the impairment losses on loans were RMB108,546 million, indicating an increase of RMB10,678 million or 10.9%.

Income Tax Expense

Income tax expense decreased by RMB8,249 million or 22.2% to RMB28,935 million as compared to the same period of last year. The effective tax rate was 14.21%, 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	Six months ended 30 June 2023		Six months ended 30 June 2022	
	Amount	Percentage (%)	Amount	Percentage (%)
Operating income	428,906	100.0	444,161	100.0
Corporate banking	201,765	47.0	208,992	47.0
Personal banking	168,944	39.4	177,212	39.9
Treasury operations	55,464	12.9	54,030	12.2
Other	2,733	0.7	3,927	0.9
Profit/(loss) before taxation	203,655	100.0	210,003	100.0
Corporate banking	60,960	29.9	92,733	44.2
Personal banking	103,749	50.9	98,625	47.0
Treasury operations	35,171	17.3	19,837	9.4
Other	3,775	1.9	(1,192)	(0.6)

SUMMARY GEOGRAPHICAL SEGMENT INFORMATION

In RMB millions, except for percentages

Item	Six months ended 30 June 2023		Six months ended 30 June 2022	
	Amount	Percentage (%)	Amount	Percentage (%)
Operating income	428,906	100.0	444,161	100.0
Head Office	22,147	5.2	59,158	13.3
Yangtze River Delta	80,294	18.7	74,762	16.8
Pearl River Delta	59,722	13.9	57,146	12.9
Bohai Rim	81,995	19.1	76,713	17.3
Central China	61,829	14.4	58,086	13.1
Western China	68,772	16.0	66,479	15.0
Northeastern China	16,202	3.8	14,323	3.2
Overseas and other	37,945	8.9	37,494	8.4
Profit before taxation	203,655	100.0	210,003	100.0
Head Office	(19,942)	(9.8)	7,296	3.5
Yangtze River Delta	46,209	22.7	40,135	19.1
Pearl River Delta	26,767	13.1	26,699	12.7
Bohai Rim	45,940	22.6	43,017	20.5
Central China	33,145	16.3	30,777	14.7
Western China	37,737	18.5	32,609	15.5
Northeastern China	8,043	4.0	3,345	1.6
Overseas and other	25,756	12.6	26,125	12.4

4.3 Balance Sheet Analysis

In the first half of 2023, the Bank earnestly implemented the macroeconomic and financial policies and regulatory requirements, coordinated and arranged the aggregate amount, structure and pace of assets and liabilities, and kept asset growth in line with economic development. The Bank invested in a balanced, coordinated and sustainable structure, and formed a diversified and robust asset layout featuring coordinated development of credit and non-credit, existing and new assets, on- and off-balance-sheet businesses, and domestic and overseas asset and liability businesses. The Bank persisted in relying on deposits as the main source of funds, actively responded to the trend of increasing proportion of long-term and time deposits, and strove to expand the sources of low-cost liabilities, providing a solid foundation for supporting high-quality development at the asset side.

Assets Deployment

As at the end of June, total assets of the Bank amounted to RMB43,669,606 million, RMB4,059,460 million or 10.2% higher than that at the end of the prior year. Specifically, total loans and advances to customers (collectively referred to as “total loans”) increased by RMB2,081,545 million or 9.0% to RMB25,291,921 million, investment increased by RMB721,429 million or 6.8% to RMB11,255,131 million, and cash and balances with central banks increased by RMB243,661 million or 7.1% to RMB3,671,553 million.

In RMB millions, except for percentages

Item	At 30 June 2023		At 31 December 2022	
	Amount	Percentage (%)	Amount	Percentage (%)
Total loans and advances to customers	25,291,921	–	23,210,376	–
Add: Accrued interest	60,528	–	53,524	–
Less: Allowance for impairment losses on loans and advances to customers measured at amortised cost	750,354	–	672,224	–
Net loans and advances to customers	24,602,095	56.3	22,591,676	57.0
Investment	11,255,131	25.8	10,533,702	26.6
Cash and balances with central banks	3,671,553	8.4	3,427,892	8.7
Due from banks and other financial institutions	1,232,233	2.8	1,192,532	3.0
Reverse repurchase agreements	1,693,205	3.9	864,122	2.2
Other	1,215,389	2.8	1,000,222	2.5
Total assets	43,669,606	100.0	39,610,146	100.0

◆ **Loan**

While maintaining stable and controllable asset quality, the Bank made every effort to enhance the endogenous driving force of credit structure adjustment and serve the real economy. The Bank continued to strengthen financial support for key areas and weak links such as manufacturing, strategic emerging industries, sci-tech innovation, green finance, inclusive finance and rural revitalization. As at the end of June, total loans amounted to RMB25,291,921 million, RMB2,081,545 million or 9.0% higher compared with the end of the previous year, of which RMB denominated loans of domestic branches increased by RMB1,994,425 million or 9.3% to RMB23,477,389 million.

DISTRIBUTION OF LOANS BY BUSINESS LINE

In RMB millions, except for percentages

Item	At 30 June 2023		At 31 December 2022	
	Amount	Percentage (%)	Amount	Percentage (%)
Corporate loans	15,760,433	62.3	13,826,966	59.6
Short-term corporate loans	3,755,221	14.8	3,150,517	13.6
Medium to long-term corporate loans	12,005,212	47.5	10,676,449	46.0
Discounted bills	1,055,573	4.2	1,148,785	4.9
Personal loans	8,475,915	33.5	8,234,625	35.5
Residential mortgages	6,374,390	25.2	6,431,991	27.7
Personal consumption loans	262,397	1.0	232,442	1.0
Personal business loans	1,189,042	4.7	930,040	4.0
Credit card overdrafts	650,086	2.6	640,152	2.8
Total	<u>25,291,921</u>	<u>100.0</u>	<u>23,210,376</u>	<u>100.0</u>

The Bank constantly intensified credit support for key areas such as manufacturing, strategic emerging industries, green finance and inclusive finance, deepened the corporate credit distribution for new manufacturing, new service, new basic industries and high-tech customer groups, and the Bank's corporate loans in key strategic regions such as the Beijing-Tianjin-Hebei region, Yangtze River Delta, Guangdong-Hong Kong-Macao Greater Bay Area, Central China and Chengdu-Chongqing economic circle continued to grow. Corporate loans rose by RMB1,933,467 million or 14.0% from the end of last year. Specifically, short-term corporate loans and medium to long-term corporate loans increased by RMB604,704 million and RMB1,328,763 million respectively.

The Bank increased its preferential support for housing loans to benefit the people and better meet the rigid and improving housing needs of the residents. It scaled up the financing support for small and micro enterprise owners and individual businesses. Besides, the Bank vigorously developed the personal credit consumption loan business to promote the continuous recovery of consumption. Personal loans increased by RMB241,290 million or 2.9% compared with the end of last year. Specifically, personal consumption loans grew by RMB29,955 million or 12.9%, and personal business loans grew by RMB259,002 million or 27.8%.

DISTRIBUTION OF LOANS BY FIVE-CATEGORY CLASSIFICATION

In RMB millions, except for percentages

Item	At 30 June 2023		At 31 December 2022	
	Amount	Percentage (%)	Amount	Percentage (%)
Pass	24,494,943	96.85	22,437,578	96.67
Special mention	453,373	1.79	451,628	1.95
NPLs	343,605	1.36	321,170	1.38
Substandard	154,610	0.61	158,372	0.68
Doubtful	123,780	0.49	118,574	0.51
Loss	65,215	0.26	44,224	0.19
Total	25,291,921	100.00	23,210,376	100.00

According to the five-category classification, pass loans amounted to RMB24,494,943 million as at the end of June, representing an increase of RMB2,057,365 million compared to the end of the previous year and accounting for 96.85% of total loans. Special mention loans amounted to RMB453,373 million, representing an increase of RMB1,745 million and accounting for 1.79% of total loans, dropping 0.16 percentage points. NPLs amounted to RMB343,605 million, showing an increase of RMB22,435 million, and NPL ratio was 1.36%, dropping 0.02 percentage points compared to the end of the previous year.

DISTRIBUTION OF LOANS AND NPLS

In RMB millions, except for percentages

Item	At 30 June 2023				At 31 December 2022			
	Loan	Percentage (%)	NPLs	NPL ratio (%)	Loan	Percentage (%)	NPLs	NPL ratio (%)
Corporate loans	15,760,433	62.3	287,919	1.83	13,826,966	59.6	271,615	1.96
Short-term corporate loans	3,755,221	14.8	90,246	2.40	3,150,517	13.6	99,066	3.14
Medium to long-term corporate loans	12,005,212	47.5	197,673	1.65	10,676,449	46.0	172,549	1.62
Discounted bills	1,055,573	4.2	-	-	1,148,785	4.9	-	-
Personal loans	8,475,915	33.5	55,686	0.66	8,234,625	35.5	49,555	0.60
Residential mortgages	6,374,390	25.2	26,746	0.42	6,431,991	27.7	25,394	0.39
Personal consumption loans	262,397	1.0	4,839	1.84	232,442	1.0	3,985	1.71
Personal business loans	1,189,042	4.7	9,340	0.79	930,040	4.0	8,454	0.91
Credit card overdrafts	650,086	2.6	14,761	2.27	640,152	2.8	11,722	1.83
Total	25,291,921	100.0	343,605	1.36	23,210,376	100.0	321,170	1.38

As at the end of June, corporate NPLs were RMB287,919 million, representing an increase of RMB16,304 million over the end of last year, with an NPL ratio of 1.83%, down 0.13 percentage points. Personal NPLs stood at RMB55,686 million, growing by RMB6,131 million, with an NPL ratio of 0.66%, up 0.06 percentage points.

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

In RMB millions, except for percentages

Item	At 30 June 2023				At 31 December 2022			
	Loan	Percentage (%)	NPLs	NPL ratio (%)	Loan	Percentage (%)	NPLs	NPL ratio (%)
Transportation, storage and postal services	3,425,926	23.7	20,225	0.59	3,149,183	25.1	19,324	0.61
Manufacturing	2,376,627	16.5	55,007	2.31	1,949,461	15.5	58,944	3.02
Leasing and commercial services	2,207,799	15.3	46,779	2.12	1,892,850	15.1	38,188	2.02
Water, environment and public utility management	1,688,442	11.7	22,542	1.34	1,511,785	12.0	23,864	1.58
Production and supply of electricity, heating, gas and water	1,372,980	9.5	8,702	0.63	1,211,580	9.6	8,406	0.69
Real estate	767,190	5.3	51,226	6.68	724,802	5.8	44,531	6.14
Wholesale and retail	680,038	4.7	30,427	4.47	531,845	4.2	31,696	5.96
Construction	458,160	3.2	9,308	2.03	359,345	2.9	7,513	2.09
Science, education, culture and sanitation	378,386	2.6	7,796	2.06	340,146	2.7	8,337	2.45
Mining	287,131	2.0	2,638	0.92	226,500	1.8	2,706	1.19
Other	787,367	5.5	16,176	2.05	657,994	5.3	17,422	2.65
Total	14,430,046	100.0	270,826	1.88	12,555,491	100.0	260,931	2.08

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 manufacturing increased by RMB427,166 million, up 21.9%, mainly invested in leading backbone enterprises and key projects in high-end manufacturing such as new-generation information technology, electric power equipment, automobile manufacturing, and large-scale refining and chemical projects. Loans to leasing and commercial services increased by RMB314,949 million, representing a growth rate of 16.6%, 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 transportation, storage and postal services increased by RMB276,743 million or 8.8% over the end of last year, mainly focusing on supporting the project construction of highways, railways, airports and berths, as well as the liquidity needs of high-quality customers such as China Railway, airlines and port groups. Loans to water, environment and public utility management grew by RMB176,657 million or 11.7%, mainly for major projects in the areas of new urbanization and water conservancy facilities as well as the areas of people's livelihood such as urban public utilities and environmental remediation. Loans to the production and supply of electricity, heating, gas and water increased by RMB161,400 million, an increase of 13.3%, mainly to support the headquarters of key electric power groups and relevant construction projects, of which the area of emerging energy power generation maintained a relatively fast growth rate. Loans to the wholesale and retail grew by RMB148,193 million or 27.9%, mainly for the leading enterprises in the industrial chain and the supply chain, thus providing active support for the financing needs of small and micro enterprises, boosting production and consumption to rebound steadily, and promoting the "dual circulation" of domestic and foreign trade.

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 30 June 2023				At 31 December 2022			
	Loan	Percentage (%)	NPLs	NPL ratio (%)	Loan	Percentage (%)	NPLs	NPL ratio (%)
Head Office	729,104	2.9	22,950	3.15	747,980	3.2	18,443	2.47
Yangtze River Delta	5,371,335	21.2	35,081	0.65	4,798,204	20.7	32,910	0.69
Pearl River Delta	3,947,251	15.6	51,955	1.32	3,621,603	15.6	47,328	1.31
Bohai Rim	4,182,767	16.5	74,695	1.79	3,816,621	16.5	69,989	1.83
Central China	3,887,951	15.4	39,532	1.02	3,561,290	15.3	40,888	1.15
Western China	4,593,159	18.2	73,977	1.61	4,225,369	18.2	71,038	1.68
Northeastern China	1,053,039	4.2	27,328	2.60	978,246	4.2	29,203	2.99
Overseas and other	1,527,315	6.0	18,087	1.18	1,461,063	6.3	11,371	0.78
Total	25,291,921	100.0	343,605	1.36	23,210,376	100.0	321,170	1.38

MOVEMENTS OF ALLOWANCE FOR IMPAIRMENT LOSSES ON LOANS

In RMB millions

Item	Allowance for impairment losses on loans and advances to customers measured at amortised cost				Allowance for impairment losses on loans and advances to customers measured at FVTOCI			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2023	278,715	141,586	251,923	672,224	510	–	28	538
Transfer:								
to stage 1	29,161	(26,613)	(2,548)	–	–	–	–	–
to stage 2	(3,966)	6,472	(2,506)	–	–	–	–	–
to stage 3	(3,638)	(30,891)	34,529	–	(48)	–	48	–
Charge	48,570	44,768	14,910	108,248	70	–	228	298
Write-offs and transfer out	–	–	(38,137)	(38,137)	–	–	–	–
Recoveries of loans and advances previously written off	–	–	6,877	6,877	–	–	–	–
Other movements	712	782	(352)	1,142	6	–	–	6
Balance at 30 June 2023	349,554	136,104	264,696	750,354	538	–	304	842

At the end of June, allowance for impairment losses on loans stood at RMB751,196 million, of which RMB750,354 million on loans measured at amortised cost, and RMB842 million on loans measured at fair value through other comprehensive income. Allowance to NPLs was 218.62%, representing an increase of 9.15 percentage points over the end of last year, and allowance to total loans ratio was 2.97%, representing an increase of 0.07 percentage points.

DISTRIBUTION OF LOANS BY COLLATERAL

In RMB millions, except for percentages

Item	At 30 June 2023		At 31 December 2022	
	Amount	Percentage (%)	Amount	Percentage (%)
Loans secured by mortgages	10,377,403	41.1	9,977,153	43.0
Pledged loans	2,603,579	10.3	2,467,572	10.6
Guaranteed loans	2,817,734	11.1	2,544,651	11.0
Unsecured loans	9,493,205	37.5	8,221,000	35.4
Total	25,291,921	100.0	23,210,376	100.0

OVERDUE LOANS

In RMB millions, except for percentages

Overdue periods	At 30 June 2023		At 31 December 2022	
	Amount	% of total loans	Amount	% of total loans
Less than 3 months	107,738	0.43	93,802	0.40
3 months to 1 year	77,142	0.31	79,509	0.34
1 to 3 years	91,300	0.36	91,177	0.40
Over 3 years	21,369	0.08	19,543	0.08
Total	297,549	1.18	284,031	1.22

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

Overdue loans stood at RMB297,549 million, representing an increase of RMB13,518 million from the end of the previous year. Among them, loans overdue for over 3 months amounted to RMB189,811 million, representing a decrease of RMB418 million.

RESCHEDULED LOANS

Rescheduled loans and advances amounted to RMB34,074 million, representing an increase of RMB7,845 million as compared to the end of the previous year. Among them, rescheduled loans and advances overdue for over 3 months amounted to RMB3,158 million, representing an increase of RMB877 million.

LOAN MIGRATION RATIO

Item	<i>In percentages</i>		
	At 30 June 2023	At 31 December 2022	At 31 December 2021
Pass	1.2	1.1	1.1
Special mention	24.7	21.0	17.3
Substandard	60.9	36.6	46.4
Doubtful	73.7	42.5	47.6

Note: Calculated according to the Circular on Amending the Definitions and Calculation Formula of Basic Indicators for Off-site Supervision of the Banking Sector issued by the former CBIRC in 2022, and measured at the Group's level.

BORROWER CONCENTRATION

As at the end of June, the total amount of loans granted by the Bank to the single largest borrower and top ten single borrowers accounted for 3.8% and 18.6% of the Bank's net capital base respectively. The total amount of loans granted to the top ten single borrowers was RMB834,139 million, accounting for 3.3% of the total loans.

Item	At 30 June 2023	At 31 December 2022	At 31 December 2021
	Loan concentration to the single largest borrower (%)	3.8	3.8
Loan concentration to the top ten borrowers (%)	18.6	16.0	14.2

◆ **Investment**

The Bank actively supported the implementation of national development strategies, stepped up efforts in serving the real economy and provided strong financial support for local economic development and expansion of quality enterprises. As at the end of June, investment amounted to RMB11,255,131 million, representing an increase of RMB721,429 million or 6.8% from the end of the previous year. Among these, bonds rose by RMB703,274 million or 7.0% to RMB10,766,844 million.

In RMB millions, except for percentages

Item	At 30 June 2023		At 31 December 2022	
	Amount	Percentage (%)	Amount	Percentage (%)
Bonds	10,766,844	95.6	10,063,570	95.5
Equity instruments	192,193	1.7	190,869	1.8
Funds and other	176,245	1.6	168,855	1.6
Accrued interest	119,849	1.1	110,408	1.1
Total	11,255,131	100.0	10,533,702	100.0

DISTRIBUTION OF INVESTMENT IN BONDS BY ISSUERS

In RMB millions, except for percentages

Item	At 30 June 2023		At 31 December 2022	
	Amount	Percentage (%)	Amount	Percentage (%)
Government bonds	7,982,371	74.2	7,422,555	73.8
Central bank bonds	36,400	0.3	56,817	0.5
Policy bank bonds	850,912	7.9	762,209	7.6
Other bonds	1,897,161	17.6	1,821,989	18.1
Total	10,766,844	100.0	10,063,570	100.0

In terms of distribution by issuers, government bonds increased by RMB559,816 million or 7.5% over the end of last year; central bank bonds decreased by RMB20,417 million or 35.9%; policy bank bonds went up by RMB88,703 million or 11.6%; and other bonds increased by RMB75,172 million or 4.1%.

DISTRIBUTION OF INVESTMENT IN BONDS BY REMAINING MATURITY

In RMB millions, except for percentages

Remaining maturity	At 30 June 2023		At 31 December 2022	
	Amount	Percentage (%)	Amount	Percentage (%)
Undated ⁽¹⁾	76	0.0	284	0.0
Less than 3 months	877,814	8.2	694,517	6.9
3 to 12 months	1,196,300	11.1	1,372,035	13.6
1 to 5 years	3,854,985	35.8	3,649,538	36.3
Over 5 years	4,837,669	44.9	4,347,196	43.2
Total	10,766,844	100.0	10,063,570	100.0

Note: (1) Refers to overdue bonds.

DISTRIBUTION OF INVESTMENT IN BONDS BY CURRENCY

In RMB millions, except for percentages

Item	At 30 June 2023		At 31 December 2022	
	Amount	Percentage (%)	Amount	Percentage (%)
RMB-denominated bonds	9,813,781	91.2	9,217,302	91.6
USD-denominated bonds	639,408	5.9	559,753	5.6
Other foreign currency bonds	313,655	2.9	286,515	2.8
Total	10,766,844	100.0	10,063,570	100.0

In terms of currency structure, RMB-denominated bonds rose by RMB596,479 million or 6.5% over the end of last year. USD-denominated bonds increased by an equivalent of RMB79,655 million or 14.2%; other foreign currency bonds increased by an equivalent of RMB27,140 million or 9.5%. During the reporting period, the Bank 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 30 June 2023		At 31 December 2022	
	Amount	Percentage (%)	Amount	Percentage (%)
Financial investments measured at fair value through profit or loss	813,301	7.2	747,474	7.1
Financial investments measured at fair value through other comprehensive income	2,396,732	21.3	2,223,096	21.1
Financial investments measured at amortised cost	8,045,098	71.5	7,563,132	71.8
Total	11,255,131	100.0	10,533,702	100.0

As at the end of June, the Group held RMB1,956,383 million of financial bonds¹, including RMB850,912 million of policy bank bonds and RMB1,105,471 million of bonds issued by banks and non-bank financial institutions, accounting for 43.5% and 56.5% of financial bonds, respectively.

◆ *Reverse Repurchase Agreements*

The reverse repurchase agreements were RMB1,693,205 million, an increase of RMB829,083 million or 95.9% compared to the end of last year, mainly because the Bank reasonably arranged fund operation strategies based on fund changes and increased the lending size.

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.

Liabilities

As at the end of June, total liabilities reached RMB40,073,186 million, an increase of RMB3,978,459 million or 11.0% compared with the end of last year.

In RMB millions, except for percentages

Item	At 30 June 2023		At 31 December 2022	
	Amount	Percentage (%)	Amount	Percentage (%)
Due to customers	33,373,772	83.3	29,870,491	82.8
Due to banks and other financial institutions	3,050,944	7.6	3,187,712	8.8
Repurchase agreements	692,327	1.7	574,778	1.6
Debt securities issued	1,174,487	2.9	905,953	2.5
Other	1,781,656	4.5	1,555,793	4.3
Total liabilities	40,073,186	100.0	36,094,727	100.0

◆ *Due to Customers*

Due to customers is the Bank's main source of funds. As at the end of June, the balance of due to customers was RMB33,373,772 million, RMB3,503,281 million or 11.7% higher than that at the end of the previous year. In terms of customer structure, corporate deposits grew by RMB1,874,048 million or 12.8%; and personal deposits increased by RMB1,577,208 million or 10.8%. In terms of maturity structure, time deposits rose by RMB3,627,306 million or 23.9%, while demand deposits decreased by RMB176,050 million or 1.3%. In terms of currency structure, RMB deposits stood at RMB31,516,453 million, an increase of RMB3,363,439 million or 11.9%. Foreign currency deposits were equivalent to RMB1,857,319 million, an increase of RMB139,842 million or 8.1%.

DISTRIBUTION OF DUE TO CUSTOMERS BY BUSINESS LINE

In RMB millions, except for percentages

Item	At 30 June 2023		At 31 December 2022	
	Amount	Percentage (%)	Amount	Percentage (%)
Corporate deposits				
Time deposits	8,656,462	26.0	6,594,898	22.1
Demand deposits	7,888,740	23.6	8,076,256	27.0
Subtotal	16,545,202	49.6	14,671,154	49.1
Personal deposits				
Time deposits	10,119,661	30.3	8,553,919	28.6
Demand deposits	6,002,853	18.0	5,991,387	20.1
Subtotal	16,122,514	48.3	14,545,306	48.7
Other deposits⁽¹⁾	230,591	0.7	199,465	0.7
Accrued interest	475,465	1.4	454,566	1.5
Total	33,373,772	100.0	29,870,491	100.0

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

DISTRIBUTION OF DUE TO CUSTOMERS BY GEOGRAPHIC AREA

In RMB millions, except for percentages

Item	At 30 June 2023		At 31 December 2022	
	Amount	Percentage (%)	Amount	Percentage (%)
Head Office	31,886	0.1	35,579	0.1
Yangtze River Delta	7,057,345	21.1	6,249,754	20.9
Pearl River Delta	4,712,013	14.1	4,048,164	13.6
Bohai Rim	8,655,877	25.9	7,629,312	25.5
Central China	4,908,157	14.7	4,455,782	14.9
Western China	5,174,354	15.5	4,776,285	16.0
Northeastern China	1,743,213	5.2	1,608,543	5.4
Overseas and other	1,090,927	3.4	1,067,072	3.6
Total	<u>33,373,772</u>	<u>100.0</u>	<u>29,870,491</u>	<u>100.0</u>

◆ *Debt Securities Issued*

The debt securities issued were RMB1,174,487 million, an increase of RMB268,534 million or 29.6% compared to the end of last year, mainly because of the increase in the size of NCDs and tier 2 capital bonds issued by the Bank.

Shareholders' Equity

As at the end of June, shareholders' equity amounted to RMB3,596,420 million in aggregate, RMB81,001 million or 2.3% higher than that at the end of the previous year. Equity attributable to equity holders of the parent company recorded an increase of RMB79,890 million or 2.3% to RMB3,575,999 million.

4.4 Changes of Major Accounting Policies

Since 2017, the International Accounting Standards Board has successively promulgated IFRS 17 – Insurance Contracts and the Amendments to IFRS 17. In accordance with the implementation requirements of the International Accounting Standards Board, the Group has implemented the above-mentioned new IFRS since 1 January 2023.

4.5 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 that met the regulatory requirements. The regulatory weighting approach was adopted for credit risk uncovered by the IRB approach and the standardized approach was adopted for market risk uncovered by the IMA.

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

In RMB millions, except for percentages

Item	At 30 June 2023		At 31 December 2022	
	Group	Parent Company	Group	Parent Company
Net common equity tier 1 capital	3,201,381	2,886,248	3,121,080	2,824,565
Net tier 1 capital	3,556,297	3,213,112	3,475,995	3,152,660
Net capital base	4,473,996	4,120,514	4,281,079	3,945,322
Common equity tier 1 capital adequacy ratio (%)	13.20	13.01	14.04	14.03
Tier 1 capital adequacy ratio (%)	14.67	14.49	15.64	15.66
Capital adequacy ratio (%)	18.45	18.58	19.26	19.60

As at the end of June, 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 13.20%, 14.67% and 18.45%, respectively, complying with regulatory requirements.

CAPITAL ADEQUACY RATIO

In RMB millions, except for percentages

Item	At 30 June 2023	At 31 December 2022
Common equity tier 1 capital	3,221,767	3,141,891
Paid-in capital	356,407	356,407
Valid portion of capital reserve	148,190	148,174
Surplus reserve	392,414	392,162
General reserve	496,678	496,406
Retained profits	1,827,301	1,766,288
Valid portion of minority interests	3,283	3,293
Other	(2,506)	(20,839)
Common equity tier 1 capital deductions	20,386	20,811
Goodwill	8,631	8,320
Other intangible assets other than land use rights	6,989	7,473
Cash flow hedge reserve that relates to the hedging of items that are not fair-valued on the balance sheet	(3,214)	(2,962)
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	3,201,381	3,121,080
Additional tier 1 capital	354,916	354,915
Additional tier 1 capital instruments and related premiums	354,331	354,331
Valid portion of minority interests	585	584
Net tier 1 capital	3,556,297	3,475,995
Tier 2 capital	917,699	805,084
Valid portion of tier 2 capital instruments and related premiums	583,691	528,307
Surplus provision for loan impairment	332,970	275,764
Valid portion of minority interests	1,038	1,013
Net capital base	4,473,996	4,281,079
Risk-weighted assets⁽¹⁾	24,244,321	22,225,272
Common equity tier 1 capital adequacy ratio (%)	13.20	14.04
Tier 1 capital adequacy ratio (%)	14.67	15.64
Capital adequacy ratio (%)	18.45	19.26

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

RISK-WEIGHTED ASSETS

Item	<i>In RMB millions</i>	
	At	At
	30 June 2023	31 December 2022
Credit risk-weighted assets	22,482,101	20,488,486
Parts covered by internal ratings-based approach	14,829,883	13,248,337
Parts uncovered by internal ratings-based approach	7,652,218	7,240,149
Market risk-weighted assets	228,641	203,207
Parts covered by internal model approach	114,446	80,583
Parts uncovered by internal model approach	114,195	122,624
Operational risk-weighted assets	1,533,579	1,533,579
Total	<u>24,244,321</u>	<u>22,225,272</u>

LEVERAGE RATIO

Item	<i>In RMB millions, except for percentages</i>			
	At	At	At	At
	30 June 2023	31 March 2023	31 December 2022	30 September 2022
Net tier 1 capital	3,556,297	3,560,849	3,475,995	3,391,913
Balance of adjusted on- and off-balance sheet assets	45,931,590	44,231,978	41,780,554	41,802,773
Leverage ratio (%)	7.74	8.05	8.32	8.11

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

The Bank publicly issued a tranche of tier 2 capital bonds of RMB55.0 billion in China's national inter-bank bond market in April 2023. All proceeds were used to replenish the Bank's tier 2 capital in accordance with the applicable laws as approved by relevant regulatory authorities.

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

4.6 Outlook

Since the beginning of 2023, the world economy is recovering sluggishly and has entered into a new stage of turbulence and changes. The Chinese national economy continues to recover with good momentum, showing great development resilience and potential. The financial sector is making new progress in pursuing high-quality development, with an improved financial regulatory system, refined opening-up policies and better circulation between finance and the real economy, providing important support to the high-quality development of the banking sector.

In the second half of this year, ICBC will continue to follow the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and firmly focus on the primary task of high-quality development and the strategic task of fostering a pattern of development. It will adhere to the “48-character” guideline, deepen the implementation of the strategic layout of “leveraging our strengths, tackling areas of weaknesses and solidifying the foundation”, advance the work of maintaining stable growth, adjusting structure, increasing growth drivers, preventing risks and breaking new ground in a coordinated manner, make new progress in the building of a world-class modern financial institution with Chinese characteristics, and celebrate the 40th anniversary of the founding of ICBC with excellent results.

First, the Bank will spare no effort to serve Chinese modernization. Based on the Bank’s foundation of development and business characteristics, the Bank will have a deep understanding of the Chinese characteristics, essential requirements and major principles of Chinese modernization, establish and improve the modern financial service system with Chinese characteristics that follows a clear direction, keep in mind the Bank’s underlying mission, highlight the Bank’s principal business, uphold fundamental principles and break new ground, so as to better meet the diverse financial needs of the real economy and the general public.

Second, the Bank will continue to promote the high-quality development. It will faithfully and fully apply the new development philosophy on all fronts, establish a correct view on political achievements, coordinate the efforts in value creation, market position, risk control and capital constraint, and promote the building of a balanced, coordinated and sustainable sound development ecosystem across the Bank. The Bank will maintain strategic focus, pursue progress while ensuring stability, and advance the high-quality development of the whole Bank by implementing the Group’s strategic layout and key strategies with high quality.

Third, the Bank will deepen reform and transformation in all respects. Facing the new trends of scientific and technological changes, the new patterns of market competition and the new situations in internal management, the Bank will focus on solving deep-rooted problems and obstacles, accelerate structural adjustment and the activation of growth drivers, and continue to improve the Group's governance effectiveness and operating efficiency. It will refine resource allocation by optimizing the customer structure and bolster the momentum of development by optimizing the asset structure. It will channel more resources into key areas of developing a modern industrial system to provide more room for transformation and development and making profit concessions to the real economy.

Fourth, the Bank will better coordinate development and security. It will firmly apply the overall concept of national security, and continue to refine the enterprise-wide risk management system with the goal of creating a benchmark for large banks for safe and sound development, using the "Five-pronged Risk Management Approach" as a means. The Bank will strengthen the worst-case scenario and the extreme-case scenario mindset, prudently defuse existing risks and resolutely prevent incremental risks with a sense of responsibility of being vigilant all the time. Besides, the Bank will put forth effort to strengthen the effectiveness of internal control and case prevention, enhance the "dam" for workplace safety and operation safety, and firmly guard against any systemic risks.

4.7 Hot Topics in the Capital Market

Hot Topic 1: An Analysis of Changes in Operating Income

In the first half of 2023, the Bank, with a focus on maintaining stable growth, adjusting structure, increasing growth drivers, preventing risks and breaking new ground, coordinated efforts to serve the real economy and controlling financial risks, continuously accelerated the structural optimization and adjustment of customers, businesses and products, and actively expanded diversified income sources in an innovative way. During the reporting period, the Bank realized operating income of RMB428.9 billion, down 3.4% on a year-on-year basis. Specifically, the decline in net interest income, fee and commission income narrowed compared with the first quarter, and other non-interest income recorded a positive growth.

First, the trends of net interest income movements improved. Since this year, NIM of the banking sector continued to show a downward trend under the influence of multiple factors such as loan repricing caused by the decline of market interest rate and LPR, and the increase of customers' willingness to place time deposits, etc. Compared with the first quarter, the Bank's NIM dropped by 5 BPs to 1.72% in the first half year; net interest income reached RMB337 billion, representing a reduction of 3.9%, narrowing the decline from the first quarter. **Second, the size of fee and commission income led the industry.** In the first half year, the Bank continued to intensify efforts in customer development and marketing promotion, consolidated the foundation of fee-based income growth, and thus witnessed a sound increase in income from businesses such as settlement, clearing and cash management, and bank cards, etc. Meanwhile, as the Bank seized market opportunities to reinforce the marketing of key products such as insurance, the expansion of business scale resulted in good income growth. However, influenced by the decline in customers' willingness to engage in investment and wealth management as a result of capital market volatility, income from corporate wealth management, personal wealth management and private banking, and asset custody decreased on a year-on-year basis. During the reporting period, fee and commission income dropped by 1.5% year-on-year to RMB82.4 billion, representing a narrower decline as compared to that of the first quarter, and the total amount was at a leading level among comparable peers. **Third, the Bank accelerated product innovation and operational transformation, and expanded the sources of income growth, thus realizing a year-on-year increase in other non-interest income.** Since the beginning of this year, the Bank has continuously strengthened market trend tracking and analysis, seized market opportunities to expand and enhance the trading business and maintained stable operating income with multiple drivers. During the reporting period, the Bank realized other non-interest related gains of RMB18.5 billion, up 5.4% year-on-year.

Hot Topic 2: Steady Increase in Credit Granting with the Structure Continuously Optimized

Since the beginning of this year, the Bank earnestly implemented the state's economic and financial policies and the monetary policy orientation, adhered to the principle of commercial sustainability and accurately grasped market demands derived from the recovery process of the real economy. On the basis of continuously reinforcing risk control, it maintained a steady growth of total credit amount and gradually optimized the structure of credit granting, thereby realizing an enhancement in both quantity and quality of financial supplies. In the first half year, the balance of domestic RMB loans grew by RMB1.99 trillion over the end of the previous year to RMB23.5 trillion, with the increment increasing by RMB387.6 billion year-on-year. Both the total amount and increment maintained a leading position in the industry, with the structure of credit granting continuously optimized, and market competitiveness on the constant rise.

I. Focusing on the Main Responsibility for Serving the Development of Manufacturing and Major Projects

The Bank spurred its inner driving force to serve the manufacturing industry. In the first half year, the balance of loans to manufacturing reached RMB3.6 trillion, and the balance and increment of medium to long-term loans to manufacturing ranked first in the industry. Keeping abreast of the macro-policy, the Bank carried out marketing of major infrastructure projects in transportation, water conservation and energy as well as key projects of the "14th Five-Year Plan". In the first half year, domestic medium to long-term corporate loans grew by nearly RMB1.3 trillion, accounting for approximately 69% of the increment in corporate loans, up more than 12 percentage points over the same period of the previous year.

II. Highlighting Key Fields and Actively Supporting Industrial Upgrade

Inclusive finance saw an enlargement in scale and coverage. The Bank insisted on making inclusive finance the breakthrough point of transformation and development. The balance of inclusive loans increased by nearly RMB500.0 billion to over RMB2.0 trillion, leading the industry in growth rate. **Green finance services were enhanced.** As the Bank stepped up support for green financing, the balance of green loans exceeded RMB5.0 trillion, leading the market in both loan balance and growth rate. **The Bank served sci-tech innovation** through the "Chunmiao Action" and other activities. In the first half of the year, loans to strategic emerging industries grew by more than RMB600 billion, leading the industry in both balance and growth.

The growth rate of loans to SRDI enterprises was 9 percentage points higher than the average growth rate of corporate loans. **The quality and efficiency of rural financial services were improved.** The Bank contributed to promoting the urban-rural integrated development through increasing financial supports for key fields of “agriculture, rural areas and farmers” and extending the coverage of services to counties and villages. In the first half of the year, the balance of agriculture-related loans increased by 20% to nearly RMB4.0 trillion, representing an industry-leading growth rate.

III. Stimulating Domestic Consumption and Making Concrete Progress in Retail Credit Business

In the first half of the year, the Bank took advantage of the favorable timings of economic rebound and the stabilization of consumption to strengthen marketing promotion of key products such as residential mortgage combination loan, e-Mortgage Quick Loan and ICBC e Loan. The increment in personal consumption loans and personal business loans exceeded RMB280.0 billion, up RMB146.5 billion year-on-year. In active response to China’s deep adjustment in the real estate market, the Bank ensured a steady growth of total residential mortgages, and over RMB510.0 billion was issued in the first half of the year, an increase of RMB48.1 billion year-on-year. Moreover, the Bank also seized opportunities to develop business in the secondhand housing market by optimizing the structure of housing mortgages. It issued more than RMB150.0 billion of residential mortgages on second-hand properties, representing a year-on-year increase of RMB70.6 billion.

IV. Optimizing the Business Layout to Support Coordinated Regional Development

Actively implementing the strategy for “Sharpening Competitive Edge in Key Regions”, the Bank increased loans to Beijing-Tianjin-Hebei, the Yangtze River Delta, the Guangdong-Hong Kong-Macao Greater Bay Area, Central China and Chengdu-Chongqing at a rate higher than the average growth rate in the industry. In the meantime, the balance and sustainability of credit resources allocation were enhanced to promote balanced development among regions.

In the second half of this year, the Bank will continue to focus on maintaining stable growth, adjusting structure, increasing growth drivers, preventing risks and breaking new ground. It will proactively capture market trends, continue to improve the layout of the credit business and the adaptability of the business to economic development trends, and further consolidate and enhance its competitiveness on the credit market and its capabilities in creating value.

Hot Topic 3: Deepening the Development of “D-ICBC”

The Bank has always adhered to the principles that technology is the primary productive power, human resources are the primary resources and innovation is the primary engine. With the enhancement of the ECOS tech ecosystem and the digital banking ecosystem D-ICBC as the core, and the construction of technological innovation system and team building as support, the Bank has pressed forward with the initiatives of technology-empowered ICBC and D-ICBC, and created a new engine for high-quality development.

ECOS Tech Ecosystem: Providing New Engines for Building a High-level Technology-empowered Bank

The Bank continued to improve the ECOS tech ecosystem in a way that ensures “stability” of the system, “flexibility” of the architecture and “advanced nature” of technology so as to provide five engines for high-quality development.

Engine 1: The architecture is more flexible. Focusing on touch point integration, service aggregation and operation fusion, the Bank improved architecture design with new modes and methods, enhanced the flexibility of system functions, technical routes and basic resources, and built an architecture system with stronger innovation in empowerment and a more resilient technical system, so as to fully leverage the supporting role of architecture system transformation for digital development.

Engine 2: The intelligent data fusion capability has reached a new level. In the face of the new industrial revolution represented by the big AI model technology, the Bank actively pushed forward the systematized development of the big model technology capability, and used the technology to explore new business application scenarios. ICBC took the lead to realize the practical application of large models with tens of billions of parameters, created intelligent assistants for branch employees and to provide intelligent Q&As support for front-line staff on rules and regulations, business files, etc., and introduced innovative investment research assistants that enable intelligent generation of financial market investment research report within minutes. To enhance the quality and efficiency of delivering services by traditional AI models, the Bank put in service the knowledge operation assistant, which improves the quality and efficiency of intelligent customer services through extracting materials, labeling data and maintaining knowledge in a more efficient and precise manner. In collaboration with industry-leading research institutes and leading enterprises, the Bank explored innovative patterns of applying large AI models with hundreds of billions of parameters in the financial industry, maintaining its leading advantage in the application of state-of-the-art technologies.

Engine 3: New breakthroughs have been made in the transformation of technical system. Landmark achievements have been made in the transformation of the core personal banking system. Information of more than 700 million personal customers and over 1.0 billion personal accounts have been fully migrated to a distributed architecture system for single-track operation, signifying the success in the transformation and upgrading of the largest core banking system into a distributed architecture among comparable peers.

Engine 4: The clouding of infrastructure has been further upgraded. The Bank actively implemented the Group-wide infrastructure clouding plan, and managed to maintain an industry-leading position in terms of the number of cloud nodes and the number of business containers.

Engine 5: New progress has been made in agile R&D. The Bank accelerated the transformation to R&D and testing integration (DevOps), further simplified the R&D and launch process, and completed the standardization of ongoing delivery of 174 application groups, thereby improving the efficiency of R&D and launch.

D-ICBC: Starting A New Engine for Building High-Quality D-ICBC

Since the beginning of this year, ICBC has adhered to the concept of digital development and pressed forward with the development of D-ICBC in depth. The Bank focused on “serving customers, empowering employees”, continuously improved the two supporting systems of business and data technology, and accelerated the reform of business model and management process, empowering the high-quality business development by digital transformation.

First, the Bank strengthened and optimized key internal and external service platforms to achieve innovative operation and development models. The Bank strengthened the three external platforms of “Mobile Banking, Open Banking and ICBC e Life”, and formed a new landscape where financial services and life services are integrated and mutually promoted, and self-owned platforms and open platforms are complementary. The Bank also optimized three internal platforms of “outlet service platform, account manager platform and smart office platform”, realized transformation of the service mode from the traditional “offline and people-oriented”

mode to the “online and data-driven” mode, and continuously enhanced the competitiveness of outlets, marketing capacity of account managers and office efficiency of employees. At the end of the first half of 2023, the number of personal mobile banking customers exceeded 536 million, and the number of monthly active users exceeded 200 million, maintaining a leading position in the industry. The number of monthly active users of ICBC e Life reached 14.80 million, up 29.5% over the year beginning. The cooperation between Open Banking and external ecological platforms was deepened. The Bank built a digital supply chain service platform, covering nearly 30 industries, including pharmaceuticals and construction. The number of partners exceeded 46 thousand and the transaction amount exceeded RMB150 trillion, both maintaining a leading position in the industry.

Second, the Bank further refined the business and service supporting system to better support the development of the real economy. The Bank continued to innovate in financial service products, launched the personal cash management service “Tian Tian Ying”, created new personal loan portfolio products under the mortgage transfer mode, and launched the agriculture-related loan product “Planting e Loan”. The Bank also accelerated the promotion of “ICBC Global Pay”, comprehensively upgraded the treasury and global cash management service system, and led the industry in the number of treasury projects for central enterprises. The Bank continued to improve the digital operation system, deployed nearly 30 thousand digital operation strategies, and promoted the sales and transactions of deposits, funds, wealth management products, insurance products and other key products to exceed RMB1.23 trillion. It accelerated the “person-to-technology substitution”. Digital employees could undertake the workload of more than 22,000 people to reduce the burden of grassroots outlets. The Bank continued to enhance the enterprise-wide risk management capacity, strengthened the data penetration of the Group’s subsidiaries, and realized the enterprise-wide risk management view of “Five-pronged Risk Management Approach” from the perspective of the Group. It established a cross-disciplinary “joint risk prevention and control” system focusing on customers, and won the commendation from the Ministry of Public Security for its advanced experience in reducing the number of accounts involved in telecom frauds.

Third, the Bank continuously cemented the data technology supporting system to lay a solid foundation for digital high-quality development. The Bank actively pushed forward the transformation of the technical architecture, and realized the transformation and upgrade of the distributed architecture of the personal banking core system. With the increasingly enriched data elements, the Bank actively integrated into the “Blue Ocean” of social data under the premise of ensuring security and compliance, and increased the use of government affairs, operators, internet companies and other external data, so as to drive business model change with richer data elements. The Bank firmly defended the bottom line of security, improved the high availability and disaster backup support system, strengthened the construction of enterprise-level attack and defense target range, and continuously enhanced the network security protection capability. The availability rate of information systems across the Bank reached a high level of 99.99%. Moreover, the Bank accelerated the transformation of the research results of cutting-edge technologies into business value, and made a comprehensive layout of cutting-edge technology fields such as AI big model, quantum computing, Beidou positioning and spatial information. At the end of the first half of 2023, the Bank had 1,878 new patents issued and 2,941 patents granted accumulatively, both ranking first in the industry.

Hot Topic 4: Consolidating Enterprise-Wide Risk Management Capability

The Bank adopted the Five-pronged Risk Management Approach, namely the overall risk management of domestic and overseas institutions, on- and off-balance sheet businesses, commercial banking and investment banking and other services, online and offline business, and Head Office and subordinate institutions, continuously improved the four-pronged risk management approach to people, money, defense line and bottom line, strengthened active prevention, smart control and comprehensive management, consolidated the three lines of defense, and continuously pressed forward with the upgrade of the enterprise-wide risk management system to enhance the enterprise-wide risk management capability.

I. Implementing the Five-pronged Risk Management Approach to Reinforce Group-wide Integrated Risk Control

The Bank has put in place a risk monitoring mechanism featuring the Five-pronged Risk Management Approach that keeps all-round monitoring of risk management in four segments of the Head Office, domestic branches, overseas institutions and integrated subsidiaries so as to timely reflect the overall picture of the Group's business and the focus of risk concerns. Besides, it continuously intensified scanning of hidden hazards, combed through risk conditions of all institutions, business lines and key fields, and dynamically updated and improved the risk coping plan and measures for key risk points and major hidden risks with an aim of forestalling risks.

II. Implementing the Four-pronged Risk Management Approach to People, Money, Defense Line and Bottom Line, and Building a Steady, Prudent Risk Management Mechanism

As for risk management in terms of people, the Bank built an intelligent, networked system for controlling employees' abnormal behaviors, regularly inspected the staff's abnormal behaviors, and reinforced the process of determination of responsibility and accountability, thereby forming a multi-dimension control pattern of "institution planes, specialized lines and networked nodes". **As for risk management in terms of money**, the Bank continuously optimized the intelligent credit risk control system of "Three Gates, Seven-color Pools", deepened the planning and the Group-wide unified risk limits management for investment and financing, and pressed for the continued optimization of the investment and financing structure. Moreover, the whole-process risk control was reinforced through establishing and implementing high-quality new rules on credit review and approval, innovating in cloud credit review and approval system and launching asset quality improvement campaigns. **As for risk management in terms of defense line**, the Bank continuously stepped up the development of the first line of defense to intensify risk control from the source, while enhancing the professionalism in check and balance of the second line and the capability of supervising and detecting problems of the third line so as to form synergy in risk control among the three lines. **As for risk management in terms of bottom line**, the Bank stepped up the implementation of its strategic plan, capital plan and risk management plan, and optimized the risk management measures and capital replenishment mechanism to improve the risk resilience capability. In addition, it reinforced the implementation and evaluation of enterprise-level risk management responsibilities through including the evaluation results into the business performance appraisal, continuously consolidating the risk management accountability and safeguarding the risk bottom line.

III. Practicing Active Prevention, Smart Control and Comprehensive Management to Strengthen Risk Management

In terms of active prevention, the Bank effectively strengthened the direct responsibility of the first line of defense for risk management through continuously optimizing the regional, product, customer and industry structures and enhancing the staff's awareness and capability of active risk prevention. Besides, it kept a close eye on changes in the global financial market, geopolitics, key fields and key customer groups so that risks can be foreseen, coped with and disposed of in advance. **In terms of smart control**, the Bank continuously enhanced smart risk control through stepping up the development of "ICBC e Security", an intelligent risk management platform, and deepening the application of big data and big AI models to empower business development. It also reinforced risk management in the process of digital transformation through improving its capabilities of risk data aggregation and reporting. **In terms of comprehensive management**, the Bank continuously strengthened the Five-pronged Risk Management Approach, reinforced the management of risk appetite and risk limits, stepped up the building of the risk management policy systems and systematic procedures, and refined the whole-life-cycle risk control mechanism that covers all institutions, the five major markets of bond, foreign exchange, commodity, money and stock, as well as traditional and emerging risks.

As at the end of the first half of 2023, the Bank maintained steady trends of credit asset quality with allowance to NPLs and capital adequacy ratio kept at a sound level and all risks generally controllable. The Bank will continue to uphold the steady and prudent risk management principle and culture, deepen the implementation of the Five-pronged Risk Management Approach and continuously press for upgrades of the enterprise-wide risk management system to cement the safety firewall for high-quality development.

5. Information Disclosed Pursuant to the Regulation Governing Capital of Commercial Banks (Provisional)

Capital Adequacy Ratio

◆ *Scope of Capital Adequacy Ratio Calculation*

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

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

Please refer to the section headed “Discussion and Analysis — Capital Adequacy Ratio and Leverage Ratio”.

Credit Risk

CREDIT RISK EXPOSURE

Item	<i>In RMB millions</i>			
	At 30 June 2023		At 31 December 2022	
	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	15,038,215	2,130,287	13,218,501	1,921,276
Sovereign	–	9,426,916	–	8,887,123
Financial institution	–	5,001,681	–	4,113,104
Retail	8,331,127	559,240	8,091,471	525,806
Equity	–	194,074	–	193,606
Asset securitization	–	92,326	–	97,472
Other	–	4,861,297	–	5,139,070
Total risk exposure	23,369,342	22,265,821	21,309,972	20,877,457

Market Risk

CAPITAL REQUIREMENT FOR MARKET RISK

Risk type	<i>In RMB millions</i>	
	At 30 June 2023	At 31 December 2022
Parts covered by internal model approach	9,156	6,447
Parts uncovered by internal model approach	9,136	9,810
Interest rate risk	5,964	5,335
Commodity risk	3,131	4,435
Option risk	41	40
Total	18,292	16,257

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

The Bank applied the Historical Simulation Method to measure the VaR and stressed VaR with a confidence interval of 99% and a holding period of 10 days on a daily basis, for use in capital measurement by internal model approach.

VALUE AT RISK (VAR)

Item	<i>In RMB millions</i>				<i>In RMB millions</i>			
	Six months ended 30 June 2023				Six months ended 30 June 2022			
	Period end	Average	Maximum	Minimum	Period end	Average	Maximum	Minimum
VaR	883	1,226	1,562	854	428	354	539	231
Interest rate risk	496	786	1,064	360	204	223	287	125
Currency risk	577	653	770	418	343	313	365	219
Commodity risk	178	161	190	126	74	79	256	49
Stressed VaR	1,416	1,846	2,206	1,040	1,709	1,683	2,058	996
Interest rate risk	1,493	1,928	2,231	1,197	1,753	1,640	2,076	588
Currency risk	577	653	770	418	421	842	1,414	370
Commodity risk	178	161	190	126	137	145	518	97

Operational Risk

The Bank adopted the standardized approach to measure capital requirement for operational risk. As at the end of June 2023, the capital requirement for operational risk was RMB122,686 million.

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 that might be taken by the Management to mitigate the interest rate risk, the analysis on interest rate sensitivity of the Bank categorized by major currencies at the end of June is shown in the following table:

In RMB millions

Currency	+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	(23,490)	(56,047)	23,490	62,340
USD	(1,043)	(3,221)	1,043	2,925
HKD	(1,282)	(36)	1,282	37
Other	826	(1,756)	(826)	1,804
Total	(24,989)	(61,060)	24,989	67,106

Equity Risk in the Banking Book

In RMB millions

Equity type	At 30 June 2023			At 31 December 2022		
	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	29,657	19,889	8,739	32,286	15,898	7,509
Corporate	28,888	127,317	(5,496)	22,292	137,390	(5,120)
Total	58,545	147,206	3,243	54,578	153,288	2,389

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

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

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

Details of Securities Issuance and Listing

During the reporting period, the Bank did not issue any shares, did not have any employee shares, nor did it issue any convertible bonds.

The Bank did not issue corporate bonds to be disclosed in accordance with Chapter II, Section 9 of the “No. 3 Standards on the Content and Format of Information Disclosure of Companies with Public Offerings — Content and Format of the Half-year Report (Revision 2021)”, nor did it have the above-mentioned corporate bonds existed on the approval date of this Report.

Number of Shareholders and Particulars of Shareholding

As at the end of the reporting period, the Bank had a total number of 665,786 ordinary shareholders and no holders of preference shares with voting rights restored or holders of shares with special voting rights, including 109,386 holders of H shares and 556,400 holders of A shares.

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

							<i>Unit: Share</i>
Name of shareholder	Nature of shareholder	Class of shares	Increase/decrease of shares during the reporting period	Number of shares held at the end of reporting period	Shareholding percentage (%)	Number of pledged/locked-up/ marked shares	
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	-874,485	86,144,461,876	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	452,490,304	2,352,569,225	0.66	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	-496,716,473	480,363,392	0.13	None	
ICBC — SSE 50 Exchange Traded Securities Investment Funds ⁽⁸⁾	Other entities	A Share	1,805,800	302,031,053	0.08	None	
Hexie Health Insurance Co., Ltd. — Universal insurance products	Other entities	A Share	86,178,800	253,542,001	0.07	None	

- Notes:*
- (1) The above data are based on the Bank's register of shareholders as at 30 June 2023.
 - (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 H shares held by it as a nominee on behalf of all institutional and individual investors registered with accounts opened with HKSCC Nominees Limited as at 30 June 2023, which included H shares of the Bank held by Ping An Asset Management Co., Ltd., National Council for Social Security Fund 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 7,032,706,750 H shares of the Bank and 19,364,351,936 A and H shares in aggregate, accounting for 5.43% of the Bank's total ordinary shares.
 - (7) The number of shares held by Hong Kong Securities Clearing Company Limited at the end of the period refers to the total A shares (Northbound shares of the Shanghai-Hong Kong Stock Connect) held by it as a nominal holder designated by and on behalf of Hong Kong and foreign investors as at 30 June 2023.
 - (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.

Changes of the Controlling Shareholders and De Facto Controller

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

Interests and Short Positions Held by Substantial Shareholders and Other Persons

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

As at 30 June 2023, 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 30 June 2023, 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 ⁽³⁾ (%)	Percentage of total ordinary shares ⁽³⁾ (%)
Ping An Asset Management Co., Ltd. ⁽¹⁾	Investment manager	12,137,786,000	Long position	13.98	3.41
National Council for Social Security Fund ⁽²⁾	Beneficial owner	7,730,678,573	Long position	8.91	2.17
Temasek Holdings (Private) Limited	Interest of controlled corporations	6,065,074,305	Long position	6.99	1.70

Notes: (1) As confirmed by Ping An Asset Management Co., Ltd., such shares were held by Ping An Asset Management Co., Ltd. on behalf of certain customers (including but not limited to Ping An Life Insurance Company of China, Ltd.) in its capacity as investment manager and the interests in such shares were disclosed based on the latest disclosure of interests form filed by Ping An Asset Management Co., Ltd. for the period ended 30 June 2023 (the date of relevant event being 31 January 2023). 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 7,032,706,750 H shares of the Bank as at the end of the reporting period.

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

Preference Shares

◆ *Issuance and Listing of Preference Shares during the Reporting Period*

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

◆ *Number of Preference Shareholders and Particulars of Shareholding*

As at the end of the reporting period, the Bank had one offshore preference shareholder (or proxy), 26 domestic preference shareholders of “工行優 1” and 36 domestic preference shareholders of “工行優 2”.

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

Unit: Share

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

- Notes:*
- (1) The above data are based on the Bank’s register of offshore preference shareholders as at 30 June 2023.
 - (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 aforementioned 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
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	—	13,110,000	2.9	—	None
Sun Life Everbright Asset Management Co., Ltd.	State-owned legal person	Domestic preference shares	11,715,000	11,715,000	2.6	—	None
BOCOM Schroders Asset Management Co., Ltd.	Domestic non-state-owned legal person	Domestic preference shares	-6,800,000	11,200,000	2.5	—	None
China National Tobacco Corporation Shandong Branch	Other entities	Domestic preference shares	—	10,000,000	2.2	—	None
China National Tobacco Corporation Heilongjiang Branch	Other entities	Domestic preference shares	—	10,000,000	2.2	—	None
Ping An Property & Casualty Insurance Company of China, Ltd.	Domestic non-state-owned legal person	Domestic preference shares	—	10,000,000	2.2	—	None

Notes: (1) The above data are based on the Bank’s register of domestic preference shareholders of “工行優 1” as at 30 June 2023.

(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	—	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	—	15,600,000	2.2	—	None
BOCOM Schroders Asset Management Co., Ltd.	Domestic non-state-owned legal person	Domestic preference shares	—	15,000,000	2.1	—	None
Ping An Property & Casualty Insurance Company of China, Ltd.	Domestic non-state-owned legal person	Domestic preference shares	—	15,000,000	2.1	—	None

- Notes:**
- (1) The above data are based on the Bank’s register of domestic preference shareholders of “工行優 2” as at 30 June 2023.
 - (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 aforementioned preference shareholders and among the aforementioned preference shareholders and top 10 ordinary shareholders.
 - (3) “Shareholding percentage” refers to the percentage of domestic preference shares of “工行優 2” held by preference shareholders in total number (700 million shares) of domestic preference shares of “工行優 2”.

◆ *Dividend Distribution of Preference Shares*

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

The Bank reviewed and approved the distribution of dividends on “工行優 2” and offshore USD preference shares at the meeting of the Board of Directors on 30 August 2023, planning to distribute the dividends on “工行優 2” on 25 September 2023 at the dividend rate of 4.2% (inclusive of tax, and the tax payable on dividends received by holders of domestic preference shares should be borne by them in compliance with relevant laws and regulations) and the total dividends distributed will be RMB2,940 million; and planning to distribute the dividends on offshore USD preference shares on 25 September 2023 at the dividend rate of 3.58% (post-tax, namely the actual dividend rate obtained by offshore USD preference shareholders) and the dividends distributed on offshore USD preference shares will be approximately USD115.3 million including approximately USD103.8 million to be paid to preference shareholders and approximately USD11.5 million of withholding income tax.

◆ *Redemption or Conversion of Preference Shares*

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

◆ *Restoration of Voting Rights of Preference Shares*

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

◆ *Accounting Policy Adopted for Preference Shares and Rationale*

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

7. Material Assets Acquisition, Sale and Merger

During the reporting period, the Bank had no material assets acquisition, sale and merger.

8. Other Information

Corporate Governance Code

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

Profits and Dividends Distribution

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

As approved at the Annual General Meeting for the Year 2022 held on 29 June 2023, the Bank distributed cash dividends of about RMB108,169 million, or RMB3.035 per ten shares (pre-tax) for the period from 1 January 2022 to 31 December 2022 to the ordinary shareholders whose names appeared on the share register after the close of market on 14 July 2023. The Bank will not declare or distribute interim dividends for 2023, nor will it convert any capital reserves to share capital.

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

Purchase, Sale and Redemption of Shares

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

Securities Transactions of Directors and Supervisors

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

Review of the Interim Report

The 2023 interim financial reports prepared by the Bank in accordance with PRC GAAP and IFRSs have been reviewed by Deloitte Touche Tohmatsu Certified Public Accountants LLP and Deloitte Touche Tohmatsu in accordance with Chinese and international standards on review engagements, respectively.

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

9. Financial Report

9.1 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

9.1.1 Unaudited Interim Consolidated Statement of Profit or Loss

(In RMB millions, unless otherwise stated)

	Six months ended 30 June	
	2023	2022
	(unaudited)	(restated)
Interest income	696,583	619,209
Interest expense	<u>(359,596)</u>	<u>(268,598)</u>
NET INTEREST INCOME	336,987	350,611
Fee and commission income	82,363	83,649
Fee and commission expense	<u>(8,898)</u>	<u>(7,608)</u>
NET FEE AND COMMISSION INCOME	73,465	76,041
Net trading income	9,871	4,635
Net gains on financial investments	12,664	7,182
Other operating (expense)/income, net	<u>(4,081)</u>	<u>5,692</u>
OPERATING INCOME	428,906	444,161
Operating expenses	<u>(105,379)</u>	<u>(102,496)</u>
Impairment losses on assets	<u>(122,255)</u>	<u>(133,849)</u>
OPERATING PROFIT	201,272	207,816
Share of results of associates and joint ventures	<u>2,383</u>	<u>2,187</u>
PROFIT BEFORE TAXATION	203,655	210,003
Income tax expense	<u>(28,935)</u>	<u>(37,184)</u>
PROFIT FOR THE PERIOD	174,720	172,819
Profit for the period attributable to:		
Equity holders of the parent company	173,744	171,670
Non-controlling interests	<u>976</u>	<u>1,149</u>
PROFIT FOR THE PERIOD	174,720	172,819
EARNINGS PER SHARE		
– Basic (RMB yuan)	<u>0.48</u>	<u>0.47</u>
– Diluted (RMB yuan)	<u>0.48</u>	<u>0.47</u>

9.1.2 Unaudited Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

(In RMB millions, unless otherwise stated)

	Six months ended 30 June	
	2023 (unaudited)	2022 (restated)
Profit for the period	174,720	172,819
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	945	(3,241)
(ii) Other comprehensive income recognised under the equity method	(18)	(14)
(iii) Other	7	6
(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	11,417	(15,553)
(ii) Credit losses of debt instruments measured at fair value through other comprehensive income	422	2,365
(iii) Cash flow hedging reserve	(180)	446
(iv) Other comprehensive income recognised under the equity method	(46)	(153)
(v) Foreign currency translation reserve	9,412	10,645
(vi) Other	(3,860)	(1,416)
Subtotal of other comprehensive income for the period	18,099	(6,915)
Total comprehensive income for the period	192,819	165,904
Total comprehensive income for the period attributable to:		
Equity holders of the parent company	191,677	164,436
Non-controlling interests	1,142	1,468
	192,819	165,904

9.1.3 Unaudited Interim Consolidated Statement of Financial Position

(In RMB millions, unless otherwise stated)

	30 June 2023 (unaudited)	31 December 2022 (restated)
ASSETS		
Cash and balances with central banks	3,671,553	3,427,892
Due from banks and other financial institutions	1,232,233	1,192,532
Derivative financial assets	106,575	87,205
Reverse repurchase agreements	1,693,205	864,122
Loans and advances to customers	24,602,095	22,591,676
Financial investments	11,255,131	10,533,702
Financial investments measured at fair value through profit or loss	813,301	747,474
Financial investments measured at fair value through other comprehensive income	2,396,732	2,223,096
Financial investments measured at amortised cost	8,045,098	7,563,132
Investments in associates and joint ventures	63,552	65,790
Property and equipment	300,655	293,887
Deferred tax assets	108,434	101,117
Other assets	636,173	452,223
TOTAL ASSETS	43,669,606	39,610,146
LIABILITIES		
Due to central banks	224,684	145,781
Due to banks and other financial institutions	3,050,944	3,187,712
Financial liabilities measured at fair value through profit or loss	61,934	64,287
Derivative financial liabilities	119,549	96,350
Repurchase agreements	692,327	574,778
Certificates of deposit	358,044	375,452
Due to customers	33,373,772	29,870,491
Income tax payable	44,811	85,581
Debt securities issued	1,174,487	905,953
Deferred tax liabilities	4,217	3,950
Other liabilities	968,417	784,392
TOTAL LIABILITIES	40,073,186	36,094,727
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	1,031,901	1,013,624
Retained profits	1,833,360	1,771,747
	3,575,999	3,496,109
Non-controlling interests	20,421	19,310
TOTAL EQUITY	3,596,420	3,515,419
TOTAL EQUITY AND LIABILITIES	43,669,606	39,610,146

9.1.4 Unaudited Interim Consolidated Statement of Changes in Equity

(In RMB millions, unless otherwise stated)

	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 31 December 2022	356,407	354,331	148,280	392,487	496,719	767	(17,241)	(2,987)	(1,129)	1,016,896	1,767,537	3,495,171	18,655	3,513,826
Changes in accounting policies	-	-	-	-	-	1,576	-	-	(4,848)	(3,272)	4,210	938	655	1,593
Balance as at 1 January 2023	356,407	354,331	148,280	392,487	496,719	2,343	(17,241)	(2,987)	(5,977)	1,013,624	1,771,747	3,496,109	19,310	3,515,419
Profit for the period	-	-	-	-	-	-	-	-	-	-	173,744	173,744	976	174,720
Other comprehensive income	-	-	-	-	-	11,906	9,075	(223)	(2,825)	17,933	-	17,933	166	18,099
Total comprehensive income	-	-	-	-	-	11,906	9,075	(223)	(2,825)	17,933	173,744	191,677	1,142	192,819
Dividends – ordinary shares 2022 final	-	-	-	-	-	-	-	-	-	-	(108,169)	(108,169)	-	(108,169)
Distributions to other equity instrument holders	-	-	-	-	-	-	-	-	-	-	(3,634)	(3,634)	-	(3,634)
Appropriation to surplus reserve (i)	-	-	-	252	-	-	-	-	-	252	(252)	-	-	-
Appropriation to general reserve (ii)	-	-	-	-	272	-	-	-	-	272	(272)	-	-	-
Dividends to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	-	(31)	(31)
Other comprehensive income transferred to retained earnings	-	-	-	-	-	(196)	-	-	-	(196)	196	-	-	-
Other	-	-	16	-	-	-	-	-	-	16	-	16	-	16
Balance as at 30 June 2023 (unaudited)	356,407	354,331	148,296	392,739	496,991	14,053	(8,166)	(3,210)	(8,802)	1,031,901	1,833,360	3,575,999	20,421	3,596,420

(i) Includes the appropriation to surplus reserve made by overseas branches and subsidiaries in the amounts of RMB112 million and RMB140 million, respectively.

(ii) Includes the appropriation to general reserve made by subsidiaries in the amounts of RMB272 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				
Restated														
Balance as at 31 December 2021	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
Changes in accounting policies	-	-	-	-	-	1,459	69	-	(3,988)	(2,460)	3,561	1,101	787	1,888
Balance as at 1 January 2022	356,407	354,331	148,703	357,169	438,952	26,087	(39,930)	(4,243)	(2,823)	923,915	1,624,203	3,258,856	18,290	3,277,146
Profit for the period	-	-	-	-	-	-	-	-	-	-	171,670	171,670	1,149	172,819
Other comprehensive income	-	-	-	-	-	(16,650)	10,348	475	(1,407)	(7,234)	-	(7,234)	319	(6,915)
Total comprehensive income	-	-	-	-	-	(16,650)	10,348	475	(1,407)	(7,234)	171,670	164,436	1,468	165,904
Dividends – ordinary shares 2021 final	-	-	-	-	-	-	-	-	-	-	(104,534)	(104,534)	-	(104,534)
Distributions to other equity instrument holders	-	-	-	-	-	-	-	-	-	-	(3,559)	(3,559)	-	(3,559)
Appropriation to surplus reserve (i)	-	-	-	133	-	-	-	-	-	133	(133)	-	-	-
Appropriation to general reserve (ii)	-	-	-	-	3,646	-	-	-	-	3,646	(3,646)	-	-	-
Dividends to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	-	(28)	(28)
Other comprehensive income transferred to retained earnings	-	-	-	-	-	(74)	-	-	-	(74)	74	-	-	-
Other	-	-	(495)	-	-	-	1,950	-	-	1,455	(1,478)	(23)	36	13
Balance as at 30 June 2022	356,407	354,331	148,208	357,302	442,598	9,363	(27,632)	(3,768)	(4,230)	921,841	1,682,597	3,315,176	19,766	3,334,942

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

(ii) Includes the appropriation to general reserve made by subsidiaries in the amounts of RMB3,646 million.

Attributable to equity holders of the parent company

	Reserves												Non-controlling interests	Total equity
	Share capital	Other equity instruments	Capital reserve	Surplus reserve	General reserve	Investment revaluation reserve	Foreign currency translation reserve	Cash flow hedging reserve	Other reserves	Subtotal	Retained profits	Total		
Restated														
Balance as at 31 December 2021	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
Changes in accounting policies	-	-	-	-	-	1,459	69	-	(3,988)	(2,460)	3,561	1,101	787	1,888
Balance as at 1 January 2022	356,407	354,331	148,703	357,169	438,952	26,087	(39,930)	(4,243)	(2,823)	923,915	1,624,203	3,258,856	18,290	3,277,146
Profit for the year	-	-	-	-	-	-	-	-	-	-	361,132	361,132	978	362,110
Other comprehensive income	-	-	-	-	-	(23,425)	20,739	1,256	(3,154)	(4,584)	-	(4,584)	34	(4,550)
Total comprehensive income	-	-	-	-	-	(23,425)	20,739	1,256	(3,154)	(4,584)	361,132	356,548	1,012	357,560
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>2,343</u>	<u>(17,241)</u>	<u>(2,987)</u>	<u>(5,977)</u>	<u>1,013,624</u>	<u>1,771,747</u>	<u>3,496,109</u>	<u>19,310</u>	<u>3,515,419</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.

9.1.5 Unaudited Interim Consolidated Statement of Cash Flows

(In RMB millions, unless otherwise stated)

	Six months ended 30 June	
	2023	2022
	(unaudited)	(restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	203,655	210,003
Adjustments for:		
Share of results of associates and joint ventures	(2,383)	(2,187)
Depreciation	15,227	14,856
Amortisation	2,126	1,637
Impairment losses on assets	122,255	133,849
Unrealised (gains)/losses on foreign exchange	(2,631)	12,874
Interest expense on debt securities issued	19,200	14,355
Accreted interest on impaired loans	(839)	(879)
Net gains on financial investments	(12,282)	(13,168)
Interest income on financial investments	(165,748)	(140,806)
Net (gains)/losses on changes in fair value	(4,872)	3,975
Net gains on disposal and stocktake of property and equipment and other assets (other than repossessed assets)	(1,060)	(957)
Dividend income	(2,152)	(2,195)
	<u>170,496</u>	<u>231,357</u>
Net (increase)/decrease in operating assets:		
Due from central banks	(164,427)	(133,089)
Due from banks and other financial institutions	98,930	(33,553)
Financial assets measured at fair value through profit or loss	(35,610)	(131,686)
Reverse repurchase agreements	62,493	(22,975)
Loans and advances to customers	(2,046,867)	(1,639,060)
Other assets	(193,580)	5,513
	<u>(2,279,061)</u>	<u>(1,954,850)</u>
Net (decrease)/increase in operating liabilities:		
Financial liabilities measured at fair value through profit or loss	(2,810)	24
Due to central banks	78,817	27,082
Due to banks and other financial institutions	(174,055)	339,381
Repurchase agreements	108,226	116,480
Certificates of deposit	(29,096)	(42,871)
Due to customers	3,404,369	2,707,647
Other liabilities	100,651	69,261
	<u>3,486,102</u>	<u>3,217,004</u>
Net cash flows from operating activities before taxation	1,377,537	1,493,511
Income tax paid	(80,268)	(83,106)
Net cash flows from operating activities	<u>1,297,269</u>	<u>1,410,405</u>

	Six months ended 30 June	
	2023	2022
	(unaudited)	(restated)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment and other assets	(14,852)	(16,122)
Proceeds from disposal of property and equipment and other assets (other than repossessed assets)	6,447	665
Purchases of financial investments	(2,452,462)	(2,345,763)
Proceeds from sale and redemption of financial investments	1,829,148	1,534,583
Investments in associates and joint ventures	–	(3,762)
Proceeds from disposal of associates and joint ventures	1,764	1,511
Investment returns received	173,134	147,758
	<u>(456,821)</u>	<u>(681,130)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of debt securities	718,126	496,196
Interest paid on debt securities	(21,859)	(12,684)
Repayment of debt securities	(456,871)	(446,942)
Dividends or interest paid to other equity instrument holders	(3,634)	(3,559)
Dividends paid to non-controlling shareholders	(31)	(28)
Cash payment for other financing activities	(3,859)	(2,785)
	<u>231,872</u>	<u>30,198</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		
	1,072,320	759,473
Cash and cash equivalents at beginning of the period	1,926,851	1,436,757
Effect of exchange rate changes on cash and cash equivalents	37,703	24,010
	<u>3,036,874</u>	<u>2,220,240</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		
NET CASH FLOWS FROM OPERATING ACTIVITIES INCLUDE:		
Interest received	549,937	527,744
Interest paid	(314,088)	(206,102)
	<u>549,937</u>	<u>527,744</u>
	<u>(314,088)</u>	<u>(206,102)</u>

9.2 Material Accounting Policy Information

Application of new and amendments to IFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to IFRSs issued by the IASB which are mandatorily effective for the annual periods beginning on or after 1 January 2023 for the preparation of the Group's consolidated financial statements:

- IFRS 17 and its amendments: Insurance Contracts
- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies
- Amendments to IAS 8: Definition of Accounting Estimates
- Amendments to IAS 12: Deferred Tax related to Assets and Liabilities Arising from a Single Transaction
- Amendments to IAS 12: International Tax Reform – Pillar Two Model Rules

IFRS 17 Insurance Contracts and its amendments

IFRS 17 Insurance Contracts and its amendments (hereinafter referred to as the “New Insurance Contract Standard”) establishes the principles of recognition, measurement, presentation and disclosure of insurance contracts and replaces IFRS 4 Insurance Contracts.

The definition of insurance contract has been elaborated in the New Insurance Contract Standard which specified the combination and separation of insurance contract, introduced the concept of insurance contract group and refined the measurement model of insurance contract. It also made an adjustment to the principle of revenue recognition for insurance services and refined the measurement methods of contract service margins. The New Insurance Contract Standard 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.

The Group has implemented the New Insurance Contract Standard on 1 January 2023 and made retrospective adjustments to the financial statements figures for comparative periods in accordance with the transition requirements. To facilitate smooth transition to the New Insurance Contract Standard, the Group has reassessed the business model for managing its relevant financial assets, reclassified and remeasured certain financial assets and restated the financial statement line items for comparative periods in accordance with the requirements.

The associate of the Group Standard Bank Group Limited has also adopted the New Insurance Contract Standard and the Group has restated the relevant comparative figures under the equity method accordingly.

The major effect of the above changes in accounting policies on the Group's financial items is set out below:

	Six months ended 30 June		Adjustments
	2022 (originally stated)	2022 (restated)	
Operating income	443,788	444,161	373
Profit before taxation	209,145	210,003	858
Net profit	172,570	172,819	249
Net profit attributable to equity holders of the parent company	171,506	171,670	164
	31 December 2022 (originally stated)	31 December 2022 (restated)	Adjustments
Financial investments	10,527,292	10,533,702	6,410
Financial investments measured at fair value through profit or loss	714,879	747,474	32,595
Financial investments measured at fair value through other comprehensive income	2,178,018	2,223,096	45,078
Financial investments measured at amortised cost	7,634,395	7,563,132	(71,263)
Total assets	39,609,657	39,610,146	489
Total liabilities	36,095,831	36,094,727	(1,104)
Equity attributable to equity holders of the parent company	3,495,171	3,496,109	938
Total equity	3,513,826	3,515,419	1,593

Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities Arising from a Single Transaction

The amendments mainly relate to the scope of exemption for the initial recognition of deferred income tax in the International Accounting Standards (IAS) 12 – Income Taxes, and clarifies that the individual transaction 1) that is not arising from business combination; 2) that affects neither the accounting profit nor taxable profits (or deductible losses) at the time of transaction; and 3) that the equivalent taxable temporary differences and deductible temporary differences are generated due to the initially recognised assets and liabilities is not applicable to the regulations on the exemptions from initially recognised deferred tax liabilities and deferred tax assets. With this amendment, the Group has been required to recognise one deferred tax asset (to the extent that taxable income is likely to be obtained to offset the deductible temporary difference) and one deferred tax liability for all deductible and taxable temporary differences relating to right-of-use assets and lease liabilities. The adoption of the amendments to IFRSs has had no material impact on the financial position and financial performance of the Group.

Amendments to IAS 12: International Tax Reform – Pillar Two Model Rules

The Group is assessing the impacts on application of Pillar Two Rules.

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

Material accounting policy information

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

Other than the application of the new and amendments to IFRSs mentioned above, the accounting policies and methods of computation used in the consolidated financial statements for the six months ended 30 June 2023 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2022.

9.3 Notes to the Unaudited Interim Financial Report

(In RMB millions, unless otherwise stated)

9.3.1 NET INTEREST INCOME

	Six months ended 30 June	
	2023	2022
Interest income on:		
Loans and advances to customers		
Corporate loans and advances	287,358	247,365
Personal loans	181,145	188,239
Discounted bills	8,932	7,150
Financial investments	165,748	140,806
Due from banks and other financial institutions	27,184	14,673
Due from central banks	26,216	20,976
	<u>696,583</u>	<u>619,209</u>
Interest expense on:		
Due to customers	(284,796)	(223,078)
Due to banks and other financial institutions	(47,916)	(30,057)
Debt securities issued and certificates of deposit	(26,884)	(15,463)
	<u>(359,596)</u>	<u>(268,598)</u>
Net interest income	<u>336,987</u>	<u>350,611</u>

9.3.2 NET FEE AND COMMISSION INCOME

	Six months ended 30 June	
	2023	2022
Fee and commission income on:		
Settlement, clearing business and cash management	24,398	24,186
Personal wealth management and private banking services	14,019	15,499
Investment banking business	13,677	12,983
Bank card business	10,234	8,681
Corporate wealth management services	6,863	8,070
Guarantee and commitment business	5,865	6,664
Asset custody business	4,380	4,598
Trust and agency services	1,372	1,268
Other	1,555	1,700
	<u>82,363</u>	<u>83,649</u>
Fee and commission expense	<u>(8,898)</u>	<u>(7,608)</u>
Net fee and commission income	<u>73,465</u>	<u>76,041</u>

9.3.3 NET TRADING INCOME

	Six months ended 30 June	
	2023	2022
Debt securities	7,247	3,132
Derivatives and other	3,160	2,862
Equity investments	(536)	(1,359)
	<u>9,871</u>	<u>4,635</u>

9.3.4 NET GAINS ON FINANCIAL INVESTMENTS

	Six months ended 30 June	
	2023	2022
Dividend income from equity investments designated as at FVTOCI, including:		
Derecognised during the period	2,152	2,195
Held at the end of current period	170	11
	1,982	2,184
Net gains on financial instruments measured at FVTPL, including:	7,956	2,940
Net losses on financial instruments designated as at FVTPL	(1,993)	(2,622)
Net gains on disposal of financial instruments measured at FVTOCI	924	2,009
Other	1,632	38
	<u>12,664</u>	<u>7,182</u>

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

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

9.3.5 OTHER OPERATING (EXPENSE)/INCOME, NET

	Six months ended 30 June	
	2023	2022
Net operating lease business income	5,459	6,362
Net insurance business expense	(3,996)	(1,039)
Net gains on disposal of property and equipment, repossessed assets and other assets	1,110	986
Net losses on foreign exchange and foreign exchange products	(5,339)	(1,007)
Other	(1,315)	390
	<u>(4,081)</u>	<u>5,692</u>

9.3.6 OPERATING EXPENSES

	Six months ended 30 June	
	2023	2022
Staff costs:		
Salaries and bonuses	42,263	41,843
Staff benefits	11,304	11,685
Post-employment benefits – defined contribution plans	9,433	9,249
	<u>63,000</u>	<u>62,777</u>
Property and equipment expenses:		
Depreciation charge for property and equipment	8,042	7,935
Depreciation charge for right-of-use assets, and other leasing expense	3,781	3,873
Repairs and maintenance charges	955	923
Utility expenses	928	860
	<u>13,706</u>	<u>13,591</u>
Amortisation	2,126	1,637
Other administrative expenses	10,717	9,984
Taxes and surcharges	5,498	4,918
Other	10,332	9,589
	<u>105,379</u>	<u>102,496</u>

9.3.7 IMPAIRMENT LOSSES ON ASSETS

	Six months ended 30 June	
	2023	2022
Loans and advances to customers	108,546	97,868
Other	13,709	35,981
	<u>122,255</u>	<u>133,849</u>

9.3.8 INCOME TAX EXPENSE

(a) *Income tax expense*

	Six months ended 30 June	
	2023	2022
Current income tax expense		
Chinese mainland	36,427	50,083
Hong Kong SAR and Macau SAR	772	1,037
Other overseas jurisdictions	2,299	1,617
	39,498	52,737
Deferred income tax expense	(10,563)	(15,553)
	28,935	37,184

(b) *Reconciliation between income tax and accounting profit*

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

	Six months ended 30 June	
	2023	2022
Profit before taxation	203,655	210,003
Tax at the PRC statutory income tax rate	50,914	52,501
Effects of different applicable rates of tax prevailing in other countries/regions	(406)	(664)
Effects of non-deductible expenses	10,569	14,877
Effects of non-taxable income	(31,029)	(29,025)
Effects of profits attributable to associates and joint ventures	(204)	(547)
Effects of other	(909)	42
Income tax expense	28,935	37,184

9.3.9 DIVIDENDS

	Six months ended 30 June	
	2023	2022
Dividends on ordinary shares declared and paid or proposed:		
Dividends on ordinary shares for 2022 RMB0.3035 per share (2021: RMB0.2933 per share)	<u>108,169</u>	<u>104,534</u>
Dividends or interests declared and paid to other equity instrument holders:		
Interest on perpetual bond distributed	<u>3,634</u>	<u>3,559</u>

9.3.10 EARNINGS PER SHARE

	Six months ended 30 June	
	2023	2022
Earnings:		
Profit for the period attributable to equity holders of the parent company	173,744	171,670
Less: Profit for the period attributable to other equity instrument holders of the parent company	<u>(3,634)</u>	<u>(3,559)</u>
Profit for the period attributable to ordinary shareholders of the parent company	<u>170,110</u>	<u>168,111</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>0.48</u>	<u>0.47</u>
Diluted earnings per share (RMB yuan)	<u>0.48</u>	<u>0.47</u>

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

9.3.11 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:

	30 June 2023			31 December 2022		
	Notional amounts	Fair values		Notional amounts	Fair values	
		Assets	Liabilities		Assets	Liabilities
Exchange rate contracts	5,033,262	74,400	(71,550)	4,310,971	52,249	(54,844)
Interest rate contracts	4,336,848	21,186	(21,845)	3,139,900	24,945	(23,760)
Commodity derivatives and other	1,025,913	10,989	(26,154)	937,006	10,011	(17,746)
	<u>10,396,023</u>	<u>106,575</u>	<u>(119,549)</u>	<u>8,387,877</u>	<u>87,205</u>	<u>(96,350)</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:

	30 June 2023					Fair values	
	Notional amounts with remaining maturity of					Assets	Liabilities
	Within three months	Over three months but within one year	Over one year but within five years	Over five years	Total		
Interest rate swap contracts	2,761	14,139	9,475	291	26,666	434	(28)
Currency swap contracts	71,500	67,753	11,738	–	150,991	1,299	(3,687)
Equity and other derivatives	12,926	23,081	100	2	36,109	88	(1,435)
	87,187	104,973	21,313	293	213,766	1,821	(5,150)

	31 December 2022					Fair values	
	Notional amounts with remaining maturity of					Assets	Liabilities
	Within three months	Over three months but within one year	Over one year but within five years	Over five years	Total		
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)
	79,886	89,487	9,150	4	178,527	1,986	(3,725)

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

30 June 2023				
	Carrying amount of hedged items		Hedging instruments	
	Assets	Liabilities	Effect on other comprehensive income during the current period	Accumulated effect on other comprehensive income
Debt securities (i)	49,821	(52,796)	48	393
Loans and advances to customers	3,778	–	10	10
Other (ii)	55,431	(51,948)	(267)	(3,607)
	<u>109,030</u>	<u>(104,744)</u>	<u>(209)</u>	<u>(3,204)</u>

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

(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 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.

There was no ineffectiveness recognised in profit or loss that arises from the cash flow hedges during the six months ended 30 June 2023 and 30 June 2022.

(2) *Fair value hedges*

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

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

	Six months ended 30 June	
	2023	2022
Losses/Gains arising from fair value hedges, net:		
Hedging instruments	3,216	3,547
The hedged items	(3,267)	(3,467)
	(51)	80

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

	Notional amounts with remaining maturity of				Fair values		
	Within three months	Over three months but within one year	Over one year but within five years	Over five years	Total	Assets	Liabilities
30 June 2023	<u>2,383</u>	<u>19,389</u>	<u>51,846</u>	<u>30,446</u>	<u>104,064</u>	<u>4,309</u>	<u>(454)</u>
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>

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

30 June 2023				
	Carrying amount of hedged items		Accumulated adjustments to the fair value of hedged items	
	Assets	Liabilities	Assets	Liabilities
Debt securities (i)	90,685	(1,918)	(1,081)	34
Loans and advances to customers	4,780	–	(123)	–
Other (ii)	3,341	(3,563)	(170)	64
	98,806	(5,481)	(1,374)	98

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

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

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
	95,808	(8,327)	(592)	127

(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.

(3) Net investment hedges

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

As at 30 June 2023, an accumulated net losses from the hedging instrument of RMB1,487 million was recognised in other comprehensive income (31 December 2022: accumulated net losses of RMB675 million). There was no ineffectiveness in profit or loss that arises from the net investment hedges during the six months ended 30 June 2023 and 30 June 2022.

(4) Offsetting of financial instruments

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

	30 June 2023		31 December 2022	
	Gross amounts	Net amounts	Gross amounts	Net amounts
Derivative financial assets	<u>65,724</u>	<u>29,166</u>	<u>57,400</u>	<u>30,970</u>
Derivative financial liabilities	<u>68,892</u>	<u>33,273</u>	<u>60,494</u>	<u>34,064</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:

	30 June 2023	31 December 2022
Counterparty credit default risk-weighted assets	137,509	116,655
Including: Non-netting settled credit default risk-weighted assets	54,433	80,534
Netting settled credit default risk-weighted assets	83,076	36,121
Credit value adjustment risk-weighted assets	45,885	40,729
Central counterparties credit risk-weighted assets	2,767	8,840
	<u>186,161</u>	<u>166,224</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.

9.3.12 FINANCIAL INVESTMENTS

	30 June 2023	31 December 2022
Financial investments measured at FVTPL	813,301	747,474
Financial investments measured at FVTOCI	2,396,732	2,223,096
Financial investments measured at amortised cost	<u>8,045,098</u>	<u>7,563,132</u>
	<u>11,255,131</u>	<u>10,533,702</u>

9.3.13 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 2022	26,087	(39,930)	(6,960)	(20,803)
Movement during the year	<u>(23,744)</u>	<u>22,689</u>	<u>(1,898)</u>	<u>(2,953)</u>
31 December 2022 and 1 January 2023	2,343	(17,241)	(8,858)	(23,756)
Movement during the period	<u>11,710</u>	<u>9,075</u>	<u>(3,048)</u>	<u>17,737</u>
30 June 2023	<u>14,053</u>	<u>(8,166)</u>	<u>(11,906)</u>	<u>(6,019)</u>

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

	Six months ended 30 June	
	2023	2022
Items that will not be reclassified to profit or loss:		
(i) Changes in fair value of equity instruments designated as at FVTOCI	945	(3,241)
(ii) Other comprehensive income recognised under the equity method	(18)	(14)
(iii) Other	7	6
Items that may be reclassified subsequently to profit or loss:		
(i) Changes in fair value of debt instruments measured at FVTOCI	14,812	(17,590)
Less: Amount transferred to profit or loss from other comprehensive income and income tax effect	(3,395)	2,037
	11,417	(15,553)
(ii) Credit losses of debt instruments measured at FVTOCI	422	2,365
(iii) Cash flow hedging reserve (Loss)/gain during the period	(209)	406
Less: Income tax effect	29	40
	(180)	446
(iv) Other comprehensive income recognised under the equity method	(46)	(153)
(v) Foreign currency translation reserve	9,412	10,645
(vi) Other	(3,860)	(1,416)
	18,099	(6,915)

9.3.14 COMMITMENTS AND CONTINGENT LIABILITIES

(a) Capital commitments

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

	30 June 2023	31 December 2022
Contracted but not provided for	<u><u>27,912</u></u>	<u><u>19,427</u></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.

	30 June 2023	31 December 2022
Bank acceptances	736,655	680,068
Guarantees issued		
– Financing letters of guarantees	47,378	56,365
– Non-financing letters of guarantees	556,581	501,054
Sight letters of credit	60,887	53,646
Usance letters of credit	148,535	112,606
Loan commitments		
– With an original maturity of under one year	48,835	108,102
– With an original maturity of one year or over	417,498	348,202
Undrawn credit card limits	1,119,077	1,111,002
	<u>3,135,446</u>	<u>2,971,045</u>
Credit risk-weighted assets of credit commitments	<u>1,118,965</u>	<u>1,113,801</u>

(c) Operating leases

The Group acts as a lessor principally through operating leases undertaken by its subsidiary ICBC Leasing. Under irrevocable operating lease contracts, the expected undiscounted minimum lease payments receivable by the Group in the future period amounted to:

	30 June 2023	31 December 2022
Within one year	17,980	16,946
Over one year but within two years	16,106	15,380
Over two years but within three years	15,171	14,627
Over three years but within five years	24,710	24,864
Over five years	55,520	57,258
	<u>129,487</u>	<u>129,075</u>

(d) Legal proceedings and arbitrations

The Group is involved in lawsuits and arbitrations during its normal course of operations. As at 30 June 2023, there were a number of legal proceedings and arbitrations outstanding against the Bank and/or its subsidiaries with a total claimed amount of RMB6,860 million (31 December 2022: RMB4,738 million).

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

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

As an underwriting agent of the MOF, the Bank underwrites certain PRC government bonds and sells the bonds to the general public. The Bank is obliged to redeem these bonds at the discretion of the holders at any time prior to maturity. The redemption price for the bonds is based on the nominal value of the bonds plus any interest accrued up to the redemption date. The MOF will not provide funding for the early redemption of these PRC government bonds on a back-to-back basis but is obliged to repay the principal and the respective interest upon maturity. The redemption obligations, which represent the nominal value of government bonds underwritten and sold by the Group, but not yet matured as at 30 June 2023 were RMB63,486 million (31 December 2022: RMB62,140 million). Management expects that the redemption obligations of these PRC government bonds by the Bank prior to maturity will not be material.

As at 30 June 2023, the Group has not had any outstanding securities underwriting commitments (31 December 2022: Nil).

(f) *Designated funds and loans*

	30 June 2023	31 December 2022
Designated funds	<u>3,610,626</u>	<u>3,420,373</u>
Designated loans	<u>3,610,369</u>	<u>3,420,106</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. Revenue from such activities is included in “net fee and commission income” set out in Note 9.3.2. Those assets held in a fiduciary capacity are not included in the Group’s consolidated statement of financial position.

9.3.15 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 operating segments 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.

	Six months ended 30 June 2023				
	Corporate banking	Personal banking	Treasury operations	Other	Total
External net interest income	154,317	39,603	143,067	–	336,987
Internal net interest (expense)/income	(475)	102,153	(101,678)	–	–
Net fee and commission income	45,257	27,732	476	–	73,465
Other income/(expense), net (i)	2,666	(544)	13,599	2,733	18,454
Operating income	201,765	168,944	55,464	2,733	428,906
Operating expenses	(42,803)	(53,412)	(7,315)	(1,849)	(105,379)
Impairment (losses)/gains on assets	(98,002)	(11,783)	(12,978)	508	(122,255)
Operating profit	60,960	103,749	35,171	1,392	201,272
Share of results of associates and joint ventures	–	–	–	2,383	2,383
Profit before taxation	60,960	103,749	35,171	3,775	203,655
Income tax expense					(28,935)
Profit for the period					<u>174,720</u>
Other segment information:					
Depreciation and amortisation	5,343	6,688	1,411	53	13,495
Capital expenditure	8,204	10,640	2,157	84	21,085

30 June 2023

	Corporate banking	Personal banking	Treasury operations	Other	Total
Segment assets	16,443,856	8,983,283	17,950,126	183,907	43,561,172
Including:					
Investments in associates and joint ventures	–	–	–	63,552	63,552
Property and equipment	105,980	141,201	27,916	25,558	300,655
Other non-current assets (ii)	45,499	19,867	5,572	9,481	80,419
Unallocated assets					<u>108,434</u>
Total assets					<u><u>43,669,606</u></u>
Segment liabilities	17,295,846	16,951,537	5,481,135	295,640	40,024,158
Unallocated liabilities					<u>49,028</u>
Total liabilities					<u><u>40,073,186</u></u>
Other segment information:					
Credit commitments	<u>2,017,687</u>	<u>1,117,759</u>	<u>–</u>	<u>–</u>	<u>3,135,446</u>

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

Six months ended 30 June 2023

	Chinese mainland (HO and domestic branches)									Total
	Head Office	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central China	Western China	Northeastern China	Overseas and other	Eliminations	
External net interest income	158,462	31,984	34,022	199	36,913	49,974	3,113	22,320	-	336,987
Internal net interest (expense)/income	(161,197)	34,657	17,335	70,833	17,598	11,871	11,177	(2,274)	-	-
Net fee and commission income	16,401	14,268	9,056	11,464	7,753	7,349	1,733	6,547	(1,106)	73,465
Other income/(expense), net (i)	8,485	(615)	(691)	(501)	(435)	(422)	179	11,352	1,102	18,454
Operating income	22,151	80,294	59,722	81,995	61,829	68,772	16,202	37,945	(4)	428,906
Operating expenses	(14,753)	(15,607)	(11,323)	(16,456)	(15,059)	(15,430)	(5,045)	(11,710)	4	(105,379)
Impairment losses on assets	(27,340)	(18,478)	(21,632)	(19,599)	(13,625)	(15,605)	(3,114)	(2,862)	-	(122,255)
Operating (loss)/profit	(19,942)	46,209	26,767	45,940	33,145	37,737	8,043	23,373	-	201,272
Share of results of associates and joint ventures	-	-	-	-	-	-	-	2,383	-	2,383
(Loss)/profit before taxation	(19,942)	46,209	26,767	45,940	33,145	37,737	8,043	25,756	-	203,655
Income tax expense										(28,935)
Profit for the period										<u>174,720</u>
Other segment information:										
Depreciation and amortisation	2,351	2,019	1,385	1,947	1,769	2,062	755	1,207	-	13,495
Capital expenditure	696	585	763	1,275	1,001	892	244	15,629	-	<u>21,085</u>

30 June 2023

	Chinese mainland (HO and domestic branches)									Total
	Head Office	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central China	Western China	Northeastern China	Overseas and other	Eliminations	
Assets by geographical areas	8,781,839	10,125,913	6,622,450	6,255,346	4,678,909	5,511,722	1,531,040	4,523,837	(4,469,884)	43,561,172
Including:										
Investments in associates and joint ventures	-	-	-	-	-	-	-	63,552	-	63,552
Property and equipment	11,499	30,903	13,161	18,976	17,800	21,256	7,981	179,079	-	300,655
Other non-current assets (ii)	16,636	7,034	5,988	6,833	8,195	9,734	2,375	23,624	-	80,419
Unallocated assets										<u>108,434</u>
Total assets										<u>43,669,606</u>
Liabilities by geographical areas	5,934,918	9,565,170	5,943,896	9,811,431	4,949,991	5,203,523	1,946,332	1,138,781	(4,469,884)	40,024,158
Unallocated liabilities										<u>49,028</u>
Total liabilities										<u>40,073,186</u>
Other segment information:										
Credit commitments	<u>1,156,985</u>	<u>1,533,097</u>	<u>1,008,484</u>	<u>1,179,245</u>	<u>696,059</u>	<u>758,683</u>	<u>187,932</u>	<u>759,238</u>	<u>(4,144,277)</u>	<u>3,135,446</u>

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

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

Six months ended 30 June 2022

	Chinese mainland (HO and domestic branches)									Total
	Head Office	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central China	Western China	Northeastern China	Overseas and other	Eliminations	
External net interest income	139,891	41,385	42,525	10,109	39,617	53,110	4,912	19,062	–	350,611
Internal net interest (expense)/income	(110,232)	21,314	6,221	55,765	12,013	7,378	8,454	(913)	–	–
Net fee and commission income	21,286	13,274	9,010	11,546	6,751	6,694	1,686	7,003	(1,209)	76,041
Other income/(expense), net (i)	8,217	(1,211)	(610)	(707)	(295)	(703)	(729)	12,342	1,205	17,509
Operating income	59,162	74,762	57,146	76,713	58,086	66,479	14,323	37,494	(4)	444,161
Operating expenses	(14,829)	(14,743)	(11,501)	(16,302)	(14,458)	(15,616)	(4,938)	(10,113)	4	(102,496)
Impairment losses on assets	(37,037)	(19,884)	(18,946)	(17,394)	(12,851)	(18,254)	(6,040)	(3,443)	–	(133,849)
Operating profit	7,296	40,135	26,699	43,017	30,777	32,609	3,345	23,938	–	207,816
Share of results of associates and joint ventures	–	–	–	–	–	–	–	2,187	–	2,187
Profit before taxation	7,296	40,135	26,699	43,017	30,777	32,609	3,345	26,125	–	210,003
Income tax expense	–	–	–	–	–	–	–	–	–	(37,184)
Profit for the period	–	–	–	–	–	–	–	–	–	<u>172,819</u>
Other segment information:										
Depreciation and amortisation	2,223	1,929	1,321	1,955	1,690	2,077	724	1,050	–	12,969
Capital expenditure	380	1,219	1,160	759	980	1,021	210	8,917	–	<u>14,646</u>

31 December 2022

	Chinese mainland (HO and domestic branches)									Total
	Head Office	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central China	Western China	Northeastern China	Overseas and other	Eliminations	
Assets by geographical areas	8,069,477	9,418,551	6,583,520	6,065,352	4,396,769	5,174,047	1,469,644	4,366,642	(6,034,973)	39,509,029
Including:										
Investments in associates and joint ventures	–	–	–	–	–	–	–	65,790	–	65,790
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	23,323	–	80,778
Unallocated assets	–	–	–	–	–	–	–	–	–	<u>101,117</u>
Total assets	–	–	–	–	–	–	–	–	–	<u>39,610,146</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	1,138,111	(6,034,973)	36,005,196
Unallocated liabilities	–	–	–	–	–	–	–	–	–	<u>89,531</u>
Total liabilities	–	–	–	–	–	–	–	–	–	<u>36,094,727</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.

10. Unaudited Supplementary Information to the Consolidated Financial Statements

10.1 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, No. 33, 2013) Appendix 2 Notice on Enhancing Disclosure Requirements for Composition of Capital.

(i) Capital composition

Items	30 June 2023	31 December 2022	Reference	
Common equity tier 1 capital:				
1	Paid-in capital	356,407	356,407	X18
2	Retained earnings	2,716,393	2,654,856	
2a	Surplus reserve	392,414	392,162	X21
2b	General reserve	496,678	496,406	X22
2c	Retained profits	1,827,301	1,766,288	X23
3	Accumulated other comprehensive income (and other public reserve)	145,684	127,335	
3a	Capital reserve	148,190	148,174	X19
3b	Other	(2,506)	(20,839)	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	3,283	3,293	X25
6	Common equity tier 1 capital before regulatory adjustments	3,221,767	3,141,891	
Common equity tier 1 capital: Regulatory adjustments				
7	Prudential valuation adjustments	–	–	
8	Goodwill (net of deferred tax liabilities)	8,631	8,320	X16
9	Other intangible assets other than land use rights (net of deferred tax liabilities)	6,989	7,473	X14-X15
10	Deferred tax assets that rely on future profits excluding those arising from temporary differences (net of deferred tax liabilities)	–	–	
11	Cash flow hedging reserve that relates to the hedging of items that are not fair-valued on the balance sheet	(3,214)	(2,962)	X20
12	Shortfall of provision for loan impairment	–	–	
13	Gain on sales related to asset securitisation	–	–	

Items	30 June 2023	31 December 2022	Reference
14	–	–	
15	–	–	
16	–	–	
17	–	–	
18	–	–	
19	–	–	
20	N/A	N/A	
21	–	–	
22	–	–	
23	–	–	
24	N/A	N/A	
25	–	–	
26a	7,980	7,980	X11

Items	30 June 2023	31 December 2022	Reference
26b	–	–	
26c	–	–	
27	–	–	
28	20,386	20,811	
29	3,201,381	3,121,080	
Additional tier 1 capital:			
30	354,331	354,331	
31	354,331	354,331	X28+X32
32	–	–	
33	–	–	
34	585	584	X26
35	–	–	
36	354,916	354,915	
Additional tier 1 capital: Regulatory adjustments			
37	–	–	
38	–	–	
39	–	–	
40	–	–	
41a	–	–	

Items	30 June 2023	31 December 2022	Reference
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	354,916	354,915	
			Additional tier 1 capital
45	3,556,297	3,475,995	
			Tier 1 capital (common equity tier 1 capital + additional tier 1 capital)
Tier 2 capital:			
46	583,691	528,307	X17
			Tier 2 capital instruments and related premiums
47	–	–	
			Invalid instruments to tier 2 capital after the transition period
48	1,038	1,013	X27
			Valid portion of minority interests
49	–	–	
			Including: Invalid portion to tier 2 capital after the transition period
50	332,970	275,764	X02+X04
			Valid portion of surplus provision for loan impairment
51	917,699	805,084	
			Tier 2 capital before regulatory adjustments
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	–	–	X31
			Significant minority investments in tier 2 capital instruments issued by financial institutions that are not subject to consolidation
56a	–	–	
			Investments in tier 2 capital instruments issued by financial institutions that are under control but not subject to consolidation

Items	30 June 2023	31 December 2022	Reference
56b	–	–	
56c	–	–	
57	–	–	
58	917,699	805,084	
59	4,473,996	4,281,079	
60	24,244,321	22,225,272	

Requirements for capital adequacy ratio and reserve capital

61	Common equity tier 1 capital adequacy ratio	13.20%	14.04%
62	Tier 1 capital adequacy ratio	14.67%	15.64%
63	Capital adequacy ratio	18.45%	19.26%
64	Institution specific buffer requirements	4.0%	4.0%
65	Including: Capital conservation buffer requirements	2.5%	2.5%
66	Including: Countercyclical buffer requirements	–	–
67	Including: G-SIB buffer requirements	1.5%	1.5%
68	Percentage of common equity tier 1 capital meeting buffers to risk-weighted assets	8.20%	9.04%

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	197,692	176,987	X05+X07 +X08+X09 +X12+X29 +X30
73	Undeducted portion of significant minority investments in capital instruments issued by financial institutions that are not subject to consolidation	30,017	30,838	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)	108,336	101,072	

Items	30 June 2023	31 December 2022	Reference
Valid caps of surplus provision for loan impairment in tier 2 capital			
76	33,987	31,195	X01
77	15,900	19,820	X02
78	716,368	641,029	X03
79	317,070	255,944	X04
Capital instruments subject to phase-out arrangements			
80	–	–	
81	–	–	
82	–	–	
83	–	–	
84	–	–	
85	38,000	38,000	

(ii) Consolidated financial statements

	30 June 2023 Consolidated balance sheet as in published financial statements*	30 June 2023 Balance sheet under regulatory scope of consolidation*	31 December 2022 Consolidated balance sheet as in published financial statements*	31 December 2022 Balance sheet under regulatory scope of consolidation*
Assets				
Cash and balances with central banks	3,671,553	3,671,553	3,427,892	3,427,892
Due from banks and other financial institutions	460,500	417,884	365,733	323,131
Precious metals	174,945	174,945	123,858	123,858
Placements with banks and other financial institutions	771,733	771,733	826,799	826,799
Derivative financial assets	106,575	106,575	87,205	87,205
Reverse repurchase agreements	1,693,205	1,688,838	864,122	858,304
Loans and advances to customers	24,602,095	24,601,986	22,591,676	22,591,551
Financial investments	11,255,131	11,006,508	10,533,702	10,302,218
Financial investments measured at FVTPL	813,301	692,263	747,474	637,851
Financial investments measured at FVTOCI	2,396,732	2,285,421	2,223,096	2,115,023
Financial investments measured at amortised cost	8,045,098	8,028,824	7,563,132	7,549,344
Long-term equity investments	63,552	71,532	65,790	73,858
Fixed assets	274,404	274,328	274,839	274,771
Construction in progress	24,482	24,437	17,072	17,002
Deferred tax assets	108,434	108,336	101,117	101,072
Other assets	462,997	453,835	330,341	328,398
Total assets	<u>43,669,606</u>	<u>43,372,490</u>	<u>39,610,146</u>	<u>39,336,059</u>

(*) Prepared in accordance with PRC GAAP.

	30 June 2023 Consolidated balance sheet as in published financial statements*	30 June 2023 Balance sheet under regulatory scope of consolidation*	31 December 2022 Consolidated balance sheet as in published financial statements*	31 December 2022 Balance sheet under regulatory scope of consolidation*
Liabilities				
Due to central banks	224,684	224,684	145,781	145,781
Due to banks and other financial institutions	2,442,493	2,442,493	2,664,901	2,664,901
Placements from banks and other financial institutions	608,451	608,451	522,811	522,811
Financial liabilities measured at FVTPL	61,934	61,777	64,287	64,126
Derivative financial liabilities	119,549	119,549	96,350	96,350
Repurchase agreements	692,327	685,329	574,778	573,279
Certificates of deposit	358,044	358,044	375,452	375,452
Due to customers	33,373,772	33,373,772	29,870,491	29,870,491
Employee benefits payable	44,072	43,843	49,413	49,034
Taxes payable	62,627	62,566	102,074	102,031
Debt securities issued	1,174,487	1,169,434	905,953	900,807
Deferred tax liabilities	4,217	4,133	3,950	3,706
Other liabilities	906,529	632,703	718,486	462,600
Total liabilities	40,073,186	39,786,778	36,094,727	35,831,369
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	148,190	148,190	148,174	148,174
Other comprehensive income	(6,019)	(2,506)	(23,756)	(20,839)
Surplus reserve	392,739	392,414	392,487	392,162
General reserve	496,991	496,678	496,719	496,406
Retained profits	1,833,360	1,827,301	1,771,747	1,766,288
Equity attributable to equity holders of the parent company	3,575,999	3,572,815	3,496,109	3,492,929
Minority interests	20,421	12,897	19,310	11,761
Total equity	3,596,420	3,585,712	3,515,419	3,504,690

(*) Prepared in accordance with PRC GAAP.

(iii) Description of related items

Items	30 June 2023 Balance sheet under regulatory scope of consolidation	Reference
Loans and advances to customers	24,601,986	
Total loans and advances to customers	25,352,341	
Less: Provision for loan impairment under the weighted approach	33,987	X01
Including: Valid cap of surplus provision for loan impairment in tier 2 capital under the weighted approach	15,900	X02
Less: Provision for loan impairment under the internal ratings-based approach	716,368	X03
Including: Valid cap of surplus provision for loan impairment in tier 2 capital under the internal ratings-based approach	317,070	X04
Financial investments		
Financial investments measured at FVTPL	692,263	
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	200	X06
Including: Non-significant minority investments in additional tier 1 capital instruments issued by financial institutions that are not subject to consolidation	178	X07
Including: Non-significant minority investments in tier 2 capital instruments issued by financial institutions that are not subject to consolidation	178,895	X08
Financial investments measured at FVTOCI	2,285,421	
Including: Non-significant minority investments in common equity tier 1 capital instruments issued by financial institutions that are not subject to consolidation	15,813	X09
Including: Significant minority investments in common equity tier 1 capital instruments issued by financial institutions that are not subject to consolidation	2,685	X10
Including: Non-significant minority investments in tier 2 capital instruments issued by financial institutions that are not subject to consolidation	–	X29

Items	30 June 2023 Balance sheet under regulatory scope of consolidation	Reference
Financial investments measured at amortised cost	8,028,824	
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	71,532	
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	2,749	X12
Including: Undeducted portion of significant minority investments in capital instruments issued by financial institutions that are not subject to consolidation	27,132	X13
Other assets	453,835	
Interest receivable	2,912	
Intangible assets	21,870	X14
Including: Land use rights	14,881	X15
Other receivables	289,305	
Goodwill	8,631	X16
Long-term deferred expenses	6,560	
Repossessed assets	3,497	
Other	121,060	
Debt securities issued	1,169,434	
Including: Valid portion of tier 2 capital instruments and their premiums	583,691	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	148,190	X19

Items	30 June 2023 Balance sheet under regulatory scope of consolidation	Reference
Other comprehensive income	(2,506)	X24
Reserve for changes in fair value of financial assets	11,103	
Reserve for cash flow hedging	(3,210)	
Including: Cash flow hedging reserve that relates to the hedging of items that are not fair-valued on the balance sheet	(3,214)	X20
Changes in share of other owners' equity of associates and joint ventures	(431)	
Foreign currency translation reserve	(8,510)	
Other	(1,458)	
Surplus reserve	392,414	X21
General reserve	496,678	X22
Retained profits	1,827,301	X23
Minority interests	12,897	
Including: Valid portion of common equity tier 1 capital	3,283	X25
Including: Valid portion of additional tier 1 capital	585	X26
Including: Valid portion of tier 2 capital	1,038	X27

(iv) Main features of eligible capital instruments

Main features of regulatory capital instruments	Ordinary shares (A share)	Ordinary shares (H share)	Preference shares (Domestic)	Preference shares (Domestic)
Issuer	The Bank	The Bank	The Bank	The Bank
Unique identifier	601398	1398	360011	360036
Governing law(s) of the instrument	Securities Law of the People's Republic of China/China	Securities and Futures Ordinance of Hong Kong/Hong Kong SAR, China	Company Law of the People's Republic of China, Securities Law of the People's Republic of China, Guidance of the State Council on Launch of Preference Shares Pilot, Trial Administrative Measures on Preference Shares, Guidance on the Issuance of Preference Shares of Commercial Banks to Replenish Tier 1 Capital/China	Company Law of the People's Republic of China, Securities Law of the People's Republic of China, Guidance of the State Council on Launch of Preference Shares Pilot, Trial Administrative Measures on Preference Shares, Guidance on the Issuance of Preference Shares of Commercial Banks to Replenish Tier 1 Capital/China
Regulatory treatment				
Including: Transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Common equity tier 1 capital	Common equity tier 1 capital	Additional tier 1 capital	Additional tier 1 capital
Including: Post-transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Common equity tier 1 capital	Common equity tier 1 capital	Additional tier 1 capital	Additional tier 1 capital
Including: Eligible to the parent company/group level	Parent company/Group	Parent company/Group	Parent company/Group	Parent company/Group
Instrument type	Common equity tier 1 capital instrument	Common equity tier 1 capital instrument	Additional tier 1 capital instrument	Additional tier 1 capital instrument
Amount recognised in regulatory capital (in millions, as at the latest reporting date)	RMB336,554	RMB168,374	RMB44,947	RMB69,981
Par value of instrument (in millions)	RMB269,612	RMB86,795	RMB45,000	RMB70,000
Accounting treatment	Share capital, capital reserve	Share capital, capital reserve	Other equity	Other equity
Original date of issuance	19 October 2006	19 October 2006	18 November 2015	19 September 2019
Perpetual or dated	Perpetual	Perpetual	Perpetual	Perpetual
Including: Original maturity date	No maturity date	No maturity date	No maturity date	No maturity date

Main features of regulatory capital instruments	Ordinary shares (A share)	Ordinary shares (H share)	Preference shares (Domestic)	Preference shares (Domestic)
Issuer call (subject to prior supervisory approval)	No	No	Yes	Yes
Including: Optional call date, contingent call dates and redemption amount	N/A	N/A	The First Redemption Date is 18 November 2020, in full or partial amount	The First Redemption Date is 24 September 2024, in full or partial amount
Including: Subsequent call dates, if applicable	N/A	N/A	Commences on the First Redemption Date (18 November 2020) and ends on the completion date of redemption or conversion of all the Domestic Preference Shares	Commences on the First Redemption Date (24 September 2024) and ends on the completion date of redemption or conversion of all the Domestic Preference Shares
Coupons/dividends				
Including: Fixed or floating dividend/coupon	Floating	Floating	Fixed to floating	Fixed to floating
Including: Coupon rate and any related index	N/A	N/A	4.5% (dividend rate) before 23 November 2020, 4.58% (dividend rate) between 23 November 2020 and 22 November 2025	4.2% (dividend rate) before 24 September 2024
Including: Existence of a dividend stopper	N/A	N/A	Yes	Yes
Including: Fully discretionary, partially discretionary or mandatory cancellation of coupons/dividends	Fully discretionary	Fully discretionary	Fully discretionary	Fully discretionary
Including: Redemption incentive mechanism	No	No	No	No
Including: Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible or non-convertible	No	No	Yes	Yes
Including: If convertible, conversion trigger(s)	N/A	N/A	Additional Tier 1 Capital Trigger Event or Tier 2 Capital Trigger Event	Additional Tier 1 Capital Trigger Event or Tier 2 Capital Trigger Event
Including: If convertible, fully or partially	N/A	N/A	Fully or partially convertible when an Additional Tier 1 Capital Trigger Event occurs; fully convertible when a Tier 2 Capital Trigger Event occurs	Fully or partially convertible when an Additional Tier 1 Capital Trigger Event occurs; fully convertible when a Tier 2 Capital Trigger Event occurs

Main features of regulatory capital instruments	Ordinary shares (A share)	Ordinary shares (H share)	Preference shares (Domestic)	Preference shares (Domestic)
Including: If convertible, conversion rate	N/A	N/A	The initial conversion price is equal to the average trading price of the A shares of the Bank for the 20 trading days preceding 25 July 2014, the date of publication of the Board resolution in respect of the issuance plan	The initial conversion price is equal to the average trading price of the A shares of the Bank for the 20 trading days preceding 30 August 2018, the date of publication of the Board resolution in respect of the issuance plan
Including: If convertible, mandatory or optional conversion	N/A	N/A	Mandatory	Mandatory
Including: If convertible, specify instrument type convertible into	N/A	N/A	Common equity tier 1 capital	Common equity tier 1 capital
Including: If convertible, specify issuer of instrument it converts into	N/A	N/A	The Bank	The Bank
Write-down feature	No	No	No	No
Including: If write-down, write-down trigger(s)	N/A	N/A	N/A	N/A
Including: If write-down, full or partial	N/A	N/A	N/A	N/A
Including: If write-down, permanent or temporary	N/A	N/A	N/A	N/A
Including: If temporary write-down, description of write-up mechanism	N/A	N/A	N/A	N/A
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinated to depositor, general creditor, creditor of the subordinated debts and preference shareholders	Subordinated to depositor, general creditor, creditor of the subordinated debts and preference shareholders	Subordinated to deposits, general debts, subordinated debts, tier 2 capital bonds and undated additional tier 1 capital bonds	Subordinated to deposits, general debts, subordinated debts, tier 2 capital bonds and undated additional tier 1 capital bonds
Non-compliant transitioned features	No	No	No	No
Including: If yes, specify non-compliant features	N/A	N/A	N/A	N/A

Main features of regulatory capital instruments	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
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

Main features of regulatory capital instruments	Preference shares (Offshore)	Undated additional tier 1 capital bonds (Domestic)	Undated additional tier 1 capital bonds (Domestic)	Undated additional tier 1 capital bonds (Offshore)
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
Convertible or non-convertible	Yes	No	No	No
Including: If convertible, conversion trigger(s)	Non-viability Trigger Event	N/A	N/A	N/A
Including: If convertible, fully or partially	Fully or partially convertible when a Non-viability Trigger Event occurs	N/A	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	N/A	N/A	N/A
Including: If convertible, mandatory or optional conversion	Mandatory	N/A	N/A	N/A

Main features of regulatory capital instruments	Preference shares (Offshore)	Undated additional tier 1 capital bonds (Domestic)	Undated additional tier 1 capital bonds (Domestic)	Undated additional tier 1 capital bonds (Offshore)
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
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 instruments	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				
Including: Transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Additional tier 1 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
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
Amount recognised in regulatory capital (in millions, as at the latest reporting date)	RMB29,997	RMB equivalent 8,691	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 instruments	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	Yes	Yes	Yes	Yes
Including: If write-down, write-down trigger(s)	Non-viability Trigger Event	Whichever occurs earlier: (i) NAFR 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) NAFR 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) NAFR 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 instruments	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	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 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 instruments	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				
Including: Transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
Including: Post-transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
Including: Eligible to the parent company/group level	Parent company/Group	Parent company/Group	Parent company/Group	Parent company/Group
Instrument type	Tier 2 capital instrument			
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
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

Main features of regulatory capital instruments	Tier 2 capital bonds			
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
Write-down feature	Yes	Yes	Yes	Yes
Including: If write-down, write-down trigger(s)	Whichever occurs earlier: (i) NAFR 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) NAFR 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) NAFR 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) NAFR 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

Main features of regulatory capital instruments

	Tier 2 capital bonds			
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 instruments	Tier 2 capital bonds			
Issuer	The Bank	The Bank	The Bank	The Bank
Unique identifier	2028050	2128002	2128051	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				
Including: Transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
Including: Post-transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
Including: Eligible to the parent company/group level	Parent company/Group	Parent company/Group	Parent company/Group	Parent company/Group
Instrument type	Tier 2 capital instrument			
Amount recognised in regulatory capital (in millions, as at the latest reporting date)	RMB10,000	RMB30,000	RMB50,000	RMB10,000
Par value of instrument (in millions)	RMB10,000	RMB30,000	RMB50,000	RMB10,000
Accounting treatment	Debt securities issued	Debt securities issued	Debt securities issued	Debt securities issued
Original date of issuance	12 November 2020	19 January 2021	13 December 2021	13 December 2021
Perpetual or dated	Dated	Dated	Dated	Dated
Including: Original maturity date	16 November 2035	21 January 2031	15 December 2031	15 December 2036
Issuer call (subject to prior supervisory approval)	Yes	Yes	Yes	Yes
Including: Optional call date, contingent call dates and redemption amount	16 November 2030, in full amount	21 January 2026, in full amount	15 December 2026, in full amount	15 December 2031, in full amount
Including: Subsequent call dates, if applicable	N/A	N/A	N/A	N/A

Main features of regulatory capital instruments	Tier 2 capital bonds			
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
Write-down feature	Yes	Yes	Yes	Yes
Including: If write-down, write-down trigger(s)	Whichever occurs earlier: (i) NAFR 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) NAFR 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) NAFR 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) NAFR 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

Main features of regulatory capital instruments	Tier 2 capital bonds			
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 instruments	Tier 2 capital bonds			
Issuer	The Bank	The Bank	The Bank	The Bank
Unique identifier	2228004	2228005	2228024	2228025
Governing law(s) of the instrument	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents
Regulatory treatment				
Including: Transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
Including: Post-transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
Including: Eligible to the parent company/group level	Parent company/Group	Parent company/Group	Parent company/Group	Parent company/Group
Instrument type	Tier 2 capital instrument			
Amount recognised in regulatory capital (in millions, as at the latest reporting date)	RMB35,000	RMB5,000	RMB45,000	RMB5,000
Par value of instrument (in millions)	RMB35,000	RMB5,000	RMB45,000	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	12 April 2022	12 April 2022
Perpetual or dated	Dated	Dated	Dated	Dated
Including: Original maturity date	20 January 2032	20 January 2037	14 April 2032	14 April 2037
Issuer call (subject to prior supervisory approval)	Yes	Yes	Yes	Yes
Including: Optional call date, contingent call dates and redemption amount	20 January 2027, in full amount	20 January 2032, in full amount	14 April 2027, in full amount	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

Main features of regulatory capital instruments	Tier 2 capital bonds			
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
Write-down feature	Yes	Yes	Yes	Yes
Including: If write-down, write-down trigger(s)	Whichever occurs earlier: (i) NAFR 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) NAFR 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) NAFR 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) NAFR 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

Main features of regulatory capital instruments

	Tier 2 capital bonds			
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 instruments	Tier 2 capital bonds			
Issuer	The Bank	The Bank	The Bank	The Bank
Unique identifier	092280065	092280066	092280134	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				
Including: Transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
Including: Post-transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
Including: Eligible to the parent company/group level	Parent company/Group	Parent company/Group	Parent company/Group	Parent company/Group
Instrument type	Tier 2 capital instrument			
Amount recognised in regulatory capital (in millions, as at the latest reporting date)	RMB30,000	RMB10,000	RMB50,000	RMB10,000
Par value of instrument (in millions)	RMB30,000	RMB10,000	RMB50,000	RMB10,000
Accounting treatment	Debt securities issued	Debt securities issued	Debt securities issued	Debt securities issued
Original date of issuance	18 August 2022	18 August 2022	8 November 2022	8 November 2022
Perpetual or dated	Dated	Dated	Dated	Dated
Including: Original maturity date	22 August 2032	22 August 2037	10 November 2032	10 November 2037
Issuer call (subject to prior supervisory approval)	Yes	Yes	Yes	Yes
Including: Optional call date, contingent call dates and redemption amount	22 August 2027, in full amount	22 August 2032, in full amount	10 November 2027, in full amount	10 November 2032, in full amount
Including: Subsequent call dates, if applicable	N/A	N/A	N/A	N/A

Main features of regulatory capital instruments	Tier 2 capital bonds			
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
Write-down feature	Yes	Yes	Yes	Yes
Including: If write-down, write-down trigger(s)	Whichever occurs earlier: (i) NAFR 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) NAFR 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) NAFR 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) NAFR 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 instruments	Tier 2 capital bonds			
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 instruments	Tier 2 capital bonds			
Issuer	The Bank	The Bank	The Bank	The Bank
Unique identifier	232280007	232280008	232380015	232380016
Governing law(s) of the instrument	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents
Regulatory treatment				
Including: Transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
Including: Post-transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
Including: Eligible to the parent company/group level	Parent company/Group	Parent company/Group	Parent company/Group	Parent company/Group
Instrument type	Tier 2 capital instrument			
Amount recognised in regulatory capital (in millions, as at the latest reporting date)	RMB25,000	RMB5,000	RMB35,000	RMB20,000
Par value of instrument (in millions)	RMB25,000	RMB5,000	RMB35,000	RMB20,000
Accounting treatment	Debt securities issued	Debt securities issued	Debt securities issued	Debt securities issued
Original date of issuance	20 December 2022	20 December 2022	10 April 2023	10 April 2023
Perpetual or dated	Dated	Dated	Dated	Dated
Including: Original maturity date	22 December 2032	22 December 2037	12 April 2033	12 April 2038
Issuer call (subject to prior supervisory approval)	Yes	Yes	Yes	Yes
Including: Optional call date, contingent call dates and redemption amount	22 December 2027, in full amount	22 December 2032, in full amount	12 April 2028, in full amount	12 April 2033, in full amount
Including: Subsequent call dates, if applicable	N/A	N/A	N/A	N/A

Main features of regulatory capital instruments	Tier 2 capital bonds			
Coupons/dividends				
Including: Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed
Including: Coupon rate and any related index	3.70%	3.85%	3.49%	3.58%
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
Write-down feature	Yes	Yes	Yes	Yes
Including: If write-down, write-down trigger(s)	Whichever occurs earlier: (i) NAFR 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) NAFR 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) NAFR 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) NAFR 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 instruments	Tier 2 capital bonds			
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

10.2 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	Items	30 June 2023	31 December 2022
1	Total consolidated assets as per published financial statements	43,669,606	39,610,146
2	Consolidated adjustments for accounting purposes but outside the scope of regulatory consolidation	(297,116)	(274,087)
3	Adjustments for fiduciary assets	–	–
4	Adjustments for derivative financial instruments	115,542	97,074
5	Adjustment for securities financing transactions	42,038	39,728
6	Adjustment for off-balance sheet items	2,421,906	2,328,504
7	Other adjustments	(20,386)	(20,811)
8	Balance of adjusted on- and off-balance sheet assets	45,931,590	41,780,554

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

S/N	Items	30 June 2023	31 December 2022
1	On-balance sheet items (excluding derivatives and SFTs)	41,577,077	38,689,986
2	Less: Asset amounts deducted in determining Basel III tier 1 capital	(20,386)	(20,811)
3	Balance of adjusted on-balance sheet assets (excluding derivatives and SFTs)	41,556,691	38,669,175
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	127,007	94,240
5	Add-on amounts for PFE associated with all derivatives transactions	90,878	84,921
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	(55)	(58)
9	Effective notional amount of written credit derivatives	20,625	25,369
10	Less: Adjusted effective notional deductions for written credit derivatives	(16,338)	(20,193)
11	Total derivative exposures	222,117	184,279
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	1,688,838	558,868
13	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	–	–
14	CCR exposure for SFT assets	42,038	39,728
15	Agent transaction exposures	–	–
16	Total securities financing transaction exposures	1,730,876	598,596
17	Off-balance sheet exposure at gross notional amount	7,584,969	7,056,225
18	Less: Adjustments for conversion to credit equivalent amounts	(5,163,063)	(4,727,721)
19	Balance of adjusted off-balance sheet assets	2,421,906	2,328,504
20	Net tier 1 capital	3,556,297	3,475,995
21	Balance of adjusted on- and off-balance sheet assets	45,931,590	41,780,554
22	Leverage ratio	7.74%	8.32%

10.3 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	Items	Second-quarter 2023	
		Total unweighted value	Total weighted value
High-quality liquid assets			
1	Total high-quality liquid assets (HQLA)		7,122,201
Cash outflows			
2	Retail deposits and deposits from small business customers of which:	16,589,999	1,655,568
3	Stable deposits	54,075	1,976
4	Less stable deposits	16,535,924	1,653,592
5	Unsecured wholesale funding, of which:	17,122,234	6,062,439
6	Operational deposits (excluding those generated from correspondent banking activities)	8,758,353	2,130,154
7	Non-operational deposits (all counterparties)	8,274,564	3,842,968
8	Unsecured debt	89,317	89,317
9	Secured funding		10,942
10	Additional requirements, of which:	3,538,850	1,470,536
11	Outflows related to derivative exposures and other collateral requirements	1,292,002	1,292,002
12	Outflows related to loss of funding on debt products	–	–
13	Credit and liquidity facilities	2,246,848	178,534
14	Other contractual funding obligations	85,498	85,473
15	Other contingent funding obligations	5,863,162	91,709
16	Total cash outflows		9,376,667
Cash inflows			
17	Secured lending (including reverse repos and securities borrowing)	994,743	753,598
18	Inflows from fully performing exposures	2,241,953	1,560,285
19	Other cash inflows	1,290,315	1,288,635
20	Total cash inflows	4,527,011	3,602,518
		Total Adjusted Value	
21	Total HQLA		7,122,201
22	Total net cash outflows		5,774,149
23	Liquidity coverage ratio (%)		123.42%

Data of the above table are the simple arithmetic average of the 91 calendar days' figures of the recent quarter.

10.4 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).

		30 June 2023				
		Unweighted value				
No.	Items	No maturity	< 6 months	6 months to < 1 year	≥ 1 year	Weighted value
Available stable funding (ASF) items						
1	Capital:	3,907,794	–	–	493,691	4,401,485
2	Regulatory capital	3,907,794	–	–	493,691	4,401,485
3	Other capital instruments	–	–	–	–	–
4	Retail deposits and deposits from small business customers:	7,214,945	10,120,311	23,146	5,793	15,633,620
5	Stable deposits	33,192	54,318	17,812	3,758	103,813
6	Less stable deposits	7,181,753	10,065,993	5,334	2,035	15,529,807
7	Wholesale funding:	8,963,381	9,773,925	810,837	197,029	9,068,897
8	Operational deposits	8,616,244	499,830	20,559	4,449	4,572,766
9	Other wholesale funding	347,137	9,274,095	790,278	192,580	4,496,131
10	Liabilities with matching interdependent assets	–	–	–	–	–
11	Other liabilities:	15,937	955,774	177,077	834,628	841,821
12	NSFR derivative liabilities				97,283	
13	All other liabilities and equities not included in the above categories	15,937	955,774	177,077	737,345	841,821
14	Total ASF					29,945,823
Required stable funding (RSF) items						
15	Total NSFR high-quality liquid assets (HQLA)					1,298,344
16	Deposits held at other financial institutions for operational purposes	201,948	63,949	387	1,091	134,479
17	Loans and securities:	2,633	5,935,227	3,968,605	19,607,641	20,654,278
18	Loans to financial institutions secured by Level 1 HQLA	–	997,249	35	–	148,649
19	Loans to financial institutions secured by non-Level 1 HQLA and unsecured loans to financial institutions	–	1,579,144	482,418	268,168	746,248

30 June 2023

No.	Items	Unweighted value				Weighted value
		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	
20	Loans to retail and small business customers, non-financial institutions, sovereigns, central banks and PSEs, of which:	–	2,896,085	3,361,193	11,853,092	13,102,503
21	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	–	728,543	628,479	327,122	874,929
22	Residential mortgages, of which:	–	2,082	3,352	6,400,687	5,439,068
23	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	–	253	290	21,807	14,575
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	2,633	460,667	121,607	1,085,694	1,217,810
25	Assets with matching interdependent liabilities	–	–	–	–	–
26	Other assets:	315,849	381,744	37,493	325,138	867,002
27	Physical traded commodities, including gold	30,247				25,710
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs				42,364	36,009
29	NSFR derivative assets				83,831	–
30	NSFR derivative liabilities with additional variation margin posted				109,906*	21,981
31	All other assets not included in the above categories	285,602	381,744	37,493	198,943	783,302
32	Off-balance sheet items				8,701,693	226,812
33	Total RSF					23,180,915
34	Net Stable Funding Ratio (%)					129.18%

(*) 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”.

31 March 2023

No.	Items	Unweighted value				Weighted value
		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	
Available stable funding (ASF) items						
1	Capital:	3,887,003	–	–	528,223	4,415,226
2	Regulatory capital	3,887,003	–	–	528,223	4,415,226
3	Other capital instruments	–	–	–	–	–
4	Retail deposits and deposits from small business customers:	7,210,204	9,759,381	22,150	5,410	15,302,899
5	Stable deposits	33,037	48,213	17,310	3,754	97,386
6	Less stable deposits	7,177,167	9,711,168	4,840	1,656	15,205,513
7	Wholesale funding:	8,696,748	8,993,686	901,255	230,975	8,747,566
8	Operational deposits	8,319,669	531,581	27,010	7,032	4,446,162
9	Other wholesale funding	377,079	8,462,105	874,245	223,943	4,301,404
10	Liabilities with matching interdependent assets	–	–	–	–	–
11	Other liabilities:	13,315	811,337	73,286	720,925	706,983
12	NSFR derivative liabilities	–	–	–	63,900	–
13	All other liabilities and equities not included in the above categories	13,315	811,337	73,286	657,025	706,983
14	Total ASF					29,172,674
Required stable funding (RSF) items						
15	Total NSFR high-quality liquid assets (HQLA)					1,296,155
16	Deposits held at other financial institutions for operational purposes	213,218	54,891	409	1,017	135,545
17	Loans and securities:	706	5,429,171	3,749,900	19,088,989	20,031,484
18	Loans to financial institutions secured by Level 1 HQLA	–	627,673	33	12	93,113
19	Loans to financial institutions secured by non-Level 1 HQLA and unsecured loans to financial institutions	–	1,472,340	472,673	291,257	748,445
20	Loans to retail and small business customers, non-financial institutions, sovereigns, central banks and PSEs, of which:	–	2,960,027	3,105,523	11,221,822	12,481,776

31 March 2023

No.	Items	Unweighted value				Weighted value
		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	
21	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	–	633,461	643,075	309,481	824,432
22	Residential mortgages, of which:	–	2,021	3,233	6,500,507	5,524,277
23	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	–	236	279	19,632	13,163
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	706	367,110	168,438	1,075,391	1,183,873
25	Assets with matching interdependent liabilities	–	–	–	–	–
26	Other assets:	322,912	333,840	35,410	209,544	769,578
27	Physical traded commodities, including gold	41,506				35,280
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs				32,846	27,919
29	NSFR derivative assets				53,591	–
30	NSFR derivative liabilities with additional variation margin posted				74,036*	14,807
31	All other assets not included in the above categories	281,406	333,840	35,410	123,107	691,572
32	Off-balance sheet items				8,325,350	220,537
33	Total RSF					22,453,299
34	Net Stable Funding Ratio (%)					129.93%

(*) 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”.

11. Issue of Results Announcement and Interim Report

This 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 2023 Interim Report prepared in accordance with IFRSs 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) and will be dispatched to the shareholders of H shares of the Bank. The 2023 Interim Report and its abstract prepared in accordance with PRC GAAP 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 August 2023

As at the date of this announcement, the Board of Directors comprises Mr. CHEN Siqing, Mr. LIAO Lin and Mr. WANG Jingwu as executive directors, Mr. LU Yongzhen, Mr. FENG Weidong, Ms. CAO Liquan, 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.