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**中国建设银行**  
China Construction Bank

**中國建設銀行股份有限公司**

**CHINA CONSTRUCTION BANK CORPORATION**

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

Stock Code: 939 (Ordinary H-Share)

## **INTERIM RESULTS ANNOUNCEMENT**

**For the Six Months Ended 30 June 2022**

The board of directors (the “Board”) of China Construction Bank Corporation (the “Bank”) is pleased to announce the unaudited consolidated interim results of the Bank and its subsidiaries (the “Group”) for the six months ended 30 June 2022 prepared in accordance with the applicable disclosure provisions of the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited* (“Listing Rules of Hong Kong Stock Exchange”) and *International Accounting Standard No. 34 - Interim Financial Reporting*. The interim results have been reviewed by the audit committee and external auditors of the Bank.

## 1 FINANCIAL HIGHLIGHTS

The financial information set forth in this half-year report is prepared on a consolidated basis in accordance with the IFRS, and expressed in RMB unless otherwise stated.

| (Expressed in millions of RMB unless otherwise stated)     | Six months ended<br>30 June 2022 | Six months ended<br>30 June 2021 | Change (%)        | Six months ended<br>30 June 2020 |
|--|----------------------------------|----------------------------------|-------------------|----------------------------------|
| <b>For the period</b>                                      |                                  |                                  |                   |                                  |
| Operating income   | <b>390,361</b>                   | 380,907                          | 2.48              | 359,924                          |
| Net interest income  | <b>317,340</b>                   | 296,085                          | 7.18              | 281,508                          |
| Net fee and commission income                              | <b>68,823</b>                    | 69,438                           | (0.89)            | 65,006                           |
| Operating expenses   | <b>(95,018)</b>                  | (88,160)                         | 7.78              | (79,805)                         |
| Credit impairment losses                                   | <b>(103,294)</b>                 | (108,320)                        | (4.64)            | (111,378)                        |
| Other impairment losses                                    | <b>(81)</b>                      | (192)                            | (57.81)           | (188)                            |
| Profit before tax  | <b>192,386</b>                   | 184,463                          | 4.30              | 168,773                          |
| Net profit   | <b>161,730</b>                   | 154,106                          | 4.95              | 138,939                          |
| Net profit attributable to equity shareholders of the Bank | <b>161,642</b>                   | 153,300                          | 5.44              | 137,626                          |
| <b>Per share (In RMB)</b>                                  |                                  |                                  |                   |                                  |
| Basic and diluted earnings per share <sup>1</sup>          | <b>0.65</b>                      | 0.61                             | 6.56              | 0.55                             |
| <b>Profitability indicators (%)</b>                        |                                  |                                  | <b>Change +/-</b> |                                  |
| Annualised return on average assets <sup>2</sup>           | <b>1.01</b>                      | 1.06                             | (0.05)            | 1.05                             |
| Annualised return on average equity <sup>1</sup>           | <b>12.59</b>                     | 13.10                            | (0.51)            | 12.65                            |
| Net interest spread  | <b>1.90</b>                      | 1.95                             | (0.05)            | 2.04                             |
| Net interest margin  | <b>2.09</b>                      | 2.13                             | (0.04)            | 2.20                             |
| Net fee and commission income to operating income          | <b>17.63</b>                     | 18.23                            | (0.60)            | 18.06                            |
| Cost-to-income ratio <sup>3</sup>                          | <b>23.40</b>                     | 22.22                            | 1.18              | 21.25                            |

1. Calculated in accordance with the *Rule No.9 on the Preparation of Information Disclosure of Companies Issuing Public Securities - Calculation and Disclosure of Return on Net Assets and Earnings per Share (Revision 2010)* issued by the CSRC, and are attributable to ordinary shareholders of the Bank.

2. Calculated by dividing net profit by the average of total assets at the beginning and end of the period and then annualising the quotient.

3. Operating expenses (after deduction of taxes and surcharges) divided by operating income.

| (Expressed in millions of RMB unless otherwise stated)                 | As at 30<br>June 2022 | As at 31<br>December 2021 | Change<br>(%)             | As at 31<br>December 2020 |
|--|-----------------------|---------------------------|---------------------------|---------------------------|
| <b>At the end of the period</b>  |                       |                           |                           |                           |
| Total assets   | 33,689,078            | 30,253,979                | 11.35                     | 28,132,254                |
| Net loans and advances to customers                                    | 19,694,042            | 18,170,492                | 8.38                      | 16,231,369                |
| Total liabilities  | 31,007,226            | 27,639,857                | 12.18                     | 25,742,901                |
| Deposits from customers  | 24,184,466            | 22,378,814                | 8.07                      | 20,614,976                |
| Total equity   | 2,681,852             | 2,614,122                 | 2.59                      | 2,389,353                 |
| Total equity attributable to equity shareholders of the Bank           | 2,659,227             | 2,588,231                 | 2.74                      | 2,364,808                 |
| Share capital  | 250,011               | 250,011                   | -                         | 250,011                   |
| Common Equity Tier 1 capital after regulatory adjustments <sup>1</sup> | 2,547,752             | 2,475,462                 | 2.92                      | 2,261,449                 |
| Additional Tier 1 capital after regulatory adjustments <sup>1</sup>    | 100,070               | 100,066                   | -                         | 100,068                   |
| Tier 2 capital after regulatory adjustments <sup>1</sup>               | 765,458               | 676,754                   | 13.11                     | 471,164                   |
| Total capital after regulatory adjustments <sup>1</sup>                | 3,413,280             | 3,252,282                 | 4.95                      | 2,832,681                 |
| Risk-weighted assets <sup>1</sup>                                      | 19,010,888            | 18,215,893                | 4.36                      | 16,604,591                |
| <b>Per share (In RMB)</b>  |                       |                           |                           |                           |
| Net assets per share attributable to ordinary shareholders of the Bank | 10.24                 | 9.95                      | 2.91                      | 9.06                      |
| <b>Capital adequacy indicators (%)</b>                                 |                       |                           |                           |                           |
|  |                       |                           | <b>Change<br/>+ / (-)</b> |                           |
| Common Equity Tier 1 ratio <sup>1</sup>                                | 13.40                 | 13.59                     | (0.19)                    | 13.62                     |
| Tier 1 ratio <sup>1</sup>  | 13.93                 | 14.14                     | (0.21)                    | 14.22                     |
| Total capital ratio <sup>1</sup>                                       | 17.95                 | 17.85                     | 0.10                      | 17.06                     |
| Total equity to total assets   | 7.96                  | 8.64                      | (0.68)                    | 8.49                      |
| <b>Asset quality indicators (%)</b>                                    |                       |                           |                           |                           |
|  |                       |                           | <b>Change<br/>+ / (-)</b> |                           |
| Non-performing loan (NPL) ratio  | 1.40                  | 1.42                      | (0.02)                    | 1.56                      |
| Allowances to NPLs <sup>2</sup>  | 244.12                | 239.96                    | 4.16                      | 213.59                    |
| Allowances to total loans <sup>2</sup>                                 | 3.43                  | 3.40                      | 0.03                      | 3.33                      |

1. Calculated in accordance with the relevant regulations of the *Capital Rules for Commercial Banks (Provisional)*, the advanced capital measurement approaches, and applicable rules for the transitional period.

2. Allowances for impairment losses on loans include the allowances for impairment losses on discounted bills measured at fair value through other comprehensive income. Total loans and NPLs do not include the accrued interest.

## 2 Financial Statements

### Consolidated statement of comprehensive income

(Expressed in millions of RMB, unless otherwise stated)

|   | Six months ended 30 June |                     | Change(%) |
|---|--------------------------|---------------------|-----------|
|   | 2022<br>(Unaudited)      | 2021<br>(Unaudited) |           |
| Interest income   | <b>564,957</b>           | 515,949             | 9.50      |
| Interest expense  | <b>(247,617)</b>         | (219,864)           | 12.62     |
| <b>Net interest income</b>  | <b>317,340</b>           | 296,085             | 7.18      |
| Fee and commission income   | <b>77,139</b>            | 77,570              | (0.56)    |
| Fee and commission expense  | <b>(8,316)</b>           | (8,132)             | 2.26      |
| <b>Net fee and commission income</b>  | <b>68,823</b>            | 69,438              | (0.89)    |
| Net trading gain  | <b>2,413</b>             | 2,870               | (15.92)   |
| Dividend income   | <b>4,085</b>             | 3,657               | 11.70     |
| Net (loss)/gain arising from investment securities                          | <b>(4,363)</b>           | 1,853               | (335.46)  |
| Net gain on derecognition of financial assets<br>measured at amortised cost | <b>34</b>                | 2,527               | (98.65)   |
| Other operating income, net:  |                          |                     |           |
| - Other operating income  | <b>47,754</b>            | 40,289              | 18.53     |
| - Other operating expense   | <b>(45,725)</b>          | (35,812)            | 27.68     |
| <b>Other operating income, net</b>  | <b>2,029</b>             | 4,477               | (54.68)   |
| <b>Operating income</b>   | <b>390,361</b>           | 380,907             | 2.48      |
| <b>Operating expenses</b>   | <b>(95,018)</b>          | (88,160)            | 7.78      |
|   | <b>295,343</b>           | 292,747             | 0.89      |
| Credit impairment losses  | <b>(103,294)</b>         | (108,320)           | (4.64)    |
| Other impairment losses   | <b>(81)</b>              | (192)               | (57.81)   |
| <b>Share of profits of associates and joint ventures</b>                    | <b>418</b>               | 228                 | 83.33     |
| <b>Profit before tax</b>  | <b>192,386</b>           | 184,463             | 4.30      |
| Income tax expense  | <b>(30,656)</b>          | (30,357)            | 0.98      |
| <b>Net profit</b>   | <b>161,730</b>           | 154,106             | 4.95      |

**Consolidated statement of comprehensive income (continued)**
*(Expressed in millions of RMB, unless otherwise stated)*

|  | <u>Six months ended 30 June</u> |                    | <u>Change(%)</u> |
|--|---------------------------------|--------------------|------------------|
|  | <u>2022</u>                     | <u>2021</u>        |                  |
|  | <u>(Unaudited)</u>              | <u>(Unaudited)</u> |                  |
| <b>Other comprehensive income:</b>   |                                 |                    |                  |
| (1)Other comprehensive income that will not be reclassified to profit or loss                                    |                                 |                    |                  |
| Remeasurements of post-employment benefit obligations  | <b>(130)</b>                    | 121                | (207.44)         |
| Fair value changes of equity instruments designated as measured at fair value through other comprehensive income | <b>100</b>                      | (139)              | (171.94)         |
| Others   | <b>-</b>                        | 4                  | (100.00)         |
| Subtotal   | <b>(30)</b>                     | (14)               | 114.29           |
| (2)Other comprehensive income that may be reclassified subsequently to profit or loss                            |                                 |                    |                  |
| Fair value changes of debt instruments measured at fair value through other comprehensive income                 | <b>(5,196)</b>                  | 2,627              | (297.79)         |
| Allowances for credit losses of debt instruments measured at fair value through other comprehensive income       | <b>1,273</b>                    | (47)               | (2,808.51)       |
| Reclassification adjustments included in profit or loss due to disposals   | <b>(37)</b>                     | (248)              | (85.08)          |
| Net gain on cash flow hedges   | <b>161</b>                      | 245                | (34.29)          |
| Exchange difference on translating foreign operations  | <b>4,264</b>                    | (2,819)            | (251.26)         |
| Subtotal   | <b>465</b>                      | (242)              | (292.15)         |
| <b>Other comprehensive income for the period, net of tax</b>   | <b>435</b>                      | (256)              | (269.92)         |

**Consolidated statement of comprehensive income (continued)**
*(Expressed in millions of RMB, unless otherwise stated)*

|   | Six months ended 30 June |                     | Change(%) |
|---|--------------------------|---------------------|-----------|
|   | 2022<br>(Unaudited)      | 2021<br>(Unaudited) |           |
| <b>Total comprehensive income for the period</b>              | <b>162,165</b>           | 153,850             | 5.40      |
| Net profit attributable to:                                   |                          |                     |           |
| Equity shareholders of the Bank                               | <b>161,642</b>           | 153,300             | 5.44      |
| Non-controlling interests                                     | <b>88</b>                | 806                 | (89.08)   |
|   | <b>161,730</b>           | 154,106             | 4.95      |
| Total comprehensive income attributable to:                   |                          |                     |           |
| Equity shareholders of the Bank                               | <b>162,000</b>           | 153,007             | 5.88      |
| Non-controlling interests                                     | <b>165</b>               | 843                 | (80.43)   |
|   | <b>162,165</b>           | 153,850             | 5.40      |
| <b>Basic and diluted earnings per share<br/>(in RMB Yuan)</b> | <b>0.65</b>              | 0.61                | 6.56      |

**Consolidated statement of financial position**
*(Expressed in millions of RMB, unless otherwise stated)*

|   | 30 June<br>2022<br><u>(Unaudited)</u> | 31 December<br>2021<br><u>(Audited)</u> | <u>Change(%)</u>    |
|---|---------------------------------------|---|---------------------|
| <b>Assets:</b>  |                                       |   |                     |
| Cash and deposits with central banks  | <b>2,832,614</b>                      | 2,763,892                               | 2.49                |
| Deposits with banks and<br>non-bank financial institutions                    | <b>350,259</b>                        | 155,107                                 | 125.82              |
| Precious metals   | <b>183,036</b>                        | 121,493                                 | 50.66               |
| Placements with banks and<br>non-bank financial institutions                  | <b>318,740</b>                        | 188,162                                 | 69.40               |
| Positive fair value of derivatives  | <b>43,655</b>                         | 31,550                                  | 38.37               |
| Financial assets held under resale<br>agreements                              | <b>1,118,427</b>                      | 549,078                                 | 103.69              |
| Loans and advances to customers   | <b>19,694,042</b>                     | 18,170,492                              | 8.38                |
| Financial investments   |                                       |   |                     |
| Financial assets measured at fair value<br>through profit or loss             | <b>561,778</b>                        | 545,273                                 | 3.03                |
| Financial assets measured at amortised<br>cost                                | <b>5,909,338</b>                      | 5,155,168                               | 14.63               |
| Financial assets measured at fair value<br>through other comprehensive income | <b>1,954,768</b>                      | 1,941,478                               | 0.68                |
| Long-term equity investments  | <b>21,247</b>                         | 18,875                                  | 12.57               |
| Fixed assets  | <b>167,934</b>                        | 168,326                                 | (0.23)              |
| Land use rights   | <b>13,393</b>                         | 13,630                                  | (1.74)              |
| Intangible assets   | <b>5,509</b>                          | 5,858                                   | (5.96)              |
| Goodwill  | <b>2,209</b>                          | 2,141                                   | 3.18                |
| Deferred tax assets   | <b>106,892</b>                        | 92,343                                  | 15.76               |
| Other assets  | <b>405,237</b>                        | 331,113                                 | 22.39               |
| <b>Total assets</b>   | <b><u>33,689,078</u></b>              | <b><u>30,253,979</u></b>                | <b><u>11.35</u></b> |

**Consolidated statement of financial position (continued)**
*(Expressed in millions of RMB, unless otherwise stated)*

|  | 30 June<br>2022<br><u>(Unaudited)</u> | 31 December<br>2021<br><u>(Audited)</u> | <u>Change(%)</u>    |
|--|---------------------------------------|---|---------------------|
| <b>Liabilities:</b>  |                                       |   |                     |
| Borrowings from central banks  | <b>777,146</b>                        | 685,033                                 | 13.45               |
| Deposits from banks and<br>non-bank financial institutions             | <b>2,754,989</b>                      | 1,932,926                               | 42.53               |
| Placements from banks and<br>non-bank financial institutions           | <b>383,591</b>                        | 299,275                                 | 28.17               |
| Financial liabilities measured at fair value<br>through profit or loss | <b>297,393</b>                        | 229,022                                 | 29.85               |
| Negative fair value of derivatives                                     | <b>41,888</b>                         | 31,323                                  | 33.73               |
| Financial assets sold under repurchase<br>agreements                   | <b>91,596</b>                         | 33,900                                  | 170.19              |
| Deposits from customers  | <b>24,184,466</b>                     | 22,378,814                              | 8.07                |
| Accrued staff costs  | <b>38,372</b>                         | 40,998                                  | (6.41)              |
| Taxes payable  | <b>56,085</b>                         | 86,342                                  | (35.04)             |
| Provisions   | <b>47,342</b>                         | 45,903                                  | 3.13                |
| Debt securities issued   | <b>1,688,826</b>                      | 1,323,377                               | 27.61               |
| Deferred tax liabilities   | <b>1,066</b>                          | 1,395                                   | (23.58)             |
| Other liabilities  | <b>644,466</b>                        | 551,549                                 | 16.85               |
| <b>Total liabilities</b>   | <b><u>31,007,226</u></b>              | <b><u>27,639,857</u></b>                | <b><u>12.18</u></b> |



**Consolidated statement of financial position (continued)**
*(Expressed in millions of RMB, unless otherwise stated)*

|   | 30 June<br>2022<br><u>(Unaudited)</u> | 31 December<br>2021<br><u>(Audited)</u> | <u>Change(%)</u> |
|---|---------------------------------------|---|------------------|
| <b>Equity:</b>  |                                       |   |                  |
| Share capital   | <b>250,011</b>                        | 250,011                                 | -                |
| Other equity instruments  |                                       |   |                  |
| Preference shares   | <b>59,977</b>                         | 59,977                                  | -                |
| Perpetual bonds   | <b>39,991</b>                         | 39,991                                  | -                |
| Capital reserve   | <b>134,925</b>                        | 134,925                                 | -                |
| Other comprehensive income                                      | <b>21,696</b>                         | 21,338                                  | 1.68             |
| Surplus reserve   | <b>305,571</b>                        | 305,571                                 | -                |
| General reserve   | <b>385,120</b>                        | 381,621                                 | 0.92             |
| Retained earnings   | <b>1,461,936</b>                      | 1,394,797                               | 4.81             |
| <br>  |                                       |   |                  |
| Total equity attributable to equity<br>shareholders of the Bank | <b>2,659,227</b>                      | 2,588,231                               | 2.74             |
| Non-controlling interests                                       | <b>22,625</b>                         | 25,891                                  | (12.61)          |
| <br>  |                                       |   |                  |
| <b>Total equity</b>   | <b>2,681,852</b>                      | 2,614,122                               | 2.59             |
| <br>  |                                       |   |                  |
| <b>Total liabilities and equity</b>                             | <b>33,689,078</b>                     | 30,253,979                              | 11.35            |

**Consolidated statement of changes in equity**
*(Expressed in millions of RMB, unless otherwise stated)*

|   | (Unaudited)                                     |  |                    |                    |                                  |                    |                    |                      |                                  |                  |
|---|---|--|--------------------|--------------------|----------------------------------|--------------------|--------------------|----------------------|----------------------------------|------------------|
|   | Attributable to equity shareholders of the Bank |  |                    |                    |                                  |                    |                    |                      |                                  |                  |
|   | Share<br>capital                                | Other equity instruments<br>Preference<br>shares | Perpetual<br>bonds | Capital<br>reserve | Other<br>comprehensive<br>income | Surplus<br>reserve | General<br>reserve | Retained<br>earnings | Non-<br>controlling<br>interests | Total<br>equity  |
| <b>As at 1 January 2022</b>                             | <b>250,011</b>                                  | <b>59,977</b>                                    | <b>39,991</b>      | <b>134,925</b>     | <b>21,338</b>                    | <b>305,571</b>     | <b>381,621</b>     | <b>1,394,797</b>     | <b>25,891</b>                    | <b>2,614,122</b> |
| <b>Movements during the period</b>                      | -   | -  | -                  | -                  | <b>358</b>                       | -                  | <b>3,499</b>       | <b>67,139</b>        | <b>(3,266)</b>                   | <b>67,730</b>    |
| <b>(1) Total comprehensive income for the period</b>    | -   | -  | -                  | -                  | <b>358</b>                       | -                  | -                  | <b>161,642</b>       | <b>165</b>                       | <b>162,165</b>   |
| <b>(2) Changes in share capital</b>                     |   |  |                    |                    |                                  |                    |                    |                      |                                  |                  |
| i Capital deduction by other equity instruments holders | -   | -  | -                  | -                  | -                                | -                  | -                  | -                    | <b>(3,335)</b>                   | <b>(3,335)</b>   |
| <b>(3) Profit distribution</b>                          |   |  |                    |                    |                                  |                    |                    |                      |                                  |                  |
| i Appropriation to general reserve                      | -   | -  | -                  | -                  | -                                | -                  | <b>3,499</b>       | <b>(3,499)</b>       | -                                | -                |
| ii Dividends to ordinary shareholders                   | -   | -  | -                  | -                  | -                                | -                  | -                  | <b>(91,004)</b>      | -                                | <b>(91,004)</b>  |
| iii Dividends to non-controlling interests holders      | -   | -  | -                  | -                  | -                                | -                  | -                  | -                    | <b>(96)</b>                      | <b>(96)</b>      |
| <b>As at 30 June 2022</b>                               | <b>250,011</b>                                  | <b>59,977</b>                                    | <b>39,991</b>      | <b>134,925</b>     | <b>21,696</b>                    | <b>305,571</b>     | <b>385,120</b>     | <b>1,461,936</b>     | <b>22,625</b>                    | <b>2,681,852</b> |

**Consolidated statement of changes in equity (continued)**
*(Expressed in millions of RMB, unless otherwise stated)*

|  | (Unaudited)                                     |   |                 |                 |                            |                 |                 |                   |                           |                  |
|--|---|---|-----------------|-----------------|----------------------------|-----------------|-----------------|-------------------|---------------------------|------------------|
|  | Attributable to equity shareholders of the Bank |   |                 |                 |                            |                 |                 |                   |                           |                  |
|  | Share capital                                   | Other equity instruments<br>Preference shares | Perpetual bonds | Capital reserve | Other comprehensive income | Surplus reserve | General reserve | Retained earnings | Non-controlling interests | Total equity     |
| <b>As at 1 January 2021</b>                          | 250,011   | 59,977  | 39,991          | 134,263         | 15,048                     | 275,995         | 350,228         | 1,239,295         | 24,545                    | 2,389,353        |
| <b>Movements during the period</b>                   | -   | -   | -               | 661             | (293)                      | -               | (343)           | 72,139            | 824                       | 72,988           |
| <b>(1) Total comprehensive income for the period</b> | -   | -   | -               | -               | (293)                      | -               | -               | 153,300           | 843                       | 153,850          |
| <b>(2) Changes in share capital</b>                  |   |   |                 |                 |                            |                 |                 |                   |                           |                  |
| i Change in shareholdings in subsidiaries            | -   | -   | -               | 661             | -                          | -               | -               | -                 | 109                       | 770              |
| <b>(3) Profit distribution</b>                       |   |   |                 |                 |                            |                 |                 |                   |                           |                  |
| i Appropriation to general reserve                   | -   | -   | -               | -               | -                          | -               | (343)           | 343               | -                         | -                |
| ii Dividends to ordinary shareholders                | -   | -   | -               | -               | -                          | -               | -               | (81,504)          | -                         | (81,504)         |
| iii Dividends to non-controlling interests holders   | -   | -   | -               | -               | -                          | -               | -               | -                 | (128)                     | (128)            |
| <b>As at 30 June 2021</b>                            | <u>250,011</u>                                  | <u>59,977</u>                                 | <u>39,991</u>   | <u>134,924</u>  | <u>14,755</u>              | <u>275,995</u>  | <u>349,885</u>  | <u>1,311,434</u>  | <u>25,369</u>             | <u>2,462,341</u> |

**Consolidated statement of changes in equity (continued)**
*(Expressed in millions of RMB, unless otherwise stated)*

|  | (Audited)                                       |   |                 |                 |                            |                 |                 |                           |              |                   |
|--|---|---|-----------------|-----------------|----------------------------|-----------------|-----------------|---------------------------|--------------|-------------------|
|  | Attributable to equity shareholders of the Bank |   |                 |                 |                            |                 |                 | Non-controlling interests | Total equity |                   |
|  | Share capital                                   | Other equity instruments<br>Preference shares | Perpetual bonds | Capital reserve | Other comprehensive income | Surplus reserve | General reserve |                           |              | Retained earnings |
| <b>As at 1 January 2021</b>                        | 250,011   | 59,977  | 39,991          | 134,263         | 15,048                     | 275,995         | 350,228         | 1,239,295                 | 24,545       | 2,389,353         |
| <b>Movements during the year</b>                   | -   | -   | -               | 662             | 6,290                      | 29,576          | 31,393          | 155,502                   | 1,346        | 224,769           |
| <b>(1) Total comprehensive income for the year</b> | -   | -   | -               | -               | 6,290                      | -               | -               | 302,513                   | 1,703        | 310,506           |
| <b>(2) Changes in share capital</b>                |   |   |                 |                 |                            |                 |                 |                           |              |                   |
| i Change in shareholdings in subsidiaries          | -   | -   | -               | 662             | -                          | -               | -               | -                         | 109          | 771               |
| <b>(3) Profit distribution</b>                     |   |   |                 |                 |                            |                 |                 |                           |              |                   |
| i Appropriation to surplus reserve                 | -   | -   | -               | -               | -                          | 29,576          | -               | (29,576)                  | -            | -                 |
| ii Appropriation to general reserve                | -   | -   | -               | -               | -                          | -               | 31,393          | (31,393)                  | -            | -                 |
| iii Dividends to ordinary shareholders             | -   | -   | -               | -               | -                          | -               | -               | (81,504)                  | -            | (81,504)          |
| iv Dividends to other equity instruments holders   | -   | -   | -               | -               | -                          | -               | -               | (4,538)                   | -            | (4,538)           |
| v Dividends to non-controlling interests holders   | -   | -   | -               | -               | -                          | -               | -               | -                         | (466)        | (466)             |
| <b>As at 31 December 2021</b>                      | 250,011   | 59,977  | 39,991          | 134,925         | 21,338                     | 305,571         | 381,621         | 1,394,797                 | 25,891       | 2,614,122         |

**Consolidated statement of cash flows**

*(Expressed in millions of RMB, unless otherwise stated)*

|  | Six months ended 30 June |                     |
|--|--------------------------|---------------------|
|  | 2022<br>(Unaudited)      | 2021<br>(Unaudited) |
| <b>Cash flows from operating activities :</b>  |                          |                     |
| Profit before tax  | <b>192,386</b>           | 184,463             |
| <i>Adjustments for:</i>  |                          |                     |
| -Credit impairment losses  | <b>103,294</b>           | 108,320             |
| -Other impairment losses   | <b>81</b>                | 192                 |
| -Depreciation and amortisation   | <b>13,324</b>            | 13,185              |
| -Interest income from impaired financial assets  | <b>(2,406)</b>           | (2,364)             |
| -Revaluation loss on financial instruments measured at fair value through profit or loss | <b>4,988</b>             | 552                 |
| -Share of profits of associates and joint ventures                                       | <b>(418)</b>             | (228)               |
| -Dividend income   | <b>(4,085)</b>           | (3,657)             |
| -Unrealised foreign exchange loss/(gain)   | <b>3,747</b>             | (8,347)             |
| -Interest expense on bonds issued  | <b>10,687</b>            | 9,014               |
| -Interest income from investment securities and net income from disposal                 | <b>(117,875)</b>         | (110,080)           |
| -Net gain on disposal of fixed assets and other long-term assets                         | <b>(55)</b>              | (182)               |
|  | <b>203,668</b>           | 190,868             |

**Consolidated statement of cash flows (continued)**
*(Expressed in millions of RMB, unless otherwise stated)*

|   | Six months ended 30 June |                     |
|---|--------------------------|---------------------|
|   | 2022<br>(Unaudited)      | 2021<br>(Unaudited) |
| <b><i>Cash flows from operating activities (continued):</i></b>   |                          |                     |
| <i>Changes in operating assets:</i>   |                          |                     |
| Net (increase)/decrease in deposits with central banks and with banks and non-bank financial institutions | (107,212)                | 67,846              |
| Net (increase)/decrease in placements with banks and non-bank financial institutions                      | (52,015)                 | 6,791               |
| Net increase in financial assets held under resale agreements   | (568,938)                | (103,211)           |
| Net increase in loans and advances to customers   | (1,554,328)              | (1,365,735)         |
| Net (increase)/decrease in financial assets held for trading purposes                                     | (1,243)                  | 5,879               |
| Net increase in other operating assets  | (144,654)                | (123,181)           |
|   | <b>(2,428,390)</b>       | <b>(1,511,611)</b>  |
| <i>Changes in operating liabilities:</i>  |                          |                     |
| Net increase/(decrease) in borrowings from central banks  | 85,308                   | (20,583)            |
| Net increase in deposits from customers and from banks and non-bank financial institutions                | 2,560,015                | 1,512,541           |
| Net increase in placements from banks and non-bank financial institutions                                 | 70,707                   | 19,702              |
| Net increase in financial liabilities measured at fair value through profit or loss                       | 67,564                   | 38,521              |
| Net increase in financial assets sold under repurchase agreements   | 56,737                   | 59,138              |
| Net increase/(decrease) in certificates of deposit issued   | 259,218                  | (20,463)            |
| Income tax paid   | (72,386)                 | (74,013)            |
| Net increase/(decrease) in other operating liabilities  | 13,060                   | (21,941)            |
|   | <b>3,040,223</b>         | <b>1,492,902</b>    |
| <b>Net cash from operating activities</b>   | <b>815,501</b>           | <b>172,159</b>      |

**Consolidated statement of cash flows (continued)**
*(Expressed in millions of RMB, unless otherwise stated)*

|   | Six months ended 30 June |                     |
|---|--------------------------|---------------------|
|   | 2022<br>(Unaudited)      | 2021<br>(Unaudited) |
| <b><i>Cash flows from investing activities</i></b>                                      |                          |                     |
| Proceeds from sales and redemption of financial investments                             | <b>654,381</b>           | 1,000,396           |
| Interest and dividends received   | <b>120,534</b>           | 111,886             |
| Proceeds from disposal of fixed assets and other long-term assets                       | <b>1,546</b>             | 1,049               |
| Purchase of investment securities   | <b>(1,444,931)</b>       | (1,287,737)         |
| Purchase of fixed assets and other long-term assets                                     | <b>(8,380)</b>           | (5,422)             |
| Acquisition of subsidiaries, associates and joint ventures                              | <b>(1,835)</b>           | (1,440)             |
| <b>Net cash used in investing activities</b>  | <b>(678,685)</b>         | (181,268)           |
| <b><i>Cash flows from financing activities:</i></b>                                     |                          |                     |
| Issue of bonds  | <b>94,761</b>            | 54,102              |
| Cash received from subsidiaries' capital injection by non-controlling interests holders | -                        | 770                 |
| Dividends paid  | <b>(43)</b>              | (100)               |
| Repayment of borrowings   | <b>(7,628)</b>           | (18,203)            |
| Cash payment for redemption non-controlling interests of other equity instruments       | <b>(3,335)</b>           | -                   |
| Interest paid on bonds issued   | <b>(3,035)</b>           | (2,293)             |
| Cash payment for other financing activities   | <b>(3,917)</b>           | (3,317)             |
| <b>Net cash from financing activities</b>   | <b>76,803</b>            | 30,959              |

**Consolidated statement of cash flows (continued)**
*(Expressed in millions of RMB, unless otherwise stated)*

|   | <u>Six months ended 30 June</u>   |                                   |
|---|-----------------------------------|-----------------------------------|
|   | <u>2022</u><br><u>(Unaudited)</u> | <u>2021</u><br><u>(Unaudited)</u> |
| <b>Effect of exchange rate changes on cash and cash equivalents</b>     | <b>18,259</b>                     | (4,623)                           |
| <b>Net increase in cash and cash equivalents</b>                        | <b>231,878</b>                    | 17,227                            |
| <b>Cash and cash equivalents as at 1 January</b>                        | <b>805,600</b>                    | 878,931                           |
| <b>Cash and cash equivalents as at 30 June</b>                          | <b><u>1,037,478</u></b>           | <u>896,158</u>                    |
| <b>Cash flows from operating activities include:</b>                    |                                   |                                   |
| Interest received, excluding interest income from investment securities | <u>435,206</u>                    | <u>400,886</u>                    |
| Interest paid, excluding interest expense on bonds issued               | <u>(223,330)</u>                  | <u>(166,364)</u>                  |

**Notes:**

- (1) Except for the new or revised IFRS and Interpretations effective for the period ended 30 June 2022 and adopted by the Group, there are no significant changes in the accounting policies adopted in the preparation of the results announcement compared to the year ended 31 December 2021.
- (2) Unless otherwise stated, the financial figures are expressed in millions of RMB.
- (3) For the purpose of this results announcement, the Chinese mainland refers to the PRC excluding the Hong Kong Special Administrative Region of the PRC (“Hong Kong”), the Macau Special Administrative Region of the PRC and Taiwan.



**(4) Net (loss)/gain arising from investment securities**

|  | <u>Six months ended 30 June</u> |                     |
|--|---------------------------------|---------------------|
|  | <u>2022</u>                     | <u>2021</u>         |
| Net gain related to financial assets<br>designated as measured at fair value<br>through profit or loss         | -                               | 1,071               |
| Net loss related to financial liabilities<br>designated as measured at fair value<br>through profit or loss    | <b>(4,757)</b>                  | (5,371)             |
| Net gain related to other financial assets<br>and liabilities measured at fair value<br>through profit or loss | <b>123</b>                      | 5,307               |
| Net gain related to financial assets<br>measured at fair value through other<br>comprehensive income           | <b>165</b>                      | 850                 |
| Others   | <b>106</b>                      | (4)                 |
| <b>Total</b>   | <b><u>(4,363)</u></b>           | <b><u>1,853</u></b> |

**(5) Operating expenses**

|  | Six months ended 30 June |        |
|--|--------------------------|--------|
|  | 2022                     | 2021   |
| Staff costs  |                          |        |
| - Salaries, bonuses, allowances and subsidies                          | <b>37,092</b>            | 34,608 |
| - Defined contribution plans   | <b>7,422</b>             | 7,003  |
| - Housing funds  | <b>3,552</b>             | 3,378  |
| - Union running costs and employee education costs                     | <b>1,185</b>             | 1,121  |
| - Early retirement expenses  | <b>2</b>                 | 1      |
| - Compensation to employees for termination of employment relationship | <b>3</b>                 | 3      |
| - Others   | <b>5,104</b>             | 4,502  |
|  | <b>54,360</b>            | 50,616 |
| Premises and equipment expenses  |                          |        |
| - Depreciation charges   | <b>11,725</b>            | 11,670 |
| - Rent and property management expenses                                | <b>2,025</b>             | 1,973  |
| - Maintenance  | <b>1,431</b>             | 1,076  |
| - Utilities  | <b>825</b>               | 792    |
| - Others   | <b>1,056</b>             | 974    |
|  | <b>17,062</b>            | 16,485 |
| Taxes and surcharges   | <b>3,677</b>             | 3,538  |
| Amortisation expenses  | <b>1,599</b>             | 1,515  |
| Other general and administrative expenses                              | <b>18,320</b>            | 16,006 |
| Total  | <b>95,018</b>            | 88,160 |

**(6) Income tax expense**

## ① Income tax expense

|                               | Six months ended 30 June |               |
|-------------------------------|--------------------------|---------------|
|                               | 2022                     | 2021          |
| Current tax                   | <b>44,844</b>            | 40,842        |
| - The Chinese mainland        | <b>44,070</b>            | 39,905        |
| - Hong Kong                   | <b>423</b>               | 470           |
| - Other countries and regions | <b>351</b>               | 467           |
| Adjustments for prior years   | <b>(623)</b>             | -             |
| Deferred tax                  | <b>(13,565)</b>          | (10,485)      |
| <b>Total</b>                  | <b><u>30,656</u></b>     | <u>30,357</u> |

The provisions for income taxes for the Chinese mainland and Hong Kong are calculated at 25% and 16.5% of the estimated taxable income from the Chinese mainland and Hong Kong operations for the reporting period, respectively. Taxation for other overseas operations is charged at the appropriate current rates of taxation ruling in the relevant tax jurisdictions.

## ② Reconciliation between income tax expense and accounting profit

|  | Note | Six months ended 30 June |                |
|--|------|--------------------------|----------------|
|  |      | 2022                     | 2021           |
| Profit before tax  |      | <b><u>192,386</u></b>    | <u>184,463</u> |
| Income tax calculated at the 25% statutory tax rate                                |      | <b><u>48,097</u></b>     | <u>46,116</u>  |
| Effects of different applicable rates of tax prevailing in other countries/regions |      | <b>(552)</b>             | (104)          |
| Non-deductible expenses  | (a)  | <b>9,059</b>             | 6,539          |
| Non-taxable income   | (b)  | <b>(25,325)</b>          | (22,194)       |
| Adjustments on income tax for prior years which affect profit or loss              |      | <b>(623)</b>             | -              |
| <b>Income tax expense</b>  |      | <b><u>30,656</u></b>     | <u>30,357</u>  |

(a) Non-deductible expenses primarily include non-deductible losses resulting from write-offs, impairment losses, and items that are in excess of deductible amount under the relevant PRC tax regulations such as staff costs and entertainment expenses.

(b) Non-taxable income primarily includes interest income from PRC government bonds and local government bonds.

**(7) Earnings per share**

Basic earnings per share for the six months ended 30 June 2022 and 2021 has been computed by dividing the net profit attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the periods.

For the purpose of calculating basic earnings per share, dividends on non-cumulative preference shares declared in respect of the period should be deducted from the amounts attributable to equity shareholders of the Bank. The Bank has not declared any dividend on preference shares for the six months ended 30 June 2022.

The conversion feature of preference shares is considered to be contingently issuable ordinary shares. The triggering events of conversion did not occur for the six months ended 30 June 2022 and 2021, therefore the conversion feature of preference shares has no effect on the basic and diluted earnings per share calculation.

|  | Six months ended 30 June |         |
|--|--------------------------|---------|
|  | 2022                     | 2021    |
| Net profit attributable to equity shareholders of the Bank                                 | <b>161,642</b>           | 153,300 |
| Net profit attributable to ordinary shareholders of the Bank                               | <b>161,642</b>           | 153,300 |
| Weighted average number of ordinary shares (in millions of shares)                         | <b>250,011</b>           | 250,011 |
| Basic earnings per share attributable to ordinary shareholders of the Bank (in RMB Yuan)   | <b>0.65</b>              | 0.61    |
| Diluted earnings per share attributable to ordinary shareholders of the Bank (in RMB Yuan) | <b>0.65</b>              | 0.61    |

**(8) Derivatives and hedge accounting**

## ① Analysed by type of contract

|                         | Note | 30 June 2022            |                      |                      | 31 December 2021        |                      |                      |
|-------------------------|------|-------------------------|----------------------|----------------------|-------------------------|----------------------|----------------------|
|                         |      | Notional amounts        | Assets               | Liabilities          | Notional amounts        | Assets               | Liabilities          |
| Interest rate contracts |      | <b>738,290</b>          | <b>4,921</b>         | <b>2,734</b>         | 584,102                 | 1,870                | 2,296                |
| Exchange rate contracts |      | <b>3,394,199</b>        | <b>35,460</b>        | <b>33,642</b>        | 3,183,567               | 27,578               | 27,772               |
| Other contracts (a)     |      | <b>188,616</b>          | <b>3,274</b>         | <b>5,512</b>         | 130,138                 | 2,102                | 1,255                |
| <b>Total</b>            |      | <b><u>4,321,105</u></b> | <b><u>43,655</u></b> | <b><u>41,888</u></b> | <b><u>3,897,807</u></b> | <b><u>31,550</u></b> | <b><u>31,323</u></b> |

## ② Analysed by counterparty credit risk-weighted assets

|  | Note | 30 June 2022          | 31 December 2021 |
|--|------|-----------------------|------------------|
| Counterparty credit default risk-weighted assets     |      |                       |                  |
| - Interest rate contracts                            |      | <b>5,877</b>          | 3,387            |
| - Exchange rate contracts                            |      | <b>53,739</b>         | 39,036           |
| - Other contracts (a)                                |      | <b>23,618</b>         | 16,082           |
| <b>Subtotal</b>                                      |      | <b>83,234</b>         | 58,505           |
| Risk-weighted assets for credit valuation adjustment |      | <b>18,890</b>         | 13,618           |
| <b>Total</b>   |      | <b><u>102,124</u></b> | <u>72,123</u>    |

The notional amounts of derivatives only represent the unsettled transaction volume as at the end of the reporting period, instead of the amount of risk assets. Since 1 January 2013, the Group has adopted *Capital Rules for Commercial Banks(Provisional)* and other related policies. According to the rules set out by the CBIRC, the counterparty credit risk-weighted assets included risk-weighted assets for credit valuation adjustments with the considerations of counterparty status and maturity characteristic, and included back-to-back client-driven transactions. 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.

(a) Other contracts mainly consist of precious metals and commodity contracts.

**(8) Derivatives and hedge accounting (continued)**
**③ Hedge accounting**

The following designated hedging instruments are included in the derivative financial instruments disclosed above.

|                        | 30 June 2022     |              |                | 31 December 2021 |            |              |
|------------------------|------------------|--------------|----------------|------------------|------------|--------------|
|                        | Notional amounts | Assets       | Liabilities    | Notional amounts | Assets     | Liabilities  |
| Fair value hedges      |                  |              |                |                  |            |              |
| Interest rate swaps    | <b>51,958</b>    | <b>1,314</b> | <b>(844)</b>   | 47,695           | 197        | (522)        |
| Cross currency swaps   | <b>1,031</b>     | -            | <b>(8)</b>     | 29               | -          | -            |
| Cash flow hedges       |                  |              |                |                  |            |              |
| Foreign exchange swaps | <b>30,098</b>    | <b>95</b>    | <b>(306)</b>   | 11,102           | 49         | (55)         |
| Cross currency swaps   | <b>669</b>       | <b>9</b>     | -              | 636              | -          | (48)         |
| Interest rate swaps    | <b>4,352</b>     | <b>146</b>   | -              | 2,894            | 7          | (18)         |
| <b>Total</b>           | <b>88,108</b>    | <b>1,564</b> | <b>(1,158)</b> | <b>62,356</b>    | <b>253</b> | <b>(643)</b> |

**(a) Fair value hedges**

The Group uses interest rate swaps and cross currency swaps to hedge against changes in fair value of financial assets measured at fair value through other comprehensive income, debt securities issued, and loans and advances to customers arising from changes in interest rates and exchange rates.

Net gains/(losses) on fair value hedges are as follows:

|                       | Six months ended 30 June |       |
|-----------------------|--------------------------|-------|
|                       | 2022                     | 2021  |
| Net gains/(losses) on |                          |       |
| - hedging instruments | <b>806</b>               | 432   |
| - hedged items        | <b>(806)</b>             | (432) |

The gain and loss arising from the ineffective portion of fair value hedges was immaterial for the six months ended 30 June 2022 and 2021.

**(b) Cash flow hedges**

The Group uses foreign exchange swaps, cross currency swaps and interest rate swaps to hedge against exposures to cash flow variability primarily from foreign exchange and interest rate risks of deposits from customers, loans and advances to customers, debt securities issued, placements from banks and non-bank financial institutions, and placements with banks and non-bank financial institutions. The maturities of hedging instruments and hedged items are both within five years.

**(8) Derivatives and hedge accounting (continued)**

## ③ Hedge accounting (continued)

## (b) Cash flow hedges (continued)

For the six months ended 30 June 2022, the Group's net gain from the cash flow hedges of RMB161 million was recognised in other comprehensive income (for the six months ended 30 June 2021: net gain from cash flow hedges of RMB245 million) and the gain and loss arising from the ineffective portion of cash flow hedges was immaterial.

**(9) Deposits from customers**

|  | <u>30 June 2022</u> | <u>31 December 2021</u> |
|--|---------------------|-------------------------|
| Demand deposits                              |                     |                         |
| - Corporate customers                        | <b>6,929,553</b>    | 6,616,784               |
| - Personal customers                         | <b>5,188,873</b>    | 4,920,726               |
| Subtotal                                     | <b>12,118,426</b>   | 11,537,510              |
| Time deposits (including call deposits)      |                     |                         |
| - Corporate customers                        | <b>4,364,095</b>    | 3,949,459               |
| - Personal customers                         | <b>7,342,891</b>    | 6,541,654               |
| Subtotal                                     | <b>11,706,986</b>   | 10,491,113              |
| Accrued interest                             | <b>359,054</b>      | 350,191                 |
| Total  | <b>24,184,466</b>   | 22,378,814              |
| Deposits from customers include:             |                     |                         |
|  | <u>30 June 2022</u> | <u>31 December 2021</u> |
| ① Pledged deposits                           |                     |                         |
| - Deposits for acceptance                    | <b>134,841</b>      | 79,552                  |
| - Deposits for guarantee                     | <b>36,617</b>       | 38,268                  |
| - Deposits for letter of credit              | <b>21,036</b>       | 17,944                  |
| - Others                                     | <b>234,494</b>      | 191,702                 |
| Total  | <b>426,988</b>      | 327,466                 |
| ② Outward remittance and remittance payables | <b>15,327</b>       | 12,824                  |

**(10) Commitments and contingent liabilities**

## ① Credit commitments

Credit commitments take the form of undrawn loan facilities which are approved and contracted, unutilised credit card limits, financial guarantees, letters of credit, etc. The Group assesses and makes allowance for any probable losses accordingly.

The contractual amounts of loan commitments and credit card overdraft commitments represent the cash outflows should the contracts be fully drawn upon. The amounts of guarantees and letters of credit represent the maximum potential loss that would be recognised if counterparties failed completely to perform as contracted. Acceptances comprise undertakings by the Group to pay bills of exchange drawn on customers.

As credit commitments may expire without being drawn upon, the contractual amounts set out in the following table do not represent the expected future cash outflows.

|   | <u>30 June 2022</u> | <u>31 December 2021</u> |
|---|---------------------|-------------------------|
| Loan commitments                                |                     |                         |
| - with an original maturity within one year     | <b>49,727</b>       | 65,623                  |
| - with an original maturity of one year or over | <b>374,171</b>      | 350,767                 |
| Credit card commitments                         | <b>1,160,076</b>    | 1,149,306               |
|   | <b>1,583,974</b>    | 1,565,696               |
| Bank acceptances                                | <b>453,584</b>      | 322,698                 |
| Financing guarantees                            | <b>45,871</b>       | 48,127                  |
| Non-financing guarantees                        | <b>1,233,513</b>    | 1,241,473               |
| Sight letters of credit                         | <b>46,794</b>       | 41,858                  |
| Usance letters of credit                        | <b>175,800</b>      | 143,941                 |
| Others  | <b>7,249</b>        | 6,101                   |
| Total   | <b>3,546,785</b>    | 3,369,894               |



**(10) Commitments and contingent liabilities (continued)**
**② Credit risk-weighted amount**

The credit risk-weighted amount refers to the amount as computed in accordance with the rules set out by the CBIRC and depends on the status of the counterparty and the maturity characteristics.

|   | <u>30 June 2022</u>     | <u>31 December 2021</u> |
|---|-------------------------|-------------------------|
| Credit risk-weighted amount of contingent liabilities and commitments | <b><u>1,071,603</u></b> | <b><u>1,118,908</u></b> |

**③ Capital commitments**

As at 30 June 2022, the Group's contracted for but not disbursed capital commitments amounted to RMB1,738 million (as at 31 December 2021: RMB5,781 million).

**④ Underwriting obligations**

As at 30 June 2022, there was no unexpired underwriting commitment of the Group (as at 31 December 2021: Nil).

**⑤ Government bond redemption obligations**

As an underwriting agent of PRC government bonds, the Group has the responsibility to buy back those bonds sold by it should the holders decide to early redeem the bonds held. The redemption price for the bonds at any time before their maturity date is based on the coupon value plus any interest unpaid and accrued up to the redemption date. Accrued interest payables to the bond holders are calculated in accordance with relevant rules of the MOF and the PBC. The redemption price may be different from the fair value of similar instruments traded at the redemption date.

The redemption obligations, which represent the nominal value of government bonds underwritten and sold by the Group, but not yet matured as at 30 June 2022, were RMB56,218 million (as at 31 December 2021: RMB65,119 million).

**(10) Commitments and contingent liabilities (continued)****⑥ Outstanding litigations and disputes**

As at 30 June 2022, the Group was the defendant in certain pending litigations and disputes with gross claims of RMB10,072 million (as at 31 December 2021: RMB8,765 million). Provisions have been made for the estimated losses arising from such litigations based upon the opinions of the Group's internal and external legal counsels. The Group considers that the provisions made are reasonable and adequate.

**⑦ Provision against commitments and contingent liabilities**

The Group assessed and made provisions for any probable outflow of economic benefits in relation to the commitments and contingent liabilities in accordance with their accounting policies.

**⑧ Impact of the *Guiding Opinions on Regulating the Asset Management Business of Financial Institutions***

In accordance with the *Guiding Opinions on Regulating the Asset Management Business of Financial Institutions* jointly issued by the PBC and three other ministries as well as the PBC's relevant announcement, other than those assets for which the Group had applied to regulators for disposal on a case-by-case basis, the Group has completed the rectification of legacy wealth management business and recognised its impact in 2022 interim financial statements in terms of provisions and credit impairment losses. The Group will duly implement relevant policies and regulatory requirements, continue to assess and disclose relevant impact, and strive to complete the rectification as soon as possible.

## (11) Operating segments

The Group has presented the operating segments in a manner consistent with the way in which information is reported internally to the Group's chief operating decision makers for the purposes of resource allocation and performance assessment. Measurement of segment assets and liabilities and segment income and results is based on the Group's accounting policies.

Transactions between segments are conducted under normal commercial terms and conditions. Internal charges and transfer prices are determined with reference to market rates and have been reflected in the performance of each segment. Net interest income and expense arising from internal charges and transfer pricing adjustments are referred to as "internal net interest income/expense". Interest income and expense earned from third parties are referred to as "external net interest income/expense".

Segment revenues, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment income and results are determined before intra-group transactions are eliminated as part of the consolidation process. Segment capital expenditure is the total cost incurred during the period to acquire fixed assets, intangible assets and other long-term assets.

### ① Geographical segments

The Group operates principally in the Chinese mainland with branches covering all provinces, autonomous regions and municipalities directly under the central government, and several subsidiaries located in the Chinese mainland. The Group also has bank branch operations in Hong Kong, Macau, Taiwan, Singapore, Frankfurt, Johannesburg, Tokyo, Seoul, New York, Sydney, Ho Chi Minh City, Luxembourg, Toronto, London, Zurich, Dubai, Chile, Astana, Labuan, Auckland, etc., and certain subsidiaries operating in Hong Kong, London, Moscow, Luxembourg, British Virgin Islands, Auckland, Jakarta, San Paulo and Kuala Lumpur, etc.

In presenting information on the basis of geographical segments, operating income is allocated based on the location of the branches and subsidiaries that generate the income. Segment assets, liabilities and capital expenditure are allocated based on their geographical location.

**(11) Operating segments (continued)****① Geographical segments (continued)**

Geographical segments of the Group, as defined for management reporting purposes, are defined as follows:

- “Yangtze River Delta” refers to the following areas where the tier-1 branches and the subsidiary of the Bank operate: Shanghai Municipality, Jiangsu Province, Zhejiang Province, City of Ningbo and City of Suzhou;
- “Pearl River Delta” refers to the following areas where the tier-1 branches and the subsidiary of the Bank operate: Guangdong Province, City of Shenzhen, Fujian Province and City of Xiamen;
- “Bohai Rim” refers to the following areas where the tier-1 branches and the subsidiary of the Bank operate: Beijing Municipality, Shandong Province, Tianjin Municipality, Hebei Province and City of Qingdao;
- the “Central” region refers to the following areas where the tier-1 branches and the subsidiary of the Bank operate: Shanxi Province, Guangxi Autonomous Region, Hubei Province, Henan Province, Hunan Province, Jiangxi Province, Hainan Province and Anhui Province;
- the “Western” region refers to the following areas where the tier-1 branches of the Bank operate: Sichuan Province, Chongqing Municipality, Guizhou Province, Yunnan Province, Tibet Autonomous Region, Inner Mongolia Autonomous Region, Shaanxi Province, Gansu Province, Qinghai Province, Ningxia Autonomous Region and Xinjiang Autonomous Region; and
- the “Northeastern” region refers to the following areas where the tier-1 branches of the Bank operate: Liaoning Province, Jilin Province, Heilongjiang Province and City of Dalian.

**(11) Operating segments (continued)**

## ① Geographical segments (continued)

|  | Six months ended 30 June 2022 |                   |                  |                  |                  |                  |                   |                  | Total             |
|--|-------------------------------|-------------------|------------------|------------------|------------------|------------------|-------------------|------------------|-------------------|
|  | Yangtze River Delta           | Pearl River Delta | Bohai Rim        | Central          | Western          | Northeastern     | Head Office       | Overseas         |                   |
| External net interest income   | 38,356                        | 34,888            | 20,426           | 42,425           | 34,199           | 1,859            | 138,271           | 6,916            | 317,340           |
| Internal net interest income/(expense)                                   | 16,556                        | 14,338            | 25,433           | 17,708           | 16,540           | 11,650           | (101,311)         | (914)            | -                 |
| <b>Net interest income</b>   | <b>54,912</b>                 | <b>49,226</b>     | <b>45,859</b>    | <b>60,133</b>    | <b>50,739</b>    | <b>13,509</b>    | <b>36,960</b>     | <b>6,002</b>     | <b>317,340</b>    |
| Net fee and commission income  | 11,851                        | 15,839            | 11,840           | 11,246           | 7,365            | 2,249            | 7,556             | 877              | 68,823            |
| Net trading gain/(loss)  | 107                           | 70                | 69               | (34)             | (56)             | 14               | 2,289             | (46)             | 2,413             |
| Dividend income  | 661                           | -                 | 3,129            | 166              | 10               | -                | 2                 | 117              | 4,085             |
| Net (loss)/gain arising from investment securities                       | (2,052)                       | (938)             | (955)            | (586)            | (1,398)          | (174)            | 2,897             | (1,157)          | (4,363)           |
| Net gain on derecognition of financial assets measured at amortised cost | -                             | -                 | -                | -                | -                | -                | 31                | 3                | 34                |
| Other operating (expense)/income, net                                    | (723)                         | 178               | 1,046            | 59               | 757              | 13               | (658)             | 1,357            | 2,029             |
| <b>Operating income</b>  | <b>64,756</b>                 | <b>64,375</b>     | <b>60,988</b>    | <b>70,984</b>    | <b>57,417</b>    | <b>15,611</b>    | <b>49,077</b>     | <b>7,153</b>     | <b>390,361</b>    |
| Operating expenses   | (17,332)                      | (11,588)          | (16,319)         | (17,170)         | (14,346)         | (5,517)          | (9,411)           | (3,335)          | (95,018)          |
| Credit impairment losses   | (14,431)                      | (12,630)          | (19,295)         | (15,959)         | (14,886)         | (7,211)          | (15,867)          | (3,015)          | (103,294)         |
| Other impairment losses  | -                             | 2                 | 6                | -                | -                | (18)             | 2                 | (73)             | (81)              |
| Share of profits/(losses) of associates and joint ventures               | 86                            | (23)              | 325              | (23)             | -                | -                | 6                 | 47               | 418               |
| <b>Profit before tax</b>   | <b>33,079</b>                 | <b>40,136</b>     | <b>25,705</b>    | <b>37,832</b>    | <b>28,185</b>    | <b>2,865</b>     | <b>23,807</b>     | <b>7,77</b>      | <b>192,386</b>    |
| Capital expenditure  | 565                           | 308               | 2,198            | 595              | 515              | 148              | 243               | 3,264            | 7,836             |
| Depreciation and amortisation  | 1,957                         | 1,513             | 2,770            | 2,253            | 1,844            | 832              | 1,731             | 424              | 13,324            |
|  | 30 June 2022                  |                   |                  |                  |                  |                  |                   |                  |                   |
| Segment assets   | 5,838,270                     | 4,729,398         | 7,487,493        | 5,127,614        | 4,617,394        | 1,636,747        | 12,191,391        | 1,582,032        | 43,210,339        |
| Long-term equity investments   | 1,811                         | 1,352             | 7,459            | 7,097            | -                | -                | 806               | 2,722            | 21,247            |
|  | <b>5,840,081</b>              | <b>4,730,750</b>  | <b>7,494,952</b> | <b>5,134,711</b> | <b>4,617,394</b> | <b>1,636,747</b> | <b>12,192,197</b> | <b>1,584,754</b> | <b>43,231,586</b> |
| Deferred tax assets  |                               |                   |                  |                  |                  |                  |                   |                  | 106,892           |
| Elimination  |                               |                   |                  |                  |                  |                  |                   |                  | (9,649,400)       |
| Total assets   |                               |                   |                  |                  |                  |                  |                   |                  | <b>33,689,078</b> |
| Segment liabilities  | 5,789,997                     | 4,666,093         | 7,294,154        | 5,063,308        | 4,581,543        | 1,629,795        | 10,171,262        | 1,459,408        | 40,655,560        |
| Deferred tax liabilities   |                               |                   |                  |                  |                  |                  |                   |                  | 1,066             |
| Elimination  |                               |                   |                  |                  |                  |                  |                   |                  | (9,649,400)       |
| Total liabilities  |                               |                   |                  |                  |                  |                  |                   |                  | <b>31,007,226</b> |
| Off-balance sheet credit commitments                                     | 639,249                       | 631,069           | 659,374          | 702,607          | 481,576          | 157,851          | -                 | 275,059          | 3,546,785         |

**(11) Operating segments (continued)**

## ① Geographical segments (continued)

|   | Six months ended 30 June 2021 |                   |                  |                  |                  |                  |                   |                  | Total             |
|---|-------------------------------|-------------------|------------------|------------------|------------------|------------------|-------------------|------------------|-------------------|
|   | Yangtze River Delta           | Pearl River Delta | Bohai Rim        | Central          | Western          | Northeastern     | Head Office       | Overseas         |                   |
| External net interest income  | 33,741                        | 31,537            | 18,737           | 38,675           | 31,181           | 2,312            | 133,534           | 6,368            | 296,085           |
| Internal net interest income/(expense)  | 16,549                        | 13,629            | 24,922           | 17,329           | 16,517           | 10,822           | (99,723)          | (45)             | -                 |
| <b>Net interest income</b>  | <b>50,290</b>                 | <b>45,166</b>     | <b>43,659</b>    | <b>56,004</b>    | <b>47,698</b>    | <b>13,134</b>    | <b>33,811</b>     | <b>6,323</b>     | <b>296,085</b>    |
| Net fee and commission income   | 12,559                        | 14,450            | 12,102           | 10,899           | 7,598            | 2,644            | 7,658             | 1,528            | 69,438            |
| Net trading gain/(loss)   | 400                           | 165               | 228              | 216              | 49               | 16               | 2,232             | (436)            | 2,870             |
| Dividend income   | 237                           | -                 | 2,979            | 291              | 1                | -                | 26                | 123              | 3,657             |
| Net (loss)/gain arising from investment securities                              | (602)                         | (557)             | (955)            | 78               | (853)            | (206)            | 4,862             | 86               | 1,853             |
| Net (loss)/gain on derecognition of financial assets measured at amortised cost | (5)                           | -                 | (13)             | (2)              | -                | -                | 2,547             | -                | 2,527             |
| Other operating (expense)/income, net   | (2,823)                       | 273               | 834              | 218              | 822              | 47               | 2,810             | 2,296            | 4,477             |
| <b>Operating income</b>   | <b>60,056</b>                 | <b>59,497</b>     | <b>58,834</b>    | <b>67,704</b>    | <b>55,315</b>    | <b>15,635</b>    | <b>53,946</b>     | <b>9,920</b>     | <b>380,907</b>    |
| Operating expenses  | (13,440)                      | (10,876)          | (14,105)         | (16,105)         | (13,574)         | (5,335)          | (7,210)           | (7,515)          | (88,160)          |
| Credit impairment losses  | (16,702)                      | (21,154)          | (14,003)         | (16,956)         | (16,577)         | (8,330)          | (12,617)          | (1,981)          | (108,320)         |
| Other impairment losses   | (5)                           | 63                | (169)            | (18)             | 6                | -                | (7)               | (62)             | (192)             |
| Share of profits of associates and joint ventures                               | 5                             | -                 | 33               | 86               | -                | -                | -                 | 104              | 228               |
| <b>Profit before tax</b>  | <b>29,914</b>                 | <b>27,530</b>     | <b>30,590</b>    | <b>34,711</b>    | <b>25,170</b>    | <b>1,970</b>     | <b>34,112</b>     | <b>466</b>       | <b>184,463</b>    |
| Capital expenditure   | 758                           | 310               | 572              | 577              | 371              | 463              | 1,090             | 460              | 4,601             |
| Depreciation and amortisation   | 1,773                         | 1,515             | 2,118            | 2,304            | 1,919            | 831              | 1,614             | 1,111            | 13,185            |
|   | 31 December 2021              |                   |                  |                  |                  |                  |                   |                  |                   |
| Segment assets  | 5,444,119                     | 4,291,522         | 6,954,239        | 4,801,733        | 4,272,993        | 1,530,966        | 10,690,368        | 1,405,894        | 39,391,834        |
| Long-term equity investments  | 1,546                         | 374               | 6,314            | 7,141            | -                | -                | 800               | 2,700            | 18,875            |
|   | <b>5,445,665</b>              | <b>4,291,896</b>  | <b>6,960,553</b> | <b>4,808,874</b> | <b>4,272,993</b> | <b>1,530,966</b> | <b>10,691,168</b> | <b>1,408,594</b> | <b>39,410,709</b> |
| Deferred tax assets   |                               |                   |                  |                  |                  |                  |                   |                  | 92,343            |
| Elimination   |                               |                   |                  |                  |                  |                  |                   |                  | (9,249,073)       |
| <b>Total assets</b>   |                               |                   |                  |                  |                  |                  |                   |                  | <b>30,253,979</b> |
| Segment liabilities   | 5,368,006                     | 4,213,453         | 6,813,042        | 4,717,418        | 4,207,630        | 1,525,839        | 8,765,778         | 1,276,369        | 36,887,535        |
| Deferred tax liabilities  |                               |                   |                  |                  |                  |                  |                   |                  | 1,395             |
| Elimination   |                               |                   |                  |                  |                  |                  |                   |                  | (9,249,073)       |
| <b>Total liabilities</b>  |                               |                   |                  |                  |                  |                  |                   |                  | <b>27,639,857</b> |
| Off-balance sheet credit commitments  | 611,802                       | 582,097           | 643,588          | 656,275          | 448,345          | 152,793          | -                 | 274,994          | 3,369,894         |

**(11) Operating segments (continued)**

## ② Business segments

Business segments, as defined for management reporting purposes, are as follows:

*Corporate banking*

This segment represents the provision of a range of financial products and services to corporations, government agencies and financial institutions. The products and services include corporate loans, trade financing, deposit taking and wealth management services, agency services, financial consulting and advisory services, cash management services, remittance and settlement services, custody services and guarantee services, etc.

*Personal banking*

This segment represents the provision of a range of financial products and services to individual customers. The products and services comprise personal loans, deposit taking and wealth management services, card business, remittance services and agency services, etc.

*Treasury business*

This segment covers the Group's treasury operations. The treasury enters into inter-bank money market transactions, repurchase and resale transactions, and invests in debt securities. It also trades in derivatives and foreign currencies for its own account. The treasury carries out customer-driven derivatives, foreign currency and precious metal trading. Its function also includes the management of the Group's overall liquidity position, including the issuance of debt securities.

*Others*

These represent equity investments and the revenues, results, assets and liabilities of overseas branches and subsidiaries.

**(11) Operating segments (continued)**
**② Business segments (continued)**

|  | Six months ended 30 June 2022 |                  |                   |                  |                   |
|--|-------------------------------|------------------|-------------------|------------------|-------------------|
|  | Corporate banking             | Personal banking | Treasury business | Others           | Total             |
| External net interest income   | 111,625                       | 86,939           | 108,374           | 10,402           | 317,340           |
| Internal net interest income/(expense)                                   | 30,095                        | 67,515           | (98,268)          | 658              | -                 |
| <b>Net interest income</b>   | <b>141,720</b>                | <b>154,454</b>   | <b>10,106</b>     | <b>11,060</b>    | <b>317,340</b>    |
| Net fee and commission income  | 23,282                        | 30,562           | 10,895            | 4,084            | 68,823            |
| Net trading (loss)/gain  | (913)                         | (26)             | 3,030             | 322              | 2,413             |
| Dividend income  | -                             | -                | 36                | 4,049            | 4,085             |
| Net (loss)/gain arising from investment securities                       | (3,937)                       | (821)            | 2,096             | (1,701)          | (4,363)           |
| Net gain on derecognition of financial assets measured at amortised cost | -                             | -                | 31                | 3                | 34                |
| Other operating gain, net  | -                             | 256              | 533               | 1,240            | 2,029             |
| <b>Operating income</b>  | <b>160,152</b>                | <b>184,425</b>   | <b>26,727</b>     | <b>19,057</b>    | <b>390,361</b>    |
| Operating expenses   | (36,642)                      | (46,618)         | (4,281)           | (7,477)          | (95,018)          |
| Credit impairment losses   | (73,307)                      | (16,961)         | (6,914)           | (6,112)          | (103,294)         |
| Other impairment losses  | (18)                          | -                | 2                 | (65)             | (81)              |
| Share of profits of associates and joint ventures                        | -                             | -                | -                 | 418              | 418               |
| <b>Profit before tax</b>   | <b>50,185</b>                 | <b>120,846</b>   | <b>15,534</b>     | <b>5,821</b>     | <b>192,386</b>    |
| Capital expenditure  | 1,128                         | 1,634            | 118               | 4,956            | 7,836             |
| Depreciation and amortisation  | 4,605                         | 6,671            | 482               | 1,566            | 13,324            |
|  |                               |                  | 30 June 2022      |                  |                   |
| Segment assets   | 12,113,980                    | 8,135,903        | 11,991,117        | 1,652,422        | 33,893,422        |
| Long-term equity investments   | -                             | -                | -                 | 21,247           | 21,247            |
|  | <b>12,113,980</b>             | <b>8,135,903</b> | <b>11,991,117</b> | <b>1,673,669</b> | <b>33,914,669</b> |
| Deferred tax assets  |                               |                  |                   |                  | 106,892           |
| Elimination  |                               |                  |                   |                  | (332,483)         |
| <b>Total assets</b>  |                               |                  |                   |                  | <b>33,689,078</b> |
| Segment liabilities  | 13,817,520                    | 12,969,028       | 2,217,356         | 2,334,739        | 31,338,643        |
| Deferred tax liabilities   |                               |                  |                   |                  | 1,066             |
| Elimination  |                               |                  |                   |                  | (332,483)         |
| <b>Total liabilities</b>   |                               |                  |                   |                  | <b>31,007,226</b> |
| Off-balance sheet credit commitments                                     | 2,148,007                     | 1,123,719        | -                 | 275,059          | 3,546,785         |



**(11) Operating segments (continued)**

## ② Business segments (continued)

|   | Six months ended 30 June 2021 |                   |                   |                  | Total             |
|---|-------------------------------|-------------------|-------------------|------------------|-------------------|
|   | Corporate banking             | Personal banking  | Treasury business | Others           |                   |
| External net interest income  | 102,756                       | 79,221            | 100,570           | 13,538           | 296,085           |
| Internal net interest income/(expense)  | 33,486                        | 60,232            | (94,580)          | 862              | -                 |
| <b>Net interest income</b>  | <b>136,242</b>                | <b>139,453</b>    | <b>5,990</b>      | <b>14,400</b>    | <b>296,085</b>    |
| Net fee and commission income   | 23,255                        | 32,185            | 11,424            | 2,574            | 69,438            |
| Net trading (loss)/gain   | (887)                         | (29)              | 3,097             | 689              | 2,870             |
| Dividend income   | -                             | -                 | 35                | 3,622            | 3,657             |
| Net (loss)/gain arising from investment securities                              | (3,293)                       | (1,655)           | 5,261             | 1,540            | 1,853             |
| Net gain/(loss) on derecognition of financial assets measured at amortised cost | 650                           | 1,828             | 69                | (20)             | 2,527             |
| Other operating income, net   | 36                            | 400               | 2,910             | 1,131            | 4,477             |
| <b>Operating income</b>   | <b>156,003</b>                | <b>172,182</b>    | <b>28,786</b>     | <b>23,936</b>    | <b>380,907</b>    |
| Operating expenses  | (33,909)                      | (40,994)          | (5,207)           | (8,050)          | (88,160)          |
| Credit impairment losses  | (88,220)                      | (14,503)          | (1,948)           | (3,649)          | (108,320)         |
| Other impairment losses   | (1)                           | -                 | 31                | (222)            | (192)             |
| Share of profits of associates and joint ventures                               | -                             | -                 | -                 | 228              | 228               |
| <b>Profit before tax</b>  | <b>33,873</b>                 | <b>116,685</b>    | <b>21,662</b>     | <b>12,243</b>    | <b>184,463</b>    |
| Capital expenditure   | 1,526                         | 2,136             | 198               | 741              | 4,601             |
| Depreciation and amortisation   | 4,621                         | 6,468             | 598               | 1,498            | 13,185            |
|   |                               |                   | 31 December 2021  |                  |                   |
| Segment assets  | 10,242,492                    | 7,989,445         | 10,646,401        | 1,479,905        | 30,358,243        |
| Long-term equity investments  | -                             | -                 | -                 | 18,875           | 18,875            |
|   | <u>10,242,492</u>             | <u>7,989,445</u>  | <u>10,646,401</u> | <u>1,498,780</u> | <u>30,377,118</u> |
| Deferred tax assets   |                               |                   |                   |                  | 92,343            |
| Elimination   |                               |                   |                   |                  | (215,482)         |
| <b>Total assets</b>   |                               |                   |                   |                  | <b>30,253,979</b> |
| Segment liabilities   | <u>12,097,392</u>             | <u>11,827,180</u> | <u>1,839,462</u>  | <u>2,089,910</u> | <u>27,853,944</u> |
| Deferred tax liabilities  |                               |                   |                   |                  | 1,395             |
| Elimination   |                               |                   |                   |                  | (215,482)         |
| <b>Total liabilities</b>  |                               |                   |                   |                  | <b>27,639,857</b> |
| Off-balance sheet credit commitments  | <u>1,978,176</u>              | <u>1,116,724</u>  | <u>-</u>          | <u>274,994</u>   | <u>3,369,894</u>  |

### 3 Unaudited supplementary financial information

#### 3.1 Liquidity coverage ratio and net stable funding ratio

The liquidity coverage ratio equals to the qualified and high-quality liquid assets divided by net cash outflows in the future 30 days. Net stable funding ratio equals to the available stable funding divided by required stable funding. According to the regulatory requirements, definitions and accounting standards applicable in the current period, the average daily liquidity coverage ratio of the Group in the second quarter of 2022 was 138.78% and the net stable funding ratio was 126.05% as at the end of June 2022.

The following tables set the Group's liquidity coverage ratio for the second quarter of 2022.

| S/N                               | (In millions of RMB, except percentages)  | Total Unweighted Value | Total Weighted Value |
|-----------------------------------|---|------------------------|----------------------|
| <b>High-Quality Liquid Assets</b> |   |                        |                      |
| 1                                 | Total High-Quality Liquid Assets (HQLA)   |                        | 4,942,560            |
| <b>Cash Outflows</b>              |   |                        |                      |
| 2                                 | Retail deposits and deposits from small business customers, of which:                 |                        |                      |
| 3                                 | Stable deposits   | 11,543,999             | 1,027,145            |
| 4                                 | Less stable deposits  | 2,545,031              | 127,248              |
| 5                                 | Unsecured wholesale funding, of which:  | 8,998,968              | 899,897              |
| 6                                 | Operational deposits (excluding those generated from correspondent banking activates) | 11,334,158             | 3,735,926            |
| 7                                 | Non-operational deposits (all counterparties)   | 7,410,500              | 1,840,999            |
| 8                                 | Unsecured debt  | 3,777,140              | 1,748,409            |
| 9                                 | Secured funding   | 146,518                | 146,518              |
| 10                                | Additional requirements, of which:  |                        | 1,747                |
| 11                                | Outflows related to derivative exposures and other collateral requirements            | 1,960,235              | 229,753              |
| 12                                | Outflows related to loss of funding on secured debt products                          | 47,280                 | 47,280               |
| 13                                | Credit and liquidity facilities   | 5,030                  | 5,030                |
| 14                                | Other contractual funding obligations   | 1,907,925              | 177,443              |
| 15                                | Other contingent funding obligations  | 315                    | -                    |
| 16                                | <b>Total Cash Outflows</b>  | 3,302,882              | 531,958              |
| <b>Cash Inflows</b>               |   |                        |                      |
| 17                                | Secured lending (including reverse repos and securities borrowing)                    |                        |                      |
| 18                                | Inflow from fully performing exposures  | 781,552                | 780,696              |
| 19                                | Other cash inflows  | 1,834,714              | 1,133,032            |
| 20                                | <b>Total Cash Inflows</b>   | 52,147                 | 47,216               |
|                                   |   | 2,668,413              | 1,960,944            |
|                                   |   | Total Adjusted Value   |                      |
| 21                                | <b>Total HQLA</b>   |                        | 4,942,560            |
| 22                                | <b>Total Net Cash Outflows</b>  |                        | 3,565,585            |
| 23                                | <b>Liquidity Coverage Ratio (%)<sup>1</sup></b>                                       |                        | 138.78               |

The above quarterly daily means represent simple arithmetic means of the values for 91 calendar days in the latest quarter, calculated in accordance with the current applicable regulatory requirements, definitions and accounting standards.

### 3.1 Liquidity coverage ratio and net stable funding ratio (continued)

The following tables set the quantitative information on the net stable funding ratio at the end of the last two quarters.

| No.             | (In RMB millions,<br>except percentages)                                    | The Second Quarter of 2022            |            |                      |           |                   | The First Quarter of 2022             |            |                      |           |                   |
|-----------------|---|---------------------------------------|------------|----------------------|-----------|-------------------|---------------------------------------|------------|----------------------|-----------|-------------------|
|                 |   | Unweighted value by residual maturity |            |                      |           | Weighted<br>value | Unweighted value by residual maturity |            |                      |           | Weighted<br>value |
|                 |   | No<br>maturity                        | < 6 months | 6 months<br>to < 1yr | ≥ 1yr     |                   | No<br>maturity                        | < 6 months | 6 months<br>to < 1yr | ≥ 1yr     |                   |
| <b>ASF Item</b> |   |                                       |            |                      |           |                   |                                       |            |                      |           |                   |
| 1               | Capital:  | -                                     | -          | -                    | 3,073,190 | 3,073,190         | -                                     | -          | -                    | 3,026,480 | 3,026,480         |
| 2               | Regulatory capital  | -                                     | -          | -                    | 3,073,190 | 3,073,190         | -                                     | -          | -                    | 3,026,480 | 3,026,480         |
| 3               | Other capital instruments   | -                                     | -          | -                    | -         | -                 | -                                     | -          | -                    | -         | -                 |
| 4               | Retail deposits and<br>deposits from small<br>business customers:           | 6,308,485                             | 6,165,805  | 418,144              | 861,118   | 12,601,208        | 6,180,555                             | 6,148,858  | 463,124              | 790,006   | 12,438,751        |
| 5               | Stable deposits   | 2,715,169                             | 14,836     | 7,990                | 8,155     | 2,609,251         | 2,684,396                             | 17,710     | 7,144                | 7,738     | 2,581,525         |
| 6               | Less stable deposits  | 3,593,316                             | 6,150,969  | 410,154              | 852,963   | 9,991,957         | 3,496,159                             | 6,131,148  | 455,980              | 782,268   | 9,857,226         |
| 7               | Wholesale funding:  | 8,162,786                             | 5,673,096  | 1,433,584            | 455,910   | 7,220,942         | 7,357,956                             | 5,337,399  | 1,427,510            | 410,281   | 6,722,647         |
| 8               | Operational deposits  | 7,956,617                             | 87,512     | 39,383               | 925       | 4,042,682         | 7,164,444                             | 30,979     | 37,516               | 832       | 3,617,302         |
| 9               | Other wholesale funding   | 206,169                               | 5,585,584  | 1,394,201            | 454,985   | 3,178,260         | 193,512                               | 5,306,420  | 1,389,994            | 409,449   | 3,105,345         |
| 10              | Liabilities with matching<br>interdependent assets                          | -                                     | -          | -                    | -         | -                 | -                                     | -          | -                    | -         | -                 |
| 11              | Other liabilities:  | -                                     | 715,363    | 100,288              | 328,105   | 330,888           | -                                     | 579,890    | 83,978               | 206,216   | 208,971           |
| 12              | NSFR derivative liabilities   |                                       |            |                      | 47,361    |                   |                                       |            |                      | 39,234    |                   |
| 13              | All other liabilities and equity<br>not included in the above<br>categories | -                                     | 715,363    | 100,288              | 280,744   | 330,888           | -                                     | 579,890    | 83,978               | 166,982   | 208,971           |
| <b>14</b>       | <b>Total ASF</b>  |                                       |            |                      |           | <b>23,226,228</b> |                                       |            |                      |           | <b>22,396,849</b> |

### 3.1 Liquidity coverage ratio and net stable funding ratio (continued)

| No.             | (In RMB millions, except percentages)   | The Second Quarter of 2022            |            |                   |            |                | The First Quarter of 2022             |            |                   |            |                |
|-----------------|---|---------------------------------------|------------|-------------------|------------|----------------|---------------------------------------|------------|-------------------|------------|----------------|
|                 |   | Unweighted value by residual maturity |            |                   |            | Weighted value | Unweighted value by residual maturity |            |                   |            | Weighted value |
|                 |   | No maturity                           | < 6 months | 6 months to < 1yr | ≥ 1yr      |                | No maturity                           | < 6 months | 6 months to < 1yr | ≥ 1yr      |                |
| <b>RSF Item</b> |   |                                       |            |                   |            |                |                                       |            |                   |            |                |
| 15              | Total NSFR high-quality liquid assets (HQLA)  |                                       |            |                   |            | 1,957,365      |                                       |            |                   |            | 1,800,962      |
| 16              | Deposits held at other financial institutions for operational purposes  | 37,238                                | 93,301     | 10,820            | 5,412      | 76,320         | 41,560                                | 66,468     | 7,570             | 8,397      | 66,410         |
| 17              | Performing loans and securities:  | 928,547                               | 4,698,606  | 2,997,665         | 13,767,027 | 15,374,040     | 930,768                               | 3,955,097  | 2,498,678         | 13,724,833 | 14,952,392     |
| 18              | Performing loans to financial institutions secured by Level 1 HQLA  | -                                     | 971,165    | -                 | -          | 145,675        | -                                     | 560,006    | -                 | 247        | 84,247         |
| 19              | Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions                               | -                                     | 921,407    | 320,024           | 87,309     | 398,619        | -                                     | 658,282    | 167,288           | 89,734     | 278,592        |
| 20              | Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which: | 907,217                               | 2,565,964  | 2,454,898         | 7,280,438  | 9,147,690      | 893,569                               | 2,505,946  | 2,120,532         | 7,246,293  | 8,919,485      |
| 21              | With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk  | -                                     | 94,124     | 20,563            | 24,454     | 73,238         | -                                     | 25,010     | 5,648             | 557        | 15,691         |
| 22              | Performing residential mortgages, of which:   | -                                     | 180,820    | 185,220           | 6,156,402  | 5,416,286      | -                                     | 176,503    | 180,332           | 6,149,486  | 5,405,481      |
| 23              | With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk  | -                                     | 230        | 223               | 650        | 1,103          | -                                     | -          | -                 | -          | -              |

### 3.1 Liquidity coverage ratio and net stable funding ratio (continued)

| No.                         | (In RMB millions, except percentages)   | The Second Quarter of 2022            |            |                   |           |                | The First Quarter of 2022             |            |                   |           |                |
|-----------------------------|---|---------------------------------------|------------|-------------------|-----------|----------------|---------------------------------------|------------|-------------------|-----------|----------------|
|                             |   | Unweighted value by residual maturity |            |                   |           | Weighted value | Unweighted value by residual maturity |            |                   |           | Weighted value |
|                             |   | No maturity                           | < 6 months | 6 months to < 1yr | ≥ 1yr     |                | No maturity                           | < 6 months | 6 months to < 1yr | ≥ 1yr     |                |
| <b>RSF Item (continued)</b> |   |                                       |            |                   |           |                |                                       |            |                   |           |                |
| 24                          | Securities that are not in default and do not qualify as HQLA, including exchange-traded equities   | 21,330                                | 59,250     | 37,523            | 242,878   | 265,770        | 37,199                                | 54,360     | 30,526            | 239,073   | 264,587        |
| 25                          | Assets with matching interdependent liabilities   | -                                     | -          | -                 | -         | -              | -                                     | -          | -                 | -         | -              |
| 26                          | Other assets:   | 183,046                               | 306,213    | 145,113           | 302,831   | 887,028        | 193,992                               | 302,181    | 133,528           | 315,419   | 923,920        |
| 27                          | Physical traded commodities, including gold   | 183,046                               |            |                   |           | 155,589        | 193,992                               |            |                   |           | 164,893        |
| 28                          | Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs |                                       |            |                   | 748       | 636            |                                       |            |                   | 1,146     | 974            |
| 29                          | NSFR derivative assets  |                                       |            |                   | 50,007    | 2,646          |                                       |            |                   | 35,496    | -              |
| 30                          | NSFR derivative liabilities before deduction of variation margin posted <sup>1</sup>                |                                       |            |                   | 9,505     | 9,505          |                                       |            |                   | 7,870     | 7,870          |
| 31                          | All other assets not included in the above categories   | -                                     | 306,213    | 145,113           | 252,076   | 697,322        | -                                     | 302,181    | 133,528           | 278,777   | 712,983        |
| 32                          | Off-balance sheet items   |                                       |            |                   | 4,647,726 | 131,569        |                                       |            |                   | 4,759,331 | 142,430        |
| 33                          | <b>Total RSF</b>  |                                       |            |                   |           | 18,426,322     |                                       |            |                   |           | 17,886,114     |
| 34                          | <b>Net Stable Funding Ratio (%)</b>   |                                       |            |                   |           | 126.05         |                                       |            |                   |           | 125.22         |

1. The amount filled out in this account refers to derivative liabilities, i.e., the amount of NSFR derivative liabilities before deduction of variable reserves. This amount makes no distinction between durations, nor does it count towards the total in “26 Other Assets”.

According to the regulatory requirements, definitions and accounting standards applicable in the current period, as at 30 June 2022, the Group’s net stable funding ratio was 126.05%, from which the available stable funding was RMB 23,226,228 million against the required stable funding of RMB18,426,322 million.

### 3.2 Leverage ratio

From the first quarter of 2015, the Group measures the leverage ratio in accordance with the *Measures for the Administration of the Leverage Ratio of Commercial Banks (Revised)*. The leverage ratio refers to the ratio of the net amount of Tier 1 capital to the adjusted balance of on-balance sheet and off-balance sheet assets. The leverage ratio of commercial banks should be no less than 4%. As of 30 June 2022, the Group's leverage ratio was 7.53%, which met regulatory requirements.

The following table sets forth the information related to the Group's leverage ratio.

| (In millions of RMB, except percentages)          | <b>As at<br/>30 June<br/>2022</b> | <b>As at<br/>31 March<br/>2022</b> | <b>As at<br/>31 December<br/>2021</b> | <b>As at<br/>30 September<br/>2021</b> |
|---|-----------------------------------|------------------------------------|---------------------------------------|--|
| <b>Leverage ratio</b>                             | <b>7.53%</b>                      | <b>7.94%</b>                       | <b>8.13%</b>                          | <b>7.96%</b>                           |
| Tier 1 capital after regulatory adjustments       | <b>2,647,822</b>                  | <b>2,662,436</b>                   | 2,575,528                             | 2,509,963                              |
| On and off-balance sheet assets after adjustments | <b>35,181,687</b>                 | <b>33,514,004</b>                  | 31,670,893                            | 31,514,718                             |

1. The leverage ratios have been calculated in accordance with relevant regulatory requirements. The balance of Tier 1 capital after regulatory adjustments has been calculated with the same data used by the Group to calculate total capital ratio.

2. On and off-balance sheet assets after adjustments = On-balance sheet assets after adjustments + Off-balance sheet assets after adjustments – Regulatory adjustments to Tier 1 capital.

The following table sets forth the detailed items that constitute the on and off-balance sheet assets after adjustments used in the calculation of the Group's leverage ratio, and the reconciliation with the accounting items.

| (In millions of RMB)                                     | <b>As at<br/>30 June 2022</b> | <b>As at<br/>31 December 2021</b> |
|--|-------------------------------|-----------------------------------|
| Total on-balance sheet assets <sup>1</sup>               | <b>33,689,078</b>             | 30,253,979                        |
| Consolidated adjustment <sup>2</sup>                     | <b>(299,159)</b>              | (261,374)                         |
| Derivatives adjustment                                   | <b>99,112</b>                 | 68,503                            |
| Securities financing transactions adjustment             | <b>1,143</b>                  | 1,013                             |
| Off-balance sheet items adjustment <sup>3</sup>          | <b>1,705,162</b>              | 1,622,887                         |
| Other adjustments <sup>4</sup>                           | <b>(13,649)</b>               | (14,115)                          |
| <b>On and off-balance sheet assets after adjustments</b> | <b>35,181,687</b>             | <b>31,670,893</b>                 |

- Total on-balance sheet assets refer to the one calculated in accordance with financial and accounting standards.
- Consolidated adjustment refers to the difference between regulatory consolidated total assets and accounting consolidated total assets.
- Off-balance sheet items adjustment refers to the balance of off-balance sheet items after being multiplied by credit conversion factors in accordance with the *Measures for the Administration of the Leverage Ratio of Commercial Banks (Revised)*.
- Other adjustments mainly comprise regulatory adjustments to Tier 1 capital.

### 3.2 Leverage ratio (continued)

The following table sets forth the information related to the Group's leverage ratio, Tier 1 capital after regulatory adjustments, and on and off-balance sheet assets after adjustments and their relevant detailed items.

| (In millions of RMB, except percentages)   | <b>As at<br/>30 June<br/>2022</b> | <b>As at<br/>31 December<br/>2021</b> |
|--|-----------------------------------|---------------------------------------|
| On-balance sheet assets (excluding derivatives and securities financing transactions) <sup>1</sup>                 | 32,232,369                        | 29,415,746                            |
| Less: Regulatory adjustments to Tier 1 capital   | (13,649)                          | (14,115)                              |
| <b>On-balance sheet assets after adjustments<br/>(excluding derivatives and securities financing transactions)</b> | <b>32,218,720</b>                 | <b>29,401,631</b>                     |
| Replacement costs of various derivatives (excluding eligible margin)   | 83,104                            | 44,718                                |
| Potential risk exposures of various derivatives  | 59,413                            | 55,085                                |
| Nominal principals arising from sales of credit derivatives  | 250                               | 250                                   |
| <b>Derivative assets</b>   | <b>142,767</b>                    | <b>100,053</b>                        |
| Accounting assets arising from securities financing transactions   | 1,113,895                         | 545,309                               |
| Counterparty credit risk exposure arising from securities financing transactions                                   | 1,143                             | 1,013                                 |
| <b>Securities financing transactions assets</b>  | <b>1,115,038</b>                  | <b>546,322</b>                        |
| Off-balance sheet assets   | 5,021,533                         | 4,842,963                             |
| Less: Decrease in off-balance sheet assets due to credit conversion  | (3,316,371)                       | (3,220,076)                           |
| <b>Off-balance sheet assets after adjustments</b>  | <b>1,705,162</b>                  | <b>1,622,887</b>                      |
| Tier 1 capital after regulatory adjustments  | 2,647,822                         | 2,575,528                             |
| On and off-balance sheet assets after adjustments  | 35,181,687                        | 31,670,893                            |
| <b>Leverage Ratio<sup>2</sup></b>  | <b>7.53%</b>                      | <b>8.13%</b>                          |

1. These refer to on-balance sheet assets excluding derivatives and securities financing transactions on a regulatory consolidated basis.
2. Leverage ratio is calculated through dividing Tier 1 capital after regulatory adjustments by on and off-balance sheet assets after adjustments.

### 3.3 Currency concentrations

|                           | 30 June 2022               |                            |                               | Total              |
|---------------------------|----------------------------|----------------------------|-------------------------------|--------------------|
|                           | USD<br>(RMB<br>equivalent) | HKD<br>(RMB<br>equivalent) | Others<br>(RMB<br>equivalent) |                    |
| Spot assets               | <b>1,119,544</b>           | <b>339,692</b>             | <b>335,236</b>                | <b>1,794,472</b>   |
| Spot liabilities          | <b>(1,087,343)</b>         | <b>(348,887)</b>           | <b>(225,974)</b>              | <b>(1,662,204)</b> |
| Forward purchases         | <b>1,696,980</b>           | <b>94,650</b>              | <b>212,392</b>                | <b>2,004,022</b>   |
| Forward sales             | <b>(1,745,024)</b>         | <b>(47,978)</b>            | <b>(300,620)</b>              | <b>(2,093,622)</b> |
| Net option position       | <b>7,821</b>               | <b>-</b>                   | <b>325</b>                    | <b>8,146</b>       |
| Net (short)/long position | <b>(8,022)</b>             | <b>37,477</b>              | <b>21,359</b>                 | <b>50,814</b>      |
| Net structural position   | <b>32,449</b>              | <b>2,999</b>               | <b>(775)</b>                  | <b>34,673</b>      |
|                           | 31 December 2021           |                            |                               | Total              |
|                           | USD<br>(RMB<br>equivalent) | HKD<br>(RMB<br>equivalent) | Others<br>(RMB<br>equivalent) |                    |
| Spot assets               | 916,669                    | 312,454                    | 335,806                       | 1,564,929          |
| Spot liabilities          | (929,333)                  | (333,522)                  | (270,104)                     | (1,532,959)        |
| Forward purchases         | 1,528,518                  | 88,234                     | 150,570                       | 1,767,322          |
| Forward sales             | (1,523,921)                | (33,060)                   | (194,623)                     | (1,751,604)        |
| Net option position       | 6,471                      | -                          | 156                           | 6,627              |
| Net (short)/long position | (1,596)                    | 34,106                     | 21,805                        | 54,315             |
| Net structural position   | 26,394                     | 2,623                      | (657)                         | 28,360             |

The net option position is calculated using the delta equivalent approach required by the Hong Kong Monetary Authority (the “HKMA”). The net structural position of the Group includes the structural positions of the Bank’s overseas branches, banking subsidiaries and other subsidiaries substantially involved in the foreign exchange. Structural assets and liabilities include:

- investments in property and equipment, net of accumulated depreciation;
- capital and statutory reserves of overseas branches; and
- investments in overseas subsidiaries and related companies.



### 3.4 International claims

The Group is principally engaged in business operations within the Chinese mainland. The international claims of the Group are the sum of cross-border claims in all currencies and local claims in foreign currencies.

International claims include loans and advances to customers, deposits with central banks, deposits and placements with banks and non-bank financial institutions, holdings of trade bills and certificates of deposit and investment securities.

International claims have been disclosed by country or geographical area. A country or geographical area is reported where it constitutes 10% or more of the aggregate amount of international claims, after taking into account any risk transfers. Risk transfers are only made if the Group reduces its exposure to a particular country/region by an effective transfer of credit risk to a different country/region with the use of credit risk mitigation which include guarantees, collateral and credit derivatives.

|                                    | 30 June 2022   |                        |                               |               | Total            |
|------------------------------------|----------------|------------------------|-------------------------------|---------------|------------------|
|                                    | Banks          | Public sector entities | Non-bank private institutions | Others        |                  |
| Asia Pacific                       | <b>290,796</b> | <b>101,610</b>         | <b>730,064</b>                | <b>21,131</b> | <b>1,143,601</b> |
| - of which attributed to Hong Kong | <b>14,293</b>  | <b>32,155</b>          | <b>330,191</b>                | -             | <b>376,639</b>   |
| Europe                             | <b>13,169</b>  | <b>63,739</b>          | <b>57,358</b>                 | -             | <b>134,266</b>   |
| North and South America            | <b>30,498</b>  | <b>172,160</b>         | <b>112,255</b>                | -             | <b>314,913</b>   |
| <b>Total</b>                       | <b>334,463</b> | <b>337,509</b>         | <b>899,677</b>                | <b>21,131</b> | <b>1,592,780</b> |

  

|                                    | 31 December 2021 |                        |                               |               | Total            |
|------------------------------------|------------------|------------------------|-------------------------------|---------------|------------------|
|                                    | Banks            | Public sector entities | Non-bank private institutions | Others        |                  |
| Asia Pacific                       | 198,614          | 118,436                | 683,587                       | 5,650         | 1,006,287        |
| - of which attributed to Hong Kong | 7,783            | 41,244                 | 307,721                       | 1,454         | 358,202          |
| Europe                             | 13,369           | 42,319                 | 49,417                        | 2,094         | 107,199          |
| North and South America            | 23,731           | 97,049                 | 105,915                       | 5,516         | 232,211          |
| <b>Total</b>                       | <b>235,714</b>   | <b>257,804</b>         | <b>838,919</b>                | <b>13,260</b> | <b>1,345,697</b> |

### 3.5 Overdue loans and advances to customers by geographical sector

|                     | 30 June<br>2022 | 31 December<br>2021 |
|---------------------|-----------------|---------------------|
| Central             | <b>30,025</b>   | 34,417              |
| Bohai Rim           | <b>21,161</b>   | 17,465              |
| Pearl River Delta   | <b>20,710</b>   | 22,392              |
| Western             | <b>16,272</b>   | 18,294              |
| Yangtze River Delta | <b>15,809</b>   | 13,738              |
| North eastern       | <b>12,105</b>   | 10,440              |
| Head office         | <b>7,972</b>    | 6,904               |
| Overseas            | <b>4,116</b>    | 3,965               |
| Total               | <b>128,170</b>  | 127,615             |

According to regulation requirements, the above analysis represents the gross amount of loans and advances to customers overdue for more than three months.

Loans and advances to customers with a specific repayment date are classified as overdue when the principal or interest is overdue.

Loans and advances to customers repayable on demand are classified as overdue when a demand for repayment has been served on the borrower but repayment has not been made in accordance with the instructions. If the loans and advances to customers repayable on demand are outside the approved limit that was advised to the borrower, they are also considered to be overdue.

### 3.6 Exposures to non-banks in the Chinese mainland

The Bank is a commercial bank incorporated in the Chinese mainland with its banking business primarily conducted in the Chinese mainland. As at 30 June 2022, substantial amounts of the Bank's exposures arose from businesses with the Chinese mainland entities or individuals. Analyses of various types of exposures by counterparty have been disclosed in the respective notes to the financial statements.

## 4 MANAGEMENT DISCUSSION & ANALYSIS

### 4.1 FINANCIAL REVIEW

In the first half of 2022, the impact of COVID-19 pandemic lingered, while Ukraine crisis and tapering policies in major economies cast new shadows on global economy. The intensified geopolitical conflicts disrupted global food and energy supplies and obstructed supply chains and international trade, dragging the world economy with negative spillover effects. Major developed economies accelerated the tightening of monetary policies with high inflation and significant volatility in the financial market. Some economies experienced significantly heightened debt risks due to currency depreciation and capital outflows. The complex and challenging international landscape and sporadic resurgence of domestic COVID-19 cases brought mounting downward pressure on China's economy. Against the backdrop of extremely complex and challenging environment, China continued to coordinate pandemic prevention with economic and social development, and strengthened the adjustment to macroeconomic policies. As a result, the country effectively suppressed the resurgence of COVID-19 cases, and witnessed a stable pickup in the economy. China's GDP and consumer price index for the first half of 2022 increased by 2.5% and 1.7% year on year respectively.

Domestic regulators comprehensively coordinated financial development and security, promoted financial policies that support stable economic growth and opening-up, and maintained reasonable and adequate liquidity. Financial support to key areas and weak links was strengthened to assist in macroeconomic growth with deepening digital transformation in the financial sector, and long-term mechanisms to safeguard financial stability were put in place. In the first half of 2022, the banking industry remained stable in general. The industry provided greater support for the real economy, and continued to upgrade credit structure and enhance the ability to withstand risks. Meanwhile, banks are facing challenges for steady operation given the differentiated business performance and intensified market competition in key areas.

In the first half of 2022, the Group maintained sound and solid growth of assets and liabilities, with comparative advantages in core indicators, and provided strong support in stabilising the economy. The Group's total assets reached RMB33.69 trillion, up 11.35%, of which net loans and advances to customers and financial investments increased by 8.38% and 10.26%, respectively. Total liabilities amounted to RMB31.01 trillion, an increase of 12.18%, of which deposits from customers increased by 8.07%. Net interest income was RMB317,340 million, and net fee and commission income was RMB68,823 million. The Group's NPL ratio was 1.40%, down 0.02 percentage points from the end of 2021. The Group's net profit was RMB161,730 million, up 4.95% over the same period last year. Annualised return on average assets was 1.01%, annualised return on average equity was 12.59%, and total capital ratio was 17.95%.

### 4.1.1 Statement of Comprehensive Income Analysis

In the first half of 2022, the Group achieved steady growth in profitability. Profit before tax of the Group was RMB192,386 million, an increase of 4.30% from the same period last year. Net profit was RMB161,730 million, an increase of 4.95% from the same period last year. Key factors affecting the Group's profitability are as follows. Firstly, net interest income increased by RMB21,255 million, an increase of 7.18% from the same period last year, mainly due to moderate increase in interest-earning assets. Secondly, net fee and commission income decreased by RMB615 million, or 0.89% from the same period last year. Thirdly, operating expenses increased by 7.78% from the same period last year as the Group continued to improve cost management and optimise cost structure, and actively supported strategy implementation and digitalised operation. Cost-to-income ratio rose by 1.18 percentage points from the same period last year to 23.40%, continuously staying at a sound level. Fourthly, provision for losses of assets such as loans and advances to customers was made mainly based on substantive risk judgement, with total impairment losses of RMB103,375 million, a decrease of 4.73% from the same period last year.

The following table sets forth the composition of the Group's statement of comprehensive income and the changes during the respective periods.

| (In millions of RMB, except percentages)         | <b>Six months ended<br/>30 June 2022</b> | <b>Six months ended<br/>30 June 2021</b> | <b>Change (%)</b> |
|--|--|--|-------------------|
| Net interest income                              | <b>317,340</b>                           | 296,085                                  | 7.18              |
| Net non-interest income                          | <b>73,021</b>                            | 84,822                                   | (13.91)           |
| - Net fee and commission income                  | <b>68,823</b>                            | 69,438                                   | (0.89)            |
| <b>Operating income</b>                          | <b>390,361</b>                           | 380,907                                  | 2.48              |
| Operating expenses                               | <b>(95,018)</b>                          | (88,160)                                 | 7.78              |
| Credit impairment losses                         | <b>(103,294)</b>                         | (108,320)                                | (4.64)            |
| Other impairment losses                          | <b>(81)</b>                              | (192)                                    | (57.81)           |
| Share of profit of associates and joint ventures | <b>418</b>                               | 228                                      | 83.33             |
| <b>Profit before tax</b>                         | <b>192,386</b>                           | 184,463                                  | 4.30              |
| Income tax expense                               | <b>(30,656)</b>                          | (30,357)                                 | 0.98              |
| <b>Net profit</b>                                | <b>161,730</b>                           | 154,106                                  | 4.95              |

#### Net interest income

In the first half of 2022, the Group's net interest income amounted to RMB317,340 million, an increase of RMB21,255 million, or 7.18% from the same period last year. The net interest income accounted for 81.29% of the operating income.

The following table sets forth the Group's average balances of assets and liabilities, related interest income or expense, and annualised average yields or costs during the respective periods.

| (In millions of RMB, except percentages)                               | Six months ended 30 June 2022 |                         |                                   | Six months ended 30 June 2021 |                         |                                   |
|--|-------------------------------|-------------------------|-----------------------------------|-------------------------------|-------------------------|-----------------------------------|
|  | Average balance               | Interest income/expense | Annualised average yield/cost (%) | Average balance               | Interest income/expense | Annualised average yield/cost (%) |
| <b>Assets</b>  |                               |                         |                                   |                               |                         |                                   |
| Gross loans and advances to customers                                  | 19,694,085                    | 413,037                 | 4.23                              | 17,619,866                    | 373,245                 | 4.27                              |
| Financial investments  | 7,268,419                     | 122,287                 | 3.39                              | 6,436,562                     | 108,236                 | 3.39                              |
| Deposits with central banks  | 2,493,993                     | 18,267                  | 1.48                              | 2,576,139                     | 18,514                  | 1.45                              |
| Deposits and placements with banks and non-bank financial institutions | 470,977                       | 4,571                   | 1.96                              | 885,559                       | 9,715                   | 2.21                              |
| Financial assets held under resale agreements                          | 724,715                       | 6,795                   | 1.89                              | 560,586                       | 6,239                   | 2.24                              |
| Total interest-earning assets  | 30,652,189                    | 564,957                 | 3.72                              | 28,078,712                    | 515,949                 | 3.71                              |
| Total allowances for impairment losses                                 | (688,612)                     |                         |                                   | (601,464)                     |                         |                                   |
| Non-interest-earning assets  | 1,938,439                     |                         |                                   | 1,022,188                     |                         |                                   |
| <b>Total assets</b>  | <b>31,902,016</b>             | <b>564,957</b>          |                                   | <b>28,499,436</b>             | <b>515,949</b>          |                                   |
| <b>Liabilities</b>   |                               |                         |                                   |                               |                         |                                   |
| Deposits from customers  | 22,709,815                    | 193,193                 | 1.72                              | 21,240,816                    | 175,542                 | 1.67                              |
| Deposits and placements from banks and non-bank financial institutions | 2,546,707                     | 23,638                  | 1.87                              | 2,203,696                     | 18,981                  | 1.74                              |
| Debt securities issued   | 1,389,857                     | 20,254                  | 2.94                              | 935,792                       | 14,323                  | 3.09                              |
| Borrowings from central banks  | 705,990                       | 9,902                   | 2.83                              | 752,366                       | 10,692                  | 2.87                              |
| Financial assets sold under repurchase agreements                      | 49,119                        | 630                     | 2.59                              | 36,198                        | 326                     | 1.82                              |
| Total interest-bearing liabilities                                     | 27,401,488                    | 247,617                 | 1.82                              | 25,168,868                    | 219,864                 | 1.76                              |
| Non-interest-bearing liabilities                                       | 1,782,279                     |                         |                                   | 937,639                       |                         |                                   |
| <b>Total liabilities</b>   | <b>29,183,767</b>             | <b>247,617</b>          |                                   | <b>26,106,507</b>             | <b>219,864</b>          |                                   |
| <b>Net interest income</b>   |                               | <b>317,340</b>          |                                   |                               | <b>296,085</b>          |                                   |
| <b>Net interest spread</b>   |                               |                         | <b>1.90</b>                       |                               |                         | <b>1.95</b>                       |
| <b>Net interest margin</b>   |                               |                         | <b>2.09</b>                       |                               |                         | <b>2.13</b>                       |

In the first half of 2022, the Group continued to dynamically adjust its business strategy and asset and liability structure and increased its support for the real economy. Loan yield declined due to factors such as the conversion of pricing basis to loan prime rate upon loan repricing and continuous efforts in surrendering profits to support the real economy. The yield of interest-earning assets including deposits and placements with banks and non-bank financial institutions was lower than that of the same period last year due to market interest rates decline, and cost of deposits was higher than that of the same period last year due to more intense market competition. As a result, net interest spread was 1.90%, down five basis points from the same period last year; net interest margin was 2.09%, down four basis points from the same period last year.

The following table sets forth the effects of the movement of average balances and average interest rates of the Group's assets and liabilities on the change in interest income and expense in the first half of 2022 as compared with the same period last year.

| (In millions of RMB)   | Volume factor <sup>1</sup> | Interest rate factor <sup>1</sup> | Change in interest income/expense |
|--|----------------------------|-----------------------------------|-----------------------------------|
| <b>Assets</b>  |                            |                                   |                                   |
| Gross loans and advances to customers                                  | 43,334                     | (3,542)                           | 39,792                            |
| Financial investments  | 14,051                     | -                                 | 14,051                            |
| Deposits with central banks  | (614)                      | 367                               | (247)                             |
| Deposits and placements with banks and non-bank financial institutions | (4,143)                    | (1,001)                           | (5,144)                           |
| Financial assets held under resale agreements                          | 1,631                      | (1,075)                           | 556                               |
| <b>Change in interest income</b>                                       | <b>54,259</b>              | <b>(5,251)</b>                    | <b>49,008</b>                     |
| <b>Liabilities</b>   |                            |                                   |                                   |
| Deposits from customers  | 12,318                     | 5,333                             | 17,651                            |
| Deposits and placements from banks and non-bank financial institutions | 3,147                      | 1,510                             | 4,657                             |
| Debt securities issued   | 6,657                      | (726)                             | 5,931                             |
| Borrowings from central banks  | (644)                      | (146)                             | (790)                             |
| Financial assets sold under repurchase agreements                      | 139                        | 165                               | 304                               |
| <b>Change in interest expense</b>                                      | <b>21,617</b>              | <b>6,136</b>                      | <b>27,753</b>                     |
| <b>Change in net interest income</b>                                   | <b>32,642</b>              | <b>(11,387)</b>                   | <b>21,255</b>                     |

1. Changes caused by both average balances and average interest rates were allocated to the volume factor and interest rate factor respectively based on the respective proportions of absolute values of volume factor and interest rate factor.

Net interest income increased by RMB21,255 million from the same period last year. In this amount, an increase of RMB32,642 million was due to the movement of average balances of assets and liabilities, and a decrease of RMB11,387 million was due to the movement of average yields and costs.

### Interest income

In the first half of 2022, the Group achieved interest income of RMB564,957 million, an increase of RMB49,008 million or 9.50% from the same period last year. In this amount, interest income from loans and advances to customers, interest income from financial investments, interest income from deposits with central banks, interest income from deposits and placements with banks and non-bank financial institutions, and interest income from financial assets held under resale agreements accounted for 73.11%, 21.65%, 3.23%, 0.81% and 1.20%, respectively.

The following table sets forth the average balance, interest income and annualised average yield of each component of the Group's loans and advances to customers during the respective periods.

| (In millions of RMB, except percentages)     | Six months ended 30 June 2022 |                 |                              | Six months ended 30 June 2021 |                 |                              |
|--|-------------------------------|-----------------|------------------------------|-------------------------------|-----------------|------------------------------|
|  | Average balance               | Interest income | Annualised average yield (%) | Average balance               | Interest income | Annualised average yield (%) |
| <b>Corporate loans and advances</b>          | <b>10,106,058</b>             | <b>198,692</b>  | <b>3.96</b>                  | 8,933,884                     | 176,897         | 3.99                         |
| Short-term loans                             | 2,891,846                     | 50,214          | 3.50                         | 2,742,173                     | 49,192          | 3.62                         |
| Medium to long-term loans                    | 7,214,212                     | 148,478         | 4.15                         | 6,191,711                     | 127,705         | 4.16                         |
| <b>Personal loans and advances</b>           | <b>7,977,788</b>              | <b>193,289</b>  | <b>4.89</b>                  | 7,390,017                     | 177,520         | 4.84                         |
| Short-term loans                             | 1,342,927                     | 30,690          | 4.61                         | 1,219,874                     | 27,939          | 4.62                         |
| Medium to long-term loans                    | 6,634,861                     | 162,599         | 4.94                         | 6,170,143                     | 149,581         | 4.89                         |
| <b>Discounted bills</b>                      | <b>528,718</b>                | <b>4,348</b>    | <b>1.66</b>                  | 205,192                       | 2,590           | 2.55                         |
| <b>Overseas operations and subsidiaries</b>  | <b>1,081,521</b>              | <b>16,708</b>   | <b>3.12</b>                  | 1,090,773                     | 16,238          | 3.00                         |
| <b>Gross loans and advances to customers</b> | <b>19,694,085</b>             | <b>413,037</b>  | <b>4.23</b>                  | 17,619,866                    | 373,245         | 4.27                         |

Interest income from loans and advances to customers amounted to RMB413,037 million, an increase of RMB39,792 million or 10.66% from the same period last year, mainly because the average balance of loans and advances to customers increased by 11.77% from the same period last year.

Interest income from financial investments amounted to RMB122,287 million, an increase of RMB14,051 million or 12.98% from the same period last year, mainly because the average balance of financial investments increased by 12.92% from the same period last year.

Interest income from deposits with central banks amounted to RMB18,267 million, a decrease of RMB247 million or 1.33% from the same period last year, mainly because the average balance of deposits with central banks decreased by 3.19% from the same period last year.

Interest income from deposits and placements with banks and non-bank financial institutions amounted to RMB4,571 million, a decrease of RMB5,144 million or 52.95% from the same period last year, mainly because the average balance of deposits and placements with banks and non-bank financial institutions decreased by 46.82% and the annualised average yield dropped by 25 basis points from the same period last year.

Interest income from financial assets held under resale agreements amounted to RMB6,795 million, an increase of RMB556 million or 8.91% from the same period last year, mainly because the average balance of financial assets held under resale agreements increased by 29.28% from the same period last year.

### Interest expense

In the first half of 2022, the Group's interest expense was RMB247,617 million, an increase of RMB27,753 million or 12.62% from the same period last year. In this amount, interest expense on deposits from customers accounted for 78.02%, interest expense on deposits and placements from banks and non-bank financial institutions accounted for 9.55%, interest expense on debt securities issued accounted for 8.18%, interest expense on borrowings from central banks accounted for 4.00%, and interest expense on financial assets sold under repurchase agreements accounted for 0.25%.

The following table sets forth the average balance, interest expense and annualised average cost of each component of the Group's deposits from customers during the respective periods.

| (In millions of RMB, except percentages)    | Six months ended 30 June 2022 |                  |                             | Six months ended 30 June 2021 |                  |                             |
|---|-------------------------------|------------------|-----------------------------|-------------------------------|------------------|-----------------------------|
|   | Average balance               | Interest expense | Annualised average cost (%) | Average balance               | Interest expense | Annualised average cost (%) |
| <b>Corporate deposits</b>                   | <b>10,515,235</b>             | <b>82,345</b>    | <b>1.58</b>                 | 10,093,150                    | 75,331           | 1.51                        |
| Demand deposits                             | 6,390,462                     | 29,058           | 0.92                        | 6,353,088                     | 27,013           | 0.86                        |
| Time deposits                               | 4,124,773                     | 53,287           | 2.61                        | 3,740,062                     | 48,318           | 2.61                        |
| <b>Personal deposits</b>                    | <b>11,783,058</b>             | <b>108,695</b>   | <b>1.86</b>                 | 10,714,427                    | 98,471           | 1.85                        |
| Demand deposits                             | 4,869,304                     | 7,625            | 0.32                        | 4,673,414                     | 7,251            | 0.31                        |
| Time deposits                               | 6,913,754                     | 101,070          | 2.95                        | 6,041,013                     | 91,220           | 3.05                        |
| <b>Overseas operations and subsidiaries</b> | <b>411,522</b>                | <b>2,153</b>     | <b>1.06</b>                 | 433,239                       | 1,740            | 0.81                        |
| <b>Total deposits from customers</b>        | <b>22,709,815</b>             | <b>193,193</b>   | <b>1.72</b>                 | 21,240,816                    | 175,542          | 1.67                        |

Interest expense on deposits from customers amounted to RMB193,193 million, an increase of RMB17,651 million or 10.06% from the same period last year, mainly because the average balance of deposits from customers increased by 6.92% and the annualised average cost rose by five basis points from the same period last year.

Interest expense on deposits and placements from banks and non-bank financial institutions amounted to RMB23,638 million, an increase of RMB4,657 million or 24.54% from the same period last year, mainly because the average balance of deposits and placements from banks and non-bank financial institutions increased by 15.57% and the annualised average cost rose by 13 basis points from the same period last year.

Interest expense on debt securities issued amounted to RMB20,254 million, an increase of RMB5,931 million or 41.41% from the same period last year, mainly because the average balance of debt securities issued increased by 48.52% from the same period last year.

Interest expense on borrowings from central banks amounted to RMB9,902 million, a decrease of RMB790 million or 7.39% from the same period last year, mainly because the average balance of borrowings from central banks decreased by 6.16% and the annualised average cost dropped by four basis points from the same period last year.

Interest expense on financial assets sold under repurchase agreements amounted to RMB630 million, an increase of RMB304 million or 93.25% from the same period last year, mainly because the average balance of financial assets sold under repurchase agreements increased by 35.70% and the annualised average cost rose by 77 basis points from the same period last year.



## Net non-interest income

The following table sets forth the composition and change of the Group's net non-interest income during the respective periods.

| (In millions of RMB, except percentages) | Six months ended<br>30 June 2022 | Six months ended<br>30 June 2021 | Change (%) |
|--|----------------------------------|----------------------------------|------------|
| Fee and commission income                | 77,139                           | 77,570                           | (0.56)     |
| Fee and commission expense               | (8,316)                          | (8,132)                          | 2.26       |
| <b>Net fee and commission income</b>     | <b>68,823</b>                    | 69,438                           | (0.89)     |
| <b>Other net non-interest income</b>     | <b>4,198</b>                     | 15,384                           | (72.71)    |
| <b>Total net non-interest income</b>     | <b>73,021</b>                    | 84,822                           | (13.91)    |

In the first half of 2022, the Group's net non-interest income was RMB73,021 million, a decrease of RMB11,801 million or 13.91% from the same period last year, mainly due to the decline in net fee and commission income and other net non-interest income. Net non-interest income accounted for 18.71% of operating income.

### Net fee and commission income

The following table sets forth the composition and change of the Group's net fee and commission income during the respective periods.

| (In millions of RMB, except percentages)     | Six months ended<br>30 June 2022 | Six months ended<br>30 June 2021 | Change (%) |
|--|----------------------------------|----------------------------------|------------|
| <b>Fee and commission income</b>             | <b>77,139</b>                    | 77,570                           | (0.56)     |
| Settlement and clearing fees                 | 20,018                           | 19,910                           | 0.54       |
| Agency service fees                          | 12,954                           | 11,842                           | 9.39       |
| Commission on trust and fiduciary activities | 11,274                           | 10,980                           | 2.68       |
| Wealth management service fees               | 9,166                            | 9,116                            | 0.55       |
| Bank card fees                               | 8,512                            | 10,443                           | (18.49)    |
| Consultancy and advisory fees                | 7,876                            | 8,520                            | (7.56)     |
| Others                                       | 7,339                            | 6,759                            | 8.58       |
| <b>Fee and commission expense</b>            | <b>(8,316)</b>                   | (8,132)                          | 2.26       |
| <b>Net fee and commission income</b>         | <b>68,823</b>                    | 69,438                           | (0.89)     |

In the first half of 2022, net fee and commission income decreased by RMB615 million, or 0.89% from the same period last year to RMB68,823 million, mainly due to the decline in bank card fees in the wake of COVID-19 pandemic. The ratio of net fee and commission income to operating income was 17.63%, down 0.60 percentage points from the same period last year.

In the fee and commission income, settlement and clearing fees increased by RMB108 million, or 0.54% to RMB20,018 million; agency service fees increased by RMB1,112 million, or 9.39% to RMB12,954 million, driven by the growth of agency insurance sales; commission on trust and fiduciary activities increased by RMB294 million, or 2.68% to RMB11,274 million, mainly due to the steady growth of assets under custody as the Group strengthened business expansion in key areas such as trust and insurance; wealth management service fees increased by RMB50 million, or 0.55% to RMB9,166 million; bank card fees decreased by RMB1,931 million, or 18.49% to RMB8,512 million, mainly due to the sporadic resurgences of domestic COVID-19 cases and the decline in total retail sales of consumer goods; consultancy and advisory fees decreased by 7.56% to RMB7,876 million. Other fee and commission income increased by 8.58% to RMB7,339 million, which mainly includes guarantee fees, credit commitment fees and SMS service fees.

### *Other net non-interest income*

The following table sets forth the composition and change of the Group's other net non-interest income during the respective periods.

| (In millions of RMB, except percentages)                                 | <b>Six months ended<br/>30 June 2022</b> | <b>Six months ended<br/>30 June 2021</b> | <b>Change (%)</b> |
|--|--|--|-------------------|
| Dividend income  | 4,085                                    | 3,657                                    | 11.70             |
| Net trading gain   | 2,413                                    | 2,870                                    | (15.92)           |
| Net gain on derecognition of financial assets measured at amortised cost | 34                                       | 2,527                                    | (98.65)           |
| Net (loss)/gain arising from investment securities                       | (4,363)                                  | 1,853                                    | (335.46)          |
| Other net operating income   | 2,029                                    | 4,477                                    | (54.68)           |
| <b>Total other net non-interest income</b>                               | <b>4,198</b>                             | <b>15,384</b>                            | <b>(72.71)</b>    |

Other net non-interest income of the Group was RMB4,198 million, a decrease of RMB11,186 million, or 72.71% from the same period last year. In this amount, dividend income was RMB4,085 million, an increase of RMB428 million from the same period last year, mainly due to the increase in dividend income of subsidiaries; net trading gain was RMB2,413 million, a decrease of RMB457 million from the same period last year, mainly due to the decline in gains from trading debt securities from the decrease in the size of entrusted investments; net gain on derecognition of financial assets measured at amortised cost was RMB34 million, a decrease of RMB2,493 million from the same period last year, mainly due to the substantial decrease in income from the transfer of securitised asset; net loss arising from investment securities was RMB4,363 million, mainly due to the substantial decrease in net gain from certain financial investments amid capital market fluctuations; other net operating income was RMB2,029 million, a decrease of RMB2,448 million from the same period last year, mainly due to the year-on-year decrease in foreign exchange gains.

## Operating expenses

The following table sets forth the composition of the Group's operating expenses during respective periods.

| (In millions of RMB, except percentages) | <b>Six months ended<br/>30 June 2022</b> | <b>Six months ended<br/>30 June 2021</b> | <b>Change (%)</b> |
|--|--|--|-------------------|
| Staff costs                              | 54,360                                   | 50,616                                   | 7.40              |
| Premises and equipment expenses          | 17,062                                   | 16,485                                   | 3.50              |
| Taxes and surcharges                     | 3,677                                    | 3,538                                    | 3.93              |
| Others                                   | 19,919                                   | 17,521                                   | 13.69             |
| <b>Total operating expenses</b>          | <b>95,018</b>                            | <b>88,160</b>                            | <b>7.78</b>       |
| <b>Cost-to-income ratio (%)</b>          | <b>23.40</b>                             | <b>22.22</b>                             | <b>1.18</b>       |

In the first half of 2022, the Group continuously strengthened cost management and optimised expenses structure. Cost-to-income ratio rose by 1.18 percentage points from the same period last year to 23.40%, continuously staying at a sound level. Operating expenses were RMB95,018 million, an increase of RMB6,858 million or 7.78% from the same period last year. In this amount, staff costs were RMB54,360 million, an increase of RMB3,744 million or 7.40% from the same period last year; premises and equipment expenses were RMB17,062 million, an increase of RMB577 million or 3.50% from the same period last year; taxes and surcharges were RMB3,677 million, an increase of RMB139 million or 3.93% from the same period last year; other operating expenses were RMB19,919 million, an increase of RMB2,398 million or 13.69% from the same period last year, mainly due to increased investments in the implementation of strategies and digitalised operation.

## Impairment losses

The following table sets forth the composition of the Group's impairment losses during respective periods.

| (In millions of RMB, except percentages)                                   | <b>Six months ended<br/>30 June 2022</b> | <b>Six months ended<br/>30 June 2021</b> | <b>Change (%)</b> |
|--|--|--|-------------------|
| <b>Loans and advances to customers</b>                                     | <b>93,032</b>                            | 94,450                                   | (1.50)            |
| <b>Financial investments</b>   | <b>6,344</b>                             | 3,273                                    | 93.83             |
| Financial assets measured at amortised cost                                | <b>5,667</b>                             | 3,332                                    | 70.08             |
| Financial assets measured at fair value through other comprehensive income | <b>677</b>                               | (59)                                     | N/A               |
| <b>Others</b>  | <b>3,999</b>                             | 10,789                                   | (62.93)           |
| <b>Total impairment losses</b>   | <b>103,375</b>                           | 108,512                                  | (4.73)            |

In the first half of 2022, the Group's impairment losses were RMB103,375 million, a decrease of RMB5,137 million or 4.73% from the same period last year. This was mainly because impairment losses on loans and advances to customers decreased by RMB1,418 million from the same period last year, and other impairment losses decreased by RMB6,790 million from the same period last year. Impairment losses on financial investments increased by RMB3,071 million. Specifically, impairment losses on financial assets measured at amortised cost increased by RMB2,335 million or 70.08% from the same period last year. Impairment losses on financial assets measured at fair value through other comprehensive income increased by RMB736 million from the same period last year.

## Income tax expense

In the first half of 2022, income tax expense was RMB30,656 million, an increase of RMB299 million from the same period last year. The effective income tax rate was 15.93%, lower than the statutory rate of 25%. This was mainly because interest income from the PRC treasury bonds and local government bonds was non-taxable in accordance with the tax law.

## 4.1.2 Statement of Financial Position Analysis

### Assets

The following table sets forth the composition of the Group's total assets as at the dates indicated.

|   | As at 30 June 2022 |               | As at 31 December 2021 |            |
|---|--------------------|---------------|------------------------|------------|
|   | Amount             | % of total    | Amount                 | % of total |
| (In millions of RMB, except percentages)  |                    |               |                        |            |
| <b>Loans and advances to customers</b>  | <b>19,694,042</b>  | <b>58.46</b>  | 18,170,492             | 60.06      |
| Loans and advances to customers measured at amortised cost                                      | 19,614,090         | 58.22         | 18,380,916             | 60.76      |
| Allowances for impairment losses on loans   | (694,852)          | (2.06)        | (637,338)              | (2.11)     |
| Book values of loans and advances to customers at fair value through other comprehensive income | 723,162            | 2.15          | 379,469                | 1.25       |
| Book values of loans and advances to customers at fair value through profit or loss             | 3,286              | 0.01          | 3,761                  | 0.01       |
| Accrued interest  | 48,356             | 0.14          | 43,684                 | 0.15       |
| <b>Financial investments</b>  | <b>8,425,884</b>   | <b>25.01</b>  | 7,641,919              | 25.26      |
| <b>Cash and deposits with central banks</b>   | <b>2,832,614</b>   | <b>8.41</b>   | 2,763,892              | 9.14       |
| <b>Deposits and placements with banks and non-bank financial institutions</b>                   | <b>668,999</b>     | <b>1.98</b>   | 343,269                | 1.13       |
| <b>Financial assets held under resale agreements</b>  | <b>1,118,427</b>   | <b>3.32</b>   | 549,078                | 1.81       |
| <b>Others<sup>1</sup></b>   | <b>949,112</b>     | <b>2.82</b>   | 785,329                | 2.60       |
| <b>Total assets</b>   | <b>33,689,078</b>  | <b>100.00</b> | 30,253,979             | 100.00     |

1. These comprise precious metals, positive fair value of derivatives, long-term equity investments, fixed assets, land use rights, intangible assets, goodwill, deferred tax assets and other assets.

At the end of June, the Group's total assets stood at RMB33.69 trillion, an increase of RMB3.44 trillion or 11.35% from the end of last year. Specifically, loans and advances to customers increased by RMB1.52 trillion or 8.38% from the end of last year as the Group increased credit supply in areas such as inclusive finance, advanced manufacturing, strategic emerging industries and green finance to actively promote the high-quality development of the real economy; financial investments increased by RMB783,965 million or 10.26% from the end of last year as the Group supported the implementation of proactive fiscal policies; cash and deposits with central banks increased by RMB68,722 million or 2.49% from the end of last year; deposits and placements with banks and non-bank financial institutions increased by RMB325,730 million or 94.89% from the end of last year as the Group met the needs of the source and use of funds; financial assets held under resale agreements increased by RMB569,349 million or 103.69% from the end of last year. In the Group's total assets, the proportion of net loans and advances to customers decreased by 1.60 percentage points to 58.46%, that of financial investments decreased by 0.25 percentage points to 25.01%, that of cash and deposits with central banks decreased by 0.73 percentage points to 8.41%, that of deposits and placements with banks and non-bank financial institutions increased by 0.85 percentage points to 1.98%, and that of financial assets held under resale agreements increased by 1.51 percentage points to 3.32%.

### *Loans and advances to customers*

The following table sets forth the composition of the Group's gross loans and advances to customers as at the dates indicated.

| (In millions of RMB, except percentages)     | As at 30 June 2022 |               | As at 31 December 2021 |            |
|--|--------------------|---------------|------------------------|------------|
|  | Amount             | % of total    | Amount                 | % of total |
| <b>Corporate loans and advances</b>          | <b>10,597,154</b>  | <b>51.97</b>  | 9,593,526              | 51.01      |
| Short-term loans                             | <b>3,030,507</b>   | <b>14.86</b>  | 2,683,402              | 14.27      |
| Medium to long-term loans                    | <b>7,566,647</b>   | <b>37.11</b>  | 6,910,124              | 36.74      |
| <b>Personal loans and advances</b>           | <b>8,087,189</b>   | <b>39.66</b>  | 7,891,928              | 41.96      |
| Residential mortgages                        | <b>6,479,317</b>   | <b>31.78</b>  | 6,386,583              | 33.96      |
| Credit card loans                            | <b>910,311</b>     | <b>4.46</b>   | 896,222                | 4.76       |
| Personal consumer loans                      | <b>255,763</b>     | <b>1.25</b>   | 232,979                | 1.24       |
| Personal business loans <sup>1</sup>         | <b>307,183</b>     | <b>1.51</b>   | 226,463                | 1.20       |
| Other loans <sup>2</sup>                     | <b>134,615</b>     | <b>0.66</b>   | 149,681                | 0.80       |
| <b>Discounted bills</b>                      | <b>723,162</b>     | <b>3.55</b>   | 379,469                | 2.02       |
| <b>Overseas operations and subsidiaries</b>  | <b>933,033</b>     | <b>4.58</b>   | 899,223                | 4.78       |
| <b>Accrued interest</b>                      | <b>48,356</b>      | <b>0.24</b>   | 43,684                 | 0.23       |
| <b>Gross loans and advances to customers</b> | <b>20,388,894</b>  | <b>100.00</b> | 18,807,830             | 100.00     |

1. These comprise personal loans for production and operation and online business loans.

2. These comprise personal commercial property mortgage loans and home equity loans, etc.

At the end of June, the Group's gross loans and advances to customers stood at RMB20.39 trillion, an increase of RMB1.58 trillion or 8.41% from the end of last year, mainly due to the increase in domestic loans.

Corporate loans and advances reached RMB10.60 trillion, an increase of RMB1.00 trillion or 10.46% from the end of last year, mainly extended to sectors such as infrastructure, wholesale and retail trade and manufacturing. In this amount, short-term and medium to long-term loans were RMB3.03 trillion and RMB7.57 trillion, respectively.

Personal loans and advances reached RMB8.09 trillion, an increase of RMB195,261 million or 2.47% from the end of last year. In this amount, residential mortgages experienced an increase of RMB92,734 million or 1.45% from the end of last year to RMB6.48 trillion; credit card loans were RMB910,311 million, an increase of RMB14,089 million or 1.57% from the end of last year; personal consumer loans increased by RMB22,784 million or 9.78% from the end of last year to RMB255,763 million; personal business loans increased by RMB80,720 million or 35.64% from the end of last year to RMB307,183 million.

Discounted bills increased by RMB343,693 million to RMB723,162 million from the end of last year.

Loans and advances made by overseas operations and subsidiaries were RMB933,033 million, an increase of RMB33,810 million or 3.76% from the end of last year.

### Distribution of loans by type of collateral

The following table sets forth the distribution of loans and advances by type of collateral as at the dates indicated.

| (In millions of RMB, except percentages)             | As at 30 June 2022 |               | As at 31 December 2021 |               |
|--|--------------------|---------------|------------------------|---------------|
|  | Amount             | % of total    | Amount                 | % of total    |
| Unsecured loans                                      | 7,321,033          | 35.91         | 6,295,609              | 33.47         |
| Guaranteed loans                                     | 2,562,965          | 12.57         | 2,361,221              | 12.56         |
| Loans secured by property and other immovable assets | 8,884,236          | 43.57         | 8,589,061              | 45.67         |
| Other pledged loans                                  | 1,572,304          | 7.71          | 1,518,255              | 8.07          |
| Accrued interest                                     | 48,356             | 0.24          | 43,684                 | 0.23          |
| <b>Gross loans and advances to customers</b>         | <b>20,388,894</b>  | <b>100.00</b> | <b>18,807,830</b>      | <b>100.00</b> |

### Allowances for impairment losses on loans and advances to customers

| (In millions of RMB)                                    | Six months ended 30 June 2022 |                |                |                |
|---|-------------------------------|----------------|----------------|----------------|
|   | Stage 1                       | Stage 2        | Stage 3        | Total          |
| <b>As at 1 January 2022</b>                             | <b>310,207</b>                | <b>154,465</b> | <b>172,666</b> | <b>637,338</b> |
| Transfers:  |                               |                |                |                |
| Transfers in (out) to Stage 1                           | 13,987                        | (13,607)       | (380)          | -              |
| Transfers in (out) to Stage 2                           | (5,592)                       | 8,826          | (3,234)        | -              |
| Transfers in (out) to Stage 3                           | (1,821)                       | (16,316)       | 18,137         | -              |
| Newly originated or purchased financial assets          | 93,764                        | -              | -              | 93,764         |
| Transfer out/repayment                                  | (69,157)                      | (15,603)       | (27,754)       | (112,514)      |
| Remeasurements  | (7,888)                       | 67,957         | 32,709         | 92,778         |
| Write-off   | -                             | -              | (23,827)       | (23,827)       |
| Recoveries of loans and advances previously written off | -                             | -              | 7,313          | 7,313          |
| <b>As at 30 June 2022</b>                               | <b>333,500</b>                | <b>185,722</b> | <b>175,630</b> | <b>694,852</b> |

The Group made provisions for impairment losses on loans in line with factors such as macro-economy and credit asset quality as required by the new financial instruments standard. At the end of June, allowances for impairment losses on loans and advances measured at amortised cost were RMB694,852 million. In addition, allowances for impairment losses on discounted bills at fair value through other comprehensive income were RMB2,132 million. The Group's allowances to NPLs and allowances to total loans were 244.12% and 3.43%, respectively.

The Group adopts a “three-stage” model for impairment based on changes in credit risk since initial recognition or by determining whether the financial instruments are credit-impaired, to estimate the expected credit losses (ECL). For Stage 1, financial instruments with no significant increase in credit risk since initial recognition, 12-month ECL is recognised. For Stage 2, financial instruments with significant increase in credit risk since initial recognition, but with no objective evidence of impairment, lifetime ECL is recognised. For Stage 3, financial instruments with objective evidence of impairment on the balance sheet date, lifetime ECL is recognised. The Group adhered to judgement based on substantive risk assessment and comprehensively considered regulatory and business environment, internal and external credit rating of customers, customer repayment ability, customer operation capacity, contract terms of loans, asset price, market interest rate, customer repayment behaviours, and forward-looking information, to assess whether the credit risk of relevant financial instruments had increased significantly since initial recognition. For borrowers who were eligible for temporary deferral in principal repayment and interest payment in the wake of COVID-19 pandemic, the Group, by reference to guidelines issued by relevant regulators, did not consider these support measures as an automatic trigger of a significant increase in credit risk. The assessment of significant increase in credit risk and the measurement of ECL both incorporated forward-looking information. The Group developed scenarios specifically tailored for ECL measurement by reference to forecast results of authoritative institutions at home and abroad and leveraging on the capability of internal experts. The Group calculates expected credit loss as weighted average of the products of probability of defaults (PD), loss given defaults (LGD) and exposure at default (EAD) under the optimistic, baseline and pessimistic scenarios, having considered the discount factor.

### *Financial investments*

The following table sets forth the composition of the Group’s financial investments by measurement as at the dates indicated.

| (In millions of RMB, except percentages)                                   | As at 30 June 2022 |               | As at 31 December 2021 |               |
|--|--------------------|---------------|------------------------|---------------|
|  | Amount             | % of total    | Amount                 | % of total    |
| Financial assets measured at fair value through profit or loss             | 561,778            | 6.67          | 545,273                | 7.13          |
| Financial assets measured at amortised cost                                | 5,909,338          | 70.13         | 5,155,168              | 67.46         |
| Financial assets measured at fair value through other comprehensive income | 1,954,768          | 23.20         | 1,941,478              | 25.41         |
| <b>Total financial investments</b>   | <b>8,425,884</b>   | <b>100.00</b> | <b>7,641,919</b>       | <b>100.00</b> |

The following table sets forth the composition of the Group’s financial investments by nature as at the dates indicated.

| (In millions of RMB, except percentages) | As at 30 June 2022 |               | As at 31 December 2021 |               |
|--|--------------------|---------------|------------------------|---------------|
|  | Amount             | % of total    | Amount                 | % of total    |
| Debt securities                          | 8,173,542          | 97.01         | 7,369,446              | 96.43         |
| Equity instruments and funds             | 252,342            | 2.99          | 272,473                | 3.57          |
| <b>Total financial investments</b>       | <b>8,425,884</b>   | <b>100.00</b> | <b>7,641,919</b>       | <b>100.00</b> |



At the end of June, the Group's financial investments totalled RMB8.43 trillion, an increase of RMB783,965 million or 10.26% from the end of last year. In this amount, debt securities investments increased by RMB804,096 million or 10.91% from the end of last year, and accounted for 97.01% of total financial investments, up 0.58 percentage points from the end of last year; equity instruments and funds decreased by RMB20,131 million from the end of last year, and accounted for 2.99% of total financial investments, a decrease of 0.58 percentage points from the end of last year.

### Debt securities

The following table sets forth the composition of the Group's debt instruments by currency as at the dates indicated.

| (In millions of RMB, except percentages) | As at 30 June 2022 |               | As at 31 December 2021 |               |
|--|--------------------|---------------|------------------------|---------------|
|  | Amount             | % of total    | Amount                 | % of total    |
| RMB                                      | 7,927,277          | 96.99         | 7,133,288              | 96.80         |
| USD                                      | 145,802            | 1.78          | 139,793                | 1.90          |
| HKD                                      | 31,456             | 0.39          | 31,730                 | 0.43          |
| Other foreign currencies                 | 69,007             | 0.84          | 64,635                 | 0.87          |
| <b>Total debt securities</b>             | <b>8,173,542</b>   | <b>100.00</b> | <b>7,369,446</b>       | <b>100.00</b> |

At the end of June, total investments in RMB debt securities totalled RMB7.93 trillion, an increase of RMB793,989 million or 11.13% from the end of last year. Total investments in foreign currency debt securities were RMB246,265 million, an increase of RMB10,107 million or 4.28% from the end of last year.

The following table sets forth the composition of the Group's debt instruments by issuer as at the dates indicated.

| (In millions of RMB, except percentages)  | As at 30 June 2022 |               | As at 31 December 2021 |               |
|---|--------------------|---------------|------------------------|---------------|
|   | Amount             | % of total    | Amount                 | % of total    |
| Government                                | 6,514,237          | 79.70         | 5,763,166              | 78.20         |
| Central banks                             | 41,629             | 0.51          | 43,088                 | 0.58          |
| Policy banks                              | 766,183            | 9.37          | 774,286                | 10.51         |
| Banks and non-bank financial institutions | 459,205            | 5.62          | 404,472                | 5.49          |
| Others                                    | 392,288            | 4.80          | 384,434                | 5.22          |
| <b>Total debt securities</b>              | <b>8,173,542</b>   | <b>100.00</b> | <b>7,369,446</b>       | <b>100.00</b> |

At the end of June, government bonds held by the Group increased by RMB751,071 million or 13.03% from the end of last year to RMB6.51 trillion. Central bank bonds decreased by RMB1,459 million or 3.39% from the end of last year to RMB41,629 million. Financial debt securities increased by RMB46,630 million or 3.96% from the end of last year to RMB1.23 trillion. Specifically, RMB766,183 million was issued by policy banks and RMB459,205 million was issued by banks and non-bank financial institutions, accounting for 62.53% and 37.47%, respectively.

### Repossessed assets

As part of its effort to recover impaired loans and advances to customers, the Group may obtain the title to the collateral, through legal actions or voluntary transfer from borrowers, as compensation for losses on loans and advances and interest receivable. At the end of June, the Group's repossessed assets were RMB1,632 million, and impairment allowances for repossessed assets were RMB995 million.

### Liabilities

The following table sets forth the composition of the Group's total liabilities as at the dates indicated.

| (In millions of RMB, except percentages)                               | As at 30 June 2022 |               | As at 31 December 2021 |               |
|--|--------------------|---------------|------------------------|---------------|
|  | Amount             | % of total    | Amount                 | % of total    |
| Deposits from customers  | 24,184,466         | 78.00         | 22,378,814             | 80.97         |
| Deposits and placements from banks and non-bank financial institutions | 3,138,580          | 10.12         | 2,232,201              | 8.08          |
| Debt securities issued   | 1,688,826          | 5.45          | 1,323,377              | 4.79          |
| Borrowings from central banks  | 777,146            | 2.51          | 685,033                | 2.48          |
| Financial assets sold under repurchase agreements                      | 91,596             | 0.29          | 33,900                 | 0.12          |
| Other liabilities <sup>1</sup>   | 1,126,612          | 3.63          | 986,532                | 3.56          |
| <b>Total liabilities</b>   | <b>31,007,226</b>  | <b>100.00</b> | <b>27,639,857</b>      | <b>100.00</b> |

1. These comprise financial liabilities measured at fair value through profit or loss, negative fair value of derivatives, accrued staff costs, taxes payable, provisions, deferred tax liabilities and other liabilities.

At the end of June, the Group's total liabilities were RMB31.01 trillion, an increase of RMB3.37 trillion or 12.18% from the end of last year with more abundant funding sources and more optimised liability structure. In this amount, deposits from customers amounted to RMB24.18 trillion, an increase of RMB1.81 trillion or 8.07% from the end of last year. Deposits and placements from banks and non-bank financial institutions increased by RMB906,379 million or 40.60% from the end of last year to RMB3.14 trillion, as the Bank further expanded demand deposits from banks and non-bank financial institutions due to the reasonable and abundant market liquidity. Debt securities issued were RMB1.69 trillion, an increase of RMB365,449 million or 27.61% from the end of last year, as the Bank seized market opportunities to issue interbank certificates of deposit, capital instruments and other financing tools. Borrowings from central banks were RMB777,146 million, an increase of 13.45% from the end of last year. In the Group's total liabilities, deposits from customers accounted for 78.00% of total liabilities, a decrease of 2.97 percentage points from the end of last year. Deposits and placements from banks and non-bank financial institutions accounted for 10.12% of total liabilities, an increase of 2.04 percentage points from the end of last year. Debt securities issued accounted for 5.45% of total liabilities, an increase of 0.66 percentage points from the end of last year. Borrowings from central banks accounted for 2.51% of total liabilities, an increase of 0.03 percentage points from the end of last year.

### Deposits from customers

The following table sets forth the Group's deposits from customers by product type as at the dates indicated.

| (In millions of RMB, except percentages)    | As at 30 June 2022 |               | As at 31 December 2021 |            |
|---|--------------------|---------------|------------------------|------------|
|   | Amount             | % of total    | Amount                 | % of total |
| <b>Corporate deposits</b>                   | <b>11,059,195</b>  | <b>45.73</b>  | 10,338,734             | 46.20      |
| Demand deposits                             | <b>6,832,828</b>   | <b>28.25</b>  | 6,549,329              | 29.27      |
| Time deposits                               | <b>4,226,367</b>   | <b>17.48</b>  | 3,789,405              | 16.93      |
| <b>Personal deposits</b>                    | <b>12,359,327</b>  | <b>51.10</b>  | 11,278,207             | 50.40      |
| Demand deposits                             | <b>5,130,687</b>   | <b>21.21</b>  | 4,873,992              | 21.78      |
| Time deposits                               | <b>7,228,640</b>   | <b>29.89</b>  | 6,404,215              | 28.62      |
| <b>Overseas operations and subsidiaries</b> | <b>406,890</b>     | <b>1.68</b>   | 411,682                | 1.84       |
| <b>Accrued interest</b>                     | <b>359,054</b>     | <b>1.49</b>   | 350,191                | 1.56       |
| <b>Total deposits from customers</b>        | <b>24,184,466</b>  | <b>100.00</b> | 22,378,814             | 100.00     |

The Group gave full play to its service advantages, extensively used system and network-based methods to expand customer base and increase deposits, improved the capacity of stable deposits growth, and promoted the high-quality development of the liability business. At the end of June, domestic corporate deposits of the Bank were RMB11.06 trillion, an increase of RMB720,461 million or 6.97% from the end of last year; domestic personal deposits of the Bank were RMB12.36 trillion, an increase of RMB1.08 trillion or 9.59% from the end of last year and its proportion of the domestic deposits from customers increased by 0.61 percentage points to 52.78%; deposits from overseas operations and subsidiaries amounted to RMB406,890 million, a decrease of RMB4,792 million, accounting for 1.68% of total deposits from customers. Domestic demand deposits were RMB11.96 trillion, an increase of RMB540,194 million or 4.73% from the end of last year and accounted for 51.09% of the domestic deposits from customers. Domestic time deposits were RMB11.46 trillion, an increase of RMB1.26 trillion or 12.37% from the end of last year and its proportion of the domestic deposits from customers increased by 1.75 percentage points to 48.91%.

## Shareholder's equity

The following table sets forth the Group's total equity and its composition as at the dates indicated.

| (In millions of RMB)  | As at 30 June 2022 | As at 31 December 2021 |
|---|--------------------|------------------------|
| Share capital   | 250,011            | 250,011                |
| Other equity instruments  | 99,968             | 99,968                 |
| - preference shares   | 59,977             | 59,977                 |
| - perpetual bond  | 39,991             | 39,991                 |
| Capital reserve   | 134,925            | 134,925                |
| Other comprehensive income  | 21,696             | 21,338                 |
| Surplus reserve   | 305,571            | 305,571                |
| General reserve   | 385,120            | 381,621                |
| Retained earnings   | 1,461,936          | 1,394,797              |
| <b>Total equity attributable to equity shareholders of the Bank</b> | <b>2,659,227</b>   | <b>2,588,231</b>       |
| Non-controlling interests   | 22,625             | 25,891                 |
| <b>Total equity</b>   | <b>2,681,852</b>   | <b>2,614,122</b>       |

At the end of June, the Group's equity was RMB2.68 trillion, an increase of RMB67,730 million or 2.59% from the end of last year, primarily driven by the increase of RMB67,139 million in retained earnings. As the growth rate of total equity was slower than that of assets, the ratio of total equity to total assets for the Group decreased by 0.68 percentage points to 7.96% from the end of last year.

## Off-balance sheet items

The Group's off-balance sheet items include derivatives, commitments and contingent liabilities. Derivatives mainly include interest rate contracts, exchange rate contracts, precious metals and commodity contracts. Commitments and contingent liabilities include credit commitments, capital commitments, government bond redemption obligations, and outstanding litigations and disputes. Specifically, credit commitments were the largest component, including undrawn loan facilities which are approved and contracted, unused credit card limits, financial guarantees, and letters of credit. At the end of June, the balance of credit commitments was RMB3.55 trillion, an increase of RMB176,891 million or 5.25% from the end of last year.

### 4.1.3 Loan Quality Analysis

#### Distribution of loans by five-category classification

The following table sets forth, as at the dates indicated, the distribution of the Group's loans by the five-category loan classification under which NPLs include substandard, doubtful and loss.

| (In millions of RMB,<br>except percentages)                    | As at 30 June 2022 |               | As at 31 December 2021 |            |
|--|--------------------|---------------|------------------------|------------|
|  | Amount             | % of total    | Amount                 | % of total |
| Normal   | 19,519,415         | 95.97         | 17,993,001             | 95.89      |
| Special mention  | 535,614            | 2.63          | 505,074                | 2.69       |
| Substandard  | 161,400            | 0.79          | 143,195                | 0.76       |
| Doubtful   | 86,123             | 0.42          | 80,624                 | 0.43       |
| Loss   | 37,986             | 0.19          | 42,252                 | 0.23       |
| <b>Gross loans and advances<br/>excluding accrued interest</b> | <b>20,340,538</b>  | <b>100.00</b> | 18,764,146             | 100.00     |
| <b>NPLs</b>  | <b>285,509</b>     |               | 266,071                |            |
| <b>NPL ratio</b>   |                    | <b>1.40</b>   |                        | 1.42       |

In the first half of 2022, the Group continued to improve its ability of risk prevention and mitigation, enhanced the coordinated risk prevention of three lines of defence, continuously consolidated the solid risk base, and maintained proactive management. As a result, the Group's asset quality remained stable. At the end of June, the balance of the Group's NPLs was RMB285,509 million, an increase of RMB19,438 million from the end of 2021. The NPL ratio was 1.40%, a decrease of 0.02 percentage points from the end of 2021. Special mention loans accounted for 2.63% of gross loans and advances excluding accrued interest, a decrease of 0.06 percentage points from the end of 2021.

## Distribution of loans and NPLs by product type

The following table sets forth loans and NPLs by product type as at the dates indicated.

| (In millions of RMB, except percentages)                   | As at 30 June 2022 |                |               | As at 31 December 2021 |         |               |
|--|--------------------|----------------|---------------|------------------------|---------|---------------|
|  | Loans and advances | NPLs           | NPL Ratio (%) | Loans and advances     | NPLs    | NPL Ratio (%) |
| <b>Corporate loans and advances</b>                        | <b>10,597,154</b>  | <b>227,356</b> | <b>2.15</b>   | 9,593,526              | 217,558 | 2.27          |
| Short-term loans   | 3,030,507          | 74,007         | 2.44          | 2,683,402              | 74,808  | 2.79          |
| Medium to long-term loans                                  | 7,566,647          | 153,349        | 2.03          | 6,910,124              | 142,750 | 2.07          |
| <b>Personal loans and advances</b>                         | <b>8,087,189</b>   | <b>35,975</b>  | <b>0.44</b>   | 7,891,928              | 31,242  | 0.40          |
| Residential mortgages                                      | 6,479,317          | 16,140         | 0.25          | 6,386,583              | 12,909  | 0.20          |
| Credit card loans  | 910,311            | 13,130         | 1.44          | 896,222                | 11,960  | 1.33          |
| Personal consumer loans                                    | 255,763            | 2,170          | 0.85          | 232,979                | 2,278   | 0.98          |
| Personal business loans                                    | 307,183            | 1,970          | 0.64          | 226,463                | 1,627   | 0.72          |
| Other loans  | 134,615            | 2,565          | 1.91          | 149,681                | 2,468   | 1.65          |
| <b>Discounted bills</b>                                    | <b>723,162</b>     | <b>4</b>       | <b>-</b>      | 379,469                | -       | -             |
| <b>Overseas operations and subsidiaries</b>                | <b>933,033</b>     | <b>22,174</b>  | <b>2.38</b>   | 899,223                | 17,271  | 1.92          |
| <b>Gross loans and advances excluding accrued interest</b> | <b>20,340,538</b>  | <b>285,509</b> | <b>1.40</b>   | 18,764,146             | 266,071 | 1.42          |

## Distribution of loans and NPLs by industry

The following table sets forth the Group's loans and NPLs by industry as at the dates indicated.

| (In millions of RMB, except percentages)  | As at 30 June 2022 |               |                |               | As at 31 December 2021 |            |         |               |
|---|--------------------|---------------|----------------|---------------|------------------------|------------|---------|---------------|
|   | Loans and advances | % of total    | NPLs           | NPL ratio (%) | Loans and advances     | % of total | NPLs    | NPL ratio (%) |
| <b>Corporate loans and advances</b>   | <b>10,597,154</b>  | <b>52.10</b>  | <b>227,356</b> | <b>2.15</b>   | 9,593,526              | 51.13      | 217,558 | 2.27          |
| Leasing and commercial services   | 1,911,741          | 9.40          | 45,819         | 2.40          | 1,725,682              | 9.20       | 40,204  | 2.33          |
| - Commercial services   | 1,874,247          | 9.21          | 44,607         | 2.38          | 1,693,920              | 9.03       | 39,766  | 2.35          |
| Transportation, storage and postal services   | 1,879,374          | 9.24          | 14,984         | 0.80          | 1,760,364              | 9.38       | 20,763  | 1.18          |
| Manufacturing   | 1,605,001          | 7.89          | 55,730         | 3.47          | 1,402,653              | 7.48       | 58,963  | 4.20          |
| Wholesale and retail trade  | 1,041,621          | 5.12          | 18,485         | 1.77          | 912,515                | 4.86       | 18,129  | 1.99          |
| Production and supply of electric power, heat, gas and water                        | 1,027,773          | 5.05          | 11,611         | 1.13          | 960,869                | 5.12       | 10,955  | 1.14          |
| Real estate   | 762,791            | 3.75          | 22,724         | 2.98          | 730,087                | 3.89       | 13,536  | 1.85          |
| Water, environment and public utility management                                    | 668,259            | 3.29          | 6,758          | 1.01          | 627,875                | 3.35       | 7,781   | 1.24          |
| Construction  | 531,646            | 2.61          | 11,041         | 2.08          | 445,952                | 2.38       | 8,274   | 1.86          |
| Mining  | 250,526            | 1.23          | 24,475         | 9.77          | 246,338                | 1.31       | 24,973  | 10.14         |
| - Exploitation of petroleum and natural gas   | 4,277              | 0.02          | 122            | 2.85          | 3,797                  | 0.02       | 335     | 8.82          |
| Information transmission, software and information technology services              | 143,125            | 0.70          | 3,165          | 2.21          | 117,615                | 0.63       | 2,401   | 2.04          |
| - Telecommunications, broadcast and television, and satellite transmission services | 20,214             | 0.10          | 679            | 3.36          | 20,729                 | 0.11       | 678     | 3.27          |
| Education   | 76,395             | 0.38          | 142            | 0.19          | 73,272                 | 0.39       | 114     | 0.16          |
| Others  | 698,902            | 3.44          | 12,422         | 1.78          | 590,304                | 3.14       | 11,465  | 1.94          |
| <b>Personal loans and advances</b>  | <b>8,087,189</b>   | <b>39.76</b>  | <b>35,975</b>  | <b>0.44</b>   | 7,891,928              | 42.06      | 31,242  | 0.40          |
| <b>Discounted bills</b>   | <b>723,162</b>     | <b>3.55</b>   | <b>4</b>       | <b>-</b>      | 379,469                | 2.02       | -       | -             |
| <b>Overseas operations and subsidiaries</b>   | <b>933,033</b>     | <b>4.59</b>   | <b>22,174</b>  | <b>2.38</b>   | 899,223                | 4.79       | 17,271  | 1.92          |
| <b>Gross loans and advances excluding accrued interest</b>                          | <b>20,340,538</b>  | <b>100.00</b> | <b>285,509</b> | <b>1.40</b>   | 18,764,146             | 100.00     | 266,071 | 1.42          |

In the first half of 2022, the Group continued to optimise its credit structure by supporting the development of green finance and key areas and weak links of the real economy. The NPL ratios of manufacturing, and wholesale and retail trade dropped, and the asset quality of personal loans remained stable.

#### 4.1.4 Other Financial Information

There is no difference in net profit for the six months ended 30 June 2022 or total equity as at 30 June 2022 between the Group's consolidated financial statements prepared under PRC GAAP and those prepared under IFRS.

### 4.2 BUSINESS REVIEW

The Group's major business segments are corporate banking, personal banking, treasury business, and others including overseas business and subsidiaries.

The following table sets forth, for the periods indicated, the operating income, impairment losses, and profit before tax of each major business segment.

|                      | Operating income              |                               | Impairment losses             |                               | Profit before tax             |                               |
|----------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|                      | Six months ended 30 June 2022 | Six months ended 30 June 2021 | Six months ended 30 June 2022 | Six months ended 30 June 2021 | Six months ended 30 June 2022 | Six months ended 30 June 2021 |
| (In millions of RMB) |                               |                               |                               |                               |                               |                               |
| Corporate banking    | 160,152                       | 156,003                       | (73,325)                      | (88,221)                      | 50,185                        | 33,873                        |
| Personal banking     | 184,425                       | 172,182                       | (16,961)                      | (14,503)                      | 120,846                       | 116,685                       |
| Treasury business    | 26,727                        | 28,786                        | (6,912)                       | (1,917)                       | 15,534                        | 21,662                        |
| Others               | 19,057                        | 23,936                        | (6,177)                       | (3,871)                       | 5,821                         | 12,243                        |
| <b>Total</b>         | <b>390,361</b>                | <b>380,907</b>                | <b>(103,375)</b>              | <b>(108,512)</b>              | <b>192,386</b>                | <b>184,463</b>                |

In the first half of 2022, operating income of Group's corporate banking business reached RMB160,152 million, up 2.66%; impairment losses reached RMB73,325 million, down 16.88%; profit before tax was RMB50,185 million, up 48.16%, accounting for 26.09% of the Group's profit before tax, up 7.73 percentage points from the same period last year. Operating income of personal banking business reached RMB184,425 million, up 7.11%; impairment losses were RMB16,961 million, up 16.95%; profit before tax totalled RMB120,846 million, up 3.57%, accounting for 62.81% of the Group's profit before tax, down 0.45 percentage points from the same period last year. Operating income of treasury business totalled RMB26,727 million, down 7.15%; impairment losses were RMB6,912 million; profit before tax totalled RMB15,534 million, down 28.29%, accounting for 8.07% of the Group's profit before tax, down 3.67 percentage points from the same period last year. Other operating income totalled RMB19,057 million, down 20.38%, and profit before tax totalled RMB5,821 million.



## 4.2.1 Promotion of Three Major Strategies

### House rental strategy

The Group steadily pressed ahead with its house rental strategy. By the end of June, the Group's comprehensive house rental service platform had covered 96% of administrative regions at prefecture-level or above across the country. More than 10.25 million verified houses and apartments and 7.88 million contracts had been filed with the platform on a cumulative basis. The platform had served as a transparent trading platform for 15 thousand enterprises and 40.34 million individual landlords and tenants, as well as an effective market supervision tool for the government. The Group operated 200 "CCB Home" long-term rental communities, incorporating smart facilities, public services, and financial services, to create a comfortable living environment for blue-collar, white-collar, young entrepreneurs and other tenants.

The Group vigorously supported the development of indemnificatory rental housing projects by participating in more than 500 such projects in major cities all over the country, and granted designated loans to increase the supply of small apartments with low rents to lift the housing burdens on new citizens and young people. It supported IT system construction and launched the indemnificatory rental housing APP in nearly 200 cities across the country. The public rental housing APP had been launched in nearly 100 cities to enable a convenient mobile device-based public rental housing service for qualified applicants. The Group proactively participated in the pilot REITs (Real Estate Investment Trusts) for the indemnificatory rental housing projects. It won the bid as a fund custodian, and exclusively underwrote the first rental housing REITs in the interbank market, so as to smooth the financing cycle of the indemnificatory rental housing with financial innovation. The Group actively explored the combination of its house rental initiatives with policies on urban reconstruction and rural revitalisation, and supported the transformation of villages in urban areas and old residential areas in Beijing, Guangzhou and other cities to promote integrated development. At the end of June, the Bank's loans for house rental business were RMB180,617 million, an increase of RMB47,156 million or 35.33% from the end of 2021. Specifically, corporate house rental loans totalled RMB121,777 million, an increase of RMB39,757 million or 48.47% from the end of 2021, supporting more than 700 house rental enterprises. Projects supported by CCB can provide 800,000 residences to the public.

## Inclusive finance strategy

The Group continued to improve the model of digital inclusive finance and steadily pressed ahead with the high-quality development of inclusive finance services. The Group enhanced its platform operation and continuously upgraded “CCB Huidongni” app with digital technology and other technologies to improve market responsiveness. The platform had attracted over 170 million online user visits and been downloaded more than 22.5 million times on a cumulative basis. It had provided credit lines of more than RMB1.3 trillion to over 1.65 million customers. The Group focused on the diverse needs of inclusive finance groups such as small and micro businesses, individual business owners, agriculture-related customers, as well as upstream and downstream customers in supply chains, and diversified new product lines such as “Quick Loan for Small and Micro Businesses”, to improve its ability and efficiency to meet customer demands. Loans granted through such products totalled RMB7.41 trillion since their launch, benefiting 3,021.9 thousand customers. The Group enhanced its service capabilities in sci-tech innovation sector, upgraded “CCB Start-up Station” service models to support medium, small and micro businesses engaging in sci-tech innovation. The Group had launched “CCB Start-up Station” in 25 tier-one branches, granting more than RMB37 billion loans on a cumulative basis to over 15 thousand enterprises which have joined the “Station”. The Group gave full play to the advantages of its outlet network, and strengthened the integrated development to make its online service more accessible to common people and provide warm and high-quality offline service. The Bank had more than 14,000 outlets that can provide inclusive finance services, and over 19,000 inclusive finance specialists. The Bank had established 252 inclusive finance (small business) service centres, as well as 2,543 featured inclusive finance outlets. It continuously upgraded the intelligent risk control and management system for inclusive finance to ensure the stable credit asset quality. The Bank’s inclusive finance loans increased by RMB267,058 million or 14.25% over the end of 2021 to RMB2.14 trillion. The number of inclusive borrowers increased by 315.3 thousand over the end of 2021 to 2,252 thousand. The Group increased efforts in surrendering profits to support the real economy, and the interest rate of new inclusive loans granted to small and micro businesses was 4.08% in the first half of 2022, down eight basis points from 2021.

The Group continued to improve its comprehensive service system, and strengthened its financial service for rural revitalisation. In the PBC and the CBIRC’s assessment of financial institutions in terms of service for rural revitalisation in 2021, the Bank was evaluated as “excellent”. By the end of June, the total number of “Yunongtong” inclusive finance service outlets was 490,000, covering nearly 80% of small towns and administrative villages across the country, which provided convenient financial services, convenience services, smart government affairs services, and e-commerce services for agriculture enterprises, farmers and enterprises in rural areas. “Yunongtong” app had 3.17 million registered users, granted RMB11,826 million loans and processed bill payments of RMB281 million on a cumulative basis. A total of 18.36 million “Rural Revitalisation • Yunongtong” cards had been issued to key personal customers involved in innovation and entrepreneurial activities. The Group continued to diversify its online “Yunong Quick Loan” and offline “Yunong Loan” product portfolios to provide better financial services to farmers. At the end of June, agriculture-related loans of the Bank amounted to RMB2.77 trillion, up RMB305,003 million or 12.37% from the end of 2021. Specifically, agriculture-related corporate loans totalled RMB1.92 trillion; agriculture-related personal loans totalled RMB848,901 million, in which loans to farmers for production and operation purpose were RMB164,348 million with an increase of RMB53,390 million or 48.12% from the end of 2021. Agriculture-related inclusive loans (excluding discounted bills) totalled RMB359,022 million, up RMB63,595 million or 21.53% from 2021. The number of agriculture-related loan borrowers was 2.69 million with an interest rate of 4.08% for new agriculture-related loans originated in the first half of 2022, down 22 basis points from the end of 2021.

## FinTech strategy

The Group comprehensively advanced the in-depth development of the FinTech strategy, continuously enhanced capabilities of the independent and controllable IT systems, ensured the safety and stability of operation, and supported the high-quality business development across the Bank.

The Group accelerated the digital infrastructure construction and the comprehensive cloud-native oriented transformation and kept on investing in the brand of “CCB Cloud”. “CCB Cloud” infrastructure continued to promote the integrated management of multi-technology stacks and multi-chips, and the standard computing power rose by over 20% from the end of last year, which topped the domestic banking industry in terms of overall size and service capability. It was also among the first banks that passed the cloud service safe production capability assessment of the China Academy of Information and Communications Technology (CAICT). The Group continued to advance the construction of technology middle platform, and built agile cloud native fundamental service capabilities of safety, high availability and service consistency to provide high quality and large scale technological service. The container cloud platform was among the first to pass the CAICT’s highest level evaluation and certification of “maturity of cloud native technology architecture”. It continued to polish its expertise in technological capabilities by building platforms of Artificial Intelligence (AI), Big Data, Blockchain, Internet of Things, Mobile Network, Agile Development, etc. The AI platform established an end-to-end engineering capability that covers the whole process from data collection, data labeling, model-training to service-release, and supported a total of 683 application scenarios including financial document auditing, license recognition in account opening, foreign exchange document verification, intelligent security protection and intellectual dialogue. The Big Data platform integrated the real time data and batch data processing service, and supported real time data analysis for applications including CCB Lifestyle and real time retail. The Group independently developed Blockchain technology, and enhanced core technological capabilities to support key applications such as trade finance, cross-border payment and China Railway Express. The Group strengthened the integration of development and safe operation, promoted the innovative application of security technologies such as privacy protection computing, established a laboratory specialised in security attack and defence, and carried out internal cyber security attack and defence drills, to continuously improve the practical capability of safe operation.

The Group continued to improve its agile-response-capability and delivery efficiency for business requirement. It put 11,000 versions into production in the first half of 2022, with a delivery ratio of 98.4%. It promoted the overall transformation of system to distributed architecture, and completed distributed transformation of all domestic and overseas businesses in the personal loan and customer information components of the core banking system. It made great efforts to promote the integrated service model of mobile banking and CCB Lifestyle and released CCB Lifestyle 2.0. Moreover, technologies have empowered CCB subsidiaries to achieve milestone results. The “Mega Asset Manager” was rolled out to 9 subsidiaries including CCB Wealth Management, CCB Life’s “New Generation” insurance system was successfully launched, and CCB Pension’s first key projects under the “Ginkgo Project” were put into operation.

The Group had been granted a total of 934 patents by the end of June 2022, including 540 invention patents, maintaining a leading position in the domestic banking industry in terms of invention patents. The Bank’s subsidiary, CCB FinTech Co., Ltd., became the only company in the financial industry that was shortlisted as the “Exemplary Enterprise for Sci-Tech Reform” by the Leading Group Office of State-owned Enterprise Reform of the State Council.

## 4.2.2 Corporate Banking

### Corporate financial service

Corporate deposits increased steadily, and the customer and account base was further consolidated. At the end of June, domestic corporate deposits of the Bank amounted to RMB11.06 trillion, an increase of RMB720,461 million or 6.97% over the end of 2021. Specifically, demand deposits increased by 4.33% and time deposits increased by 11.53%. The number of the Bank's corporate customers was 8,875.9 thousand, an increase of 411.8 thousand or 4.87% over the end of 2021. The Bank had 12.58 million corporate RMB settlement accounts, an increase of 640 thousand over the end of 2021.

Corporate loans maintained rapid growth, vigorously supporting the real economy and effectively serving the development in key areas. At the end of June, domestic corporate loans of the Bank amounted to RMB10.60 trillion, an increase of RMB1.00 trillion or 10.46% over the end of 2021, with the NPL ratio of 2.15%. Loans to infrastructure sectors reached RMB5.47 trillion, an increase of RMB406,590 million or 8.02% over the end of 2021, accounting for 51.66% of corporate loans and advances, with the NPL ratio of 1.44%. Medium to long-term manufacturing loans amounted to RMB835,932 million, an increase of RMB164,191 million or 24.44% over the end of 2021. According to the classification standard of the CBIRC, loans to private enterprises amounted to RMB4.15 trillion, an increase of RMB524,074 million or 14.45% over the end of 2021. Loans to strategic emerging industries reached RMB1.17 trillion, an increase of RMB245,770 million or 26.66% over the end of 2021. Loans to sci-tech enterprises amounted to RMB1.14 trillion, an increase of RMB264,570 million or 30.07% over the end of 2021. Domestic loans to real estate industry of the Bank amounted to RMB762,791 million, an increase of RMB32,704 million over the end of 2021. The Bank provided more than 70 thousand customers in 4,113 core enterprise industrial chains with a total of RMB438,888 million supply chain financing support on a cumulative basis in the first half of 2022.

### Institutional business

The Bank optimised and strengthened smart government affairs services, facilitated access to people's livelihood services, and created new paths to serving a digital government. By the end of June, the Bank had established cooperative relationships with 29 provincial governments, and built the "Internet + Government Affairs Services" and "Internet + Supervision" platforms or scenarios for 14 provinces and 13 cities. The total number of registered users of these online platforms exceeded 200 million, and the total number of processed government affairs reached over 3 billion. The Bank leveraged its outlets to build "government affairs lobbies around people", and enabled government affairs service function at over 14,000 outlets, where people could process, make appointments for and inquire about more than 7,700 items of government affairs. By the end of June, the Bank had processed over 61 million government affairs for more than 26 million users. The Bank was the first among its peers to designate a smart teller machine (STM) service zone for "cross-provincial network" for government affairs in all 31 provinces, autonomous regions, and municipalities. The Bank also provided convenient cross-region government affairs services in the Southwest region via continuing to deepen the "cross-provincial government affairs service" platform. The Bank developed more scenarios for government affairs services payment system, covering property transactions, non-tax items, social securities, convenience services, litigation fees, school tuitions, and medical treatment. It enabled over 14,000 online payment items with total payment exceeding RMB130 billion on a cumulative basis.

The Bank established rural community-level digital governance service scenarios, promoted the comprehensive service platform for the supervision of collective funds, assets and resources in rural areas, the trading of rural property rights and smart village affairs, and innovated credit products for rural collective economy. As a result, the number of community-level government clients increased rapidly. The Bank continuously deepened and expanded its cooperative relationship with customers in education and healthcare sectors, launched educational training fund supervision service app in response to the national policy that eases the burden of excessive homework and off-school tutoring for students undergoing compulsory education. The Bank supported the national prevention and control of COVID-19 pandemic, fulfilled its social responsibilities, and provided hospitals with an efficient nucleic acid testing service platform.

### International business

The Bank supported initiatives on stabilising foreign trade and foreign investment. In the first half of 2022, the supply of trade finance of the Bank reached RMB998,052 million, an increase of 31.80% year on year. The Bank expanded credit supply of short-term insurance policy financing, outperforming peers in terms of the collaboration amount under short-term insurance with Sinasure. With innovative cross-border payment and financing products, the Bank supported the development of new business forms and models of foreign trade, such as cross-border e-commerce, market procurement trade, comprehensive foreign trade services, overseas warehouses, bonded maintenance, and new offshore international trade. The Bank is committed to promoting cooperation under the Belt and Road Initiative. Project Factoring (Jiandantong, Jianpiaotong and Jianxintong) had provided financial support to 136 projects in 50 countries along the Belt and Road.

The Bank accelerated its digital transformation. It led the industry in blockchain trade finance innovation. The cumulative trading volume of “Blockchain Trade (BCTrade) Finance Platform” exceeded RMB1.10 trillion, and the platform was listed in the “Forbes BlockChain 50” for three consecutive years. The Bank continuously enriched the comprehensive financial service ecosystem of China Railway Express, which covered multiple scenarios of the railway electronic bill of lading pilots with innovative featured supporting products. “CCB Match Plus” continued to expand, with over 200,000 registered users and more than 140,000 business opportunities released. With focus on green development, cross-border e-commerce and RCEP regional cooperation, the Bank held a total of 163 digital exhibitions and online matchmaking events for 34 countries and regions.

The Bank contributed to the internationalisation of RMB. In the first half of 2022, the Bank’s cross-border RMB settlement volume reached RMB1.26 trillion, serving 24,400 cross-border RMB settlement customers. CCB’s branch in UK continued to be the largest RMB clearing bank outside Asia, with a cumulative clearing amount of nearly RMB70 trillion.

## Asset custody service

The asset custody business maintained high-quality development despite adverse effects of the pandemic and capital market. The Bank successfully implemented the custody of Baowu Green Carbon Private Equity Fund, the largest carbon neutral fund in China, won the bid for the custody of “Infrastructure REITs” of Beijing Public Housing Centre, launched the industry’s first “Smart Custody” service to facilitate asset management process, and was awarded “China’s Best Sub-Custodian Bank” by the Global Finance. At the end of June, assets under custody of the Bank reached RMB19.02 trillion, an increase of RMB1.32 trillion over the end of 2021. Specifically, insurance assets under the Bank’s custody increased by RMB654.2 billion, ranking the first among peers. Income from custody services was RMB4,326 million, an increase of RMB478 million or 12.42% over the same period last year, ranking the first among peers in terms of growth.

## Settlement and cash management business

The Bank adhered to the concept of “innovation-driven, data-empowered, and service-oriented”, and enhanced its integrated cash management service capacity of RMB and foreign currencies both at home and abroad. It increased support in global cash management services and assisted in the treasury construction of state-owned enterprises. It optimised “Yudao - Treasury Cloud” to consolidate its cross-bank cash management service capacity. The Bank also strengthened ecological co-building of settlement products and digital transaction service platforms. It applied “Jianguanyi” to ensure the safe and efficient use of designated funds for social and people’s livelihood, such as construction projects, agricultural-related poverty alleviation, and pre-sale commercial housing. It relied on “Huishibao” to build a comprehensive service platform for transaction settlement in sectors such as house rental, county-level rural finance, and supply chain finance. It used “Zhangbutong” to provide standardised settlement services featuring “multi-channel collection, integrated bookkeeping, penetrative sub-ledger preparation, targeted payment management, and closed-loop fund management” for chain stores, special government debts and housing fund collections and payments, effectively improving the quality and efficiency of cash management in serving the market development. The Bank actively connected with systems operated by governments across all levels for supervising the payment of migrant workers’ wages, supported the earmarking of migrant workers’ wage funds, and effectively guaranteed the timely and full payment of migrant workers’ wages. In the first half of 2022, the Bank assisted 13.8 thousand new corporates with the amount of wages paid totalled RMB174,760 million. At the end of June, the Bank had 12,582.5 thousand corporate RMB settlement accounts, an increase of 635.8 thousand over the end of 2021, while its cash management service customers increased by 27.5 thousand to 322.7 thousand from the same period last year.

## 4.2.3 Personal Banking

### Personal financial service

Adhering to its commitment to be “customers’ major banking partner”, the Bank upgraded the layered, sub-group and graded customer operation system, deepened digitalised operation, and promoted the high-quality development of retail banking. With regard to digitalised operation, the Bank steadily advanced the building of ecological scenarios, and further improved the direct and exclusive sales capabilities to gradually form a digitalised service network integrating online and offline services. It also established a close digital connection with customers, identified their financial and non-financial needs, and carried out theme activities such as “Benefit Season” and “Fighting Season” to serve all customers. In terms of mega wealth management, the Bank accelerated and supported the building of the wealth management system and platform, strengthened the brand marketing of “CCB Long Fortune”, and steadily built a mega wealth management system with CCB characteristics. At the end of June, the Bank's domestic personal deposits totalled RMB12.36 trillion, an increase of RMB1.08 trillion over the end of 2021; and financial assets of personal customers exceeded RMB16 trillion. The profit before tax of personal banking business accounted for 62.81% of the total profit.

The Bank actively implemented national macro-control policies and regulations on real estate and implemented differentiated housing credit policies. It carefully selected proper locations, institutions, projects and customers in granting loans, and focused on meeting local mortgage demands for first houses and improved housing. It actively practised the concept of whole-process risk prevention and control and took solid measures in risk prevention to ensure the sustainable, stable and healthy development of residential mortgages. At the end of June, the Bank's domestic personal loans amounted to RMB8.09 trillion, up 2.47% over the end of 2021. Specifically, the balance of residential mortgages was RMB6.48 trillion, and its NPL ratio was 0.25%; the balance of personal consumer loans was RMB255,763 million, including RMB206,898 million personal quick loans; and the balance of agriculture-related personal loans “Yunong Loan” was RMB38,864 million, up 144.83% over the end of 2021.

### Entrusted housing finance business

The Bank's entrusted housing finance business has always been committed to serving the society and realising people's dreams of having a home and empowered the informatisation of housing funds with technologies to improve the quality and efficiency of services. The Bank continued to improve its housing provident fund contribution services, actively rolled out such services for those flexibly employed in pilot cities and continued to expand the coverage of the housing provident fund system. It supported the basic housing consumption of employees with housing provident funds, continued to increase the supply of housing provident fund loans and the mix of housing provident fund loans and commercial loans, and facilitated applicants to withdraw housing provident funds for housing rental, to support the initiative to make housing provident funds available for both housing rental and purchase. At the end of June, the balance of housing fund deposits was RMB1.20 trillion, while personal housing provident fund loans amounted to RMB2.85 trillion.

## Bank card business

The Bank continued to deeply engage in the consumption ecology by serving both merchants and customers. It focused on high-quality merchants in the consumption field and widely cooperated with national group chains, comprehensive supermarkets and high-star hotels. It promoted the integration of payment products, and created an intelligent payment engine to improve customers' payment experience. Moreover, it made great efforts to create a flexible and universal scenario-based account service system, which effectively linked customers and improved customer acquisition ability. At the end of June, the cumulative number of debit cards issued exceeded 1,270 million, with a transaction volume of RMB11.70 trillion in the first half of 2022. The number of acquiring merchants reached 4,905.1 thousand and the size and quality of merchants developed steadily.

The Bank innovated and enriched credit card product lines to meet the multi-level needs of customers. It introduced innovative products such as "Green & Low-Carbon Long Card", "NewLink Long Card", and "City New Star Card", continued to promote the migration of digital credit cards and the development of new products, and accelerated the building of credit card value-added service platforms. It vigorously expanded the supply of instalment loans, deepened instalment loan cooperation with leading merchants, adapted differentiated pricing strategies and channel management strategies for bill instalments, and consolidated its leading advantage among peers in consumer loans. The instalment purchases of new energy vehicles had covered 76 cooperative brands and more than 300 models. The Bank firmly safeguarded the bottom line of wiping out risks and continued to improve the whole-process risk control and operation capability. It strengthened the authenticity management and control over the whole business process and ensured the compliant use of loans. At the end of June, the Bank's domestic credit card loans totalled RMB910,311 million, with the NPL ratio of 1.44%. The cumulative number of credit cards issued reached 152 million, an increase of 4.38 million over the end of 2021, with the cumulative number of customers of 107 million, an increase of 2.33 million over the end of 2021; the transaction volume in the first half of 2022 achieved RMB1.44 trillion, leading the market in terms of total customers, the net increase in customers, the number of new credit cards issued, loan balance, instalment loan balance, instalment transaction volume, and instalment interest income.

## Private banking

The Bank deepened its specialised operation of private banking, continued to publish allocation strategies for major asset classes and policy interpretations, improved asset allocation service capacity, and expanded the coverage of private banking services. The Bank increased the supply of high-quality private banking products and services, deployed key products in advance according to the capital market development, and maintained a leading position for its family trust advisory business in the industry. It pressed ahead with the building of the whole-process integrated system for digital apps and customer services of private banking, deepened the refined management of private banking centres, and created high-quality service experience for private banking customers. At the end of June, the private banking customers' financial assets under management reached RMB2.18 trillion, an increase of 7.74% over the end of 2021. The Bank had 190.5 thousand private banking customers, an increase of 7.52% over the end of 2021. The balance of assets under management of family trust advisory business was RMB77,739 million.



## 4.2.4 Treasury Business

### Financial market business

The Bank's financial market business actively implemented the New Finance initiatives, effectively supported the implementation of national strategies and the development of the real economy, and continued to make progress in operation and management, digitalisation, marketing and customer base expansion, and risk management and control.

### *Money market business*

The Bank strengthened its proactive management with a combination of money market tools, and maintained reasonable RMB and foreign currency positions, to ensure the soundness of daily liquidity. It strengthened market forecast with in-depth understanding of market movement pattern and optimised the "AI Trader" in the money market. The Bank fulfilled its responsibilities as a large bank, continued to provide liquidity to small and medium-sized financial institutions, and maintained the smooth operation of the market. As a result, the transaction volume in the RMB money market doubled over the same period last year. The Bank paid close attention to the impact of interest rate hikes by the US Federal Reserve and the balance sheet runoff process on the foreign currency market, adjusted its strategies and arrangements in a timely manner, and improved the efficiency of foreign currency operations. It topped in the comprehensive rankings of Foreign Currency Lending (FCL), foreign currency repurchase transactions and interbank FCL Quoting Banks, and became one of the first domestic banks to participate in foreign currency open-ended repurchase transactions.

### *Debt securities business*

The Bank adhered to the strategy of value investment, paid close attention to interest rate changes and adjusted its pace of investment when appropriate. It optimised its portfolio structure, enhanced its contribution to the Bank, and maintained the leading market position in underwriting business of government bonds. It practised the concept of green development and supported the issuance of innovative green bonds. As a result, the balance of RMB green bonds increased by more than 60% from the end of 2021. The Bank actively carried out bond distribution by relying on FinTech, provided over 200 small and medium-sized financial institutions with bond tendering and trading services in the primary market via the industry-leading professional and featured transaction channel "CCB Financial Market E-Trading Platform". The distribution volume reached approximately RMB160 billion. The Bank actively underwrote and invested in domestic USD bonds and contributed to the building of domestic market of foreign currency bonds.

### *Customer-based trading business*

The Bank steadily promoted the high-quality development of its customer-based trading business. It advocated the concept of “risk neutrality”, helped market entities mitigate risk of fluctuations in exchange rates and interest rates through derivatives trading, and enhanced their ability to resist risks. The Bank developed “We Trade” products to provide small and micro businesses with fast and efficient exchange rate hedging services. In the first half of 2022, the trading volume of customer-based derivatives increased by 14.25% year on year.

### *Precious metals and commodities*

The Bank strengthened digitalised operation and enhanced comprehensive service capabilities in precious metals and commodities business. It also adjusted business structure and advanced business transformation. In the first half of 2022, the total trading volume of precious metals of the Bank reached 19,122 tonnes.

### *Assets management business*

The Group seized development opportunities such as pension finance and wealth management, accelerated transformation and innovation of assets management business model, strengthened investment research, asset allocation, risk management, internal control and investment operation, and promoted the integrated and coordinated operation and management of assets management business at the group level. At the end of June, the Group’s WMPs amounted to RMB2,151,580 million. In this amount, those managed by CCB Wealth Management were RMB2,047,002 million, and those managed by the Bank were RMB104,578 million. Net-value WMPs amounted to RMB2,047,002 million, all of which were managed by CCB Wealth Management, accounting for 95.14% of the total, an increase of 2.89 percentage points over the end of 2021.

In the first half of 2022, CCB Wealth Management raised RMB3,933,463 million by issuing WMPs, and redeemed RMB4,074,791 million at maturity; the Bank raised RMB145,707 million by issuing WMPs, and redeemed RMB225,078 million at maturity. At the end of June, the balance of open-end products of CCB Wealth Management was RMB1,559,393 million, accounting for 76.18% of the total, and the balance of closed-end products was RMB487,609 million, accounting for 23.82% of the total; the balance of WMPs to personal customers was RMB1,724,648 million, accounting for 84.25% of the total; and that to corporate customers was RMB322,354 million, accounting for 15.75% of the total; the balance of equity investments was RMB20,364 million, accounting for 0.90% of the total assets. The Bank’s balance of WMPs to personal customers was RMB75,082 million, accounting for 71.80% of the total; and that to corporate customers was RMB29,496 million, accounting for 28.20% of the total; the balance of equity investments was RMB47,511 million, accounting for 38.71% of the total assets.

Information on issuance, maturity and balance of the Group's WMPs during the reporting period is as follows.

| (In millions of RMB, except batches) | As at 31 December 2021 |           | H1 2022     |           |              |           | As at 30 June 2022 |           |
|--------------------------------------|------------------------|-----------|-------------|-----------|--------------|-----------|--------------------|-----------|
|                                      |                        |           | WMPs issued |           | WMPs matured |           |                    |           |
|                                      | Batches                | Amount    | Batches     | Amount    | Batches      | Amount    | Batches            | Amount    |
| <b>CCB Wealth Management</b>         | 970                    | 2,188,330 | 465         | 3,933,463 | 325          | 4,074,791 | 1,110              | 2,047,002 |
| <b>The Bank</b>                      | 82                     | 183,949   | -           | 145,707   | 70           | 225,078   | 12                 | 104,578   |
| <b>Total</b>                         | 1,052                  | 2,372,279 | 465         | 4,079,170 | 395          | 4,299,869 | 1,122              | 2,151,580 |

The assets in which the Group's WMPs invested directly and indirectly as at the dates indicated are as follows.

| (In millions of RMB, except percentages)                        | As at 30 June 2022    |               |                |               |                  |               | As at 31 December 2021 |               |                |               |                  |               |
|---|-----------------------|---------------|----------------|---------------|------------------|---------------|------------------------|---------------|----------------|---------------|------------------|---------------|
|   | CCB Wealth Management |               | The Bank       |               | The Group        |               | CCB Wealth Management  |               | The Bank       |               | The Group        |               |
|   | Amount                | % of total    | Amount         | % of total    | Amount           | % of total    | Amount                 | % of total    | Amount         | % of total    | Amount           | % of total    |
| Cash, deposits and interbank negotiable certificates of deposit | 908,073               | 40.02         | 30,441         | 24.80         | 938,514          | 39.24         | 786,897                | 34.35         | 80,643         | 39.11         | 867,540          | 34.74         |
| Bonds   | 1,115,117             | 49.15         | 22,560         | 18.38         | 1,137,677        | 47.57         | 1,222,780              | 53.38         | 43,595         | 21.14         | 1,266,375        | 50.72         |
| Non-standardised debt assets                                    | 124,009               | 5.47          | 22,234         | 18.11         | 146,243          | 6.11          | 132,312                | 5.78          | 26,138         | 12.68         | 158,450          | 6.35          |
| Equity investments  | 20,364                | 0.90          | 47,511         | 38.71         | 67,875           | 2.84          | 15,081                 | 0.66          | 55,804         | 27.07         | 70,885           | 2.84          |
| Other assets  | 101,302               | 4.46          | -              | -             | 101,302          | 4.24          | 133,720                | 5.84          | -              | -             | 133,720          | 5.36          |
| <b>Total</b>  | <b>2,268,865</b>      | <b>100.00</b> | <b>122,746</b> | <b>100.00</b> | <b>2,391,611</b> | <b>100.00</b> | <b>2,290,790</b>       | <b>100.00</b> | <b>206,180</b> | <b>100.00</b> | <b>2,496,970</b> | <b>100.00</b> |

## Investment banking business

The Bank actively pursued market product innovation and secured steady and healthy development of the bond underwriting business. It launched innovative bonds such as the first batch of transition bonds to facilitate green and low-carbon transformation, sci-tech innovation notes to support technological innovation, publicly offered bonds under the “Frequent Issuance Programme” and M&A notes related to the real estate industry. It also completed innovative projects such as housing rental REITs projects, as well as housing rental asset-backed bonds. Relying on the intelligent advisory platform and transaction-based business, the Bank built an “online + offline” digitalised stereoscopic financial advisory service system, and continuously improved its financial advisory service capability. It set up “Intelligent Workshop” to refine its transaction-oriented consulting ability at various levels; established several task-oriented teams to conduct refined management of customer bases and improve the ability to acquire and reactivate customers; strengthened brand promotion of “FITS e+” and “FITS e Intelligence” to empower customers in a precise manner. In the first half of 2022, the Bank underwrote a total of 408 debt financing instruments for 262 non-financial enterprises, amounting to RMB227,022 million. By the end of June, the outstanding balance of direct financing provided by the Bank for the real economy had amounted to RMB1.8 trillion.

## Securitisation business

Taking market demand, regulatory requirements, and internal management needs into account, the Bank dynamically adjusted the strategy and plan for securitisation issuance. In the first half of 2022, it issued four batches of NPL assets-backed securities, amounting to RMB2,303 million, which included one batch of NPL assets-backed securities backed by non-performing residential mortgages, with a principal of RMB2,564 million and an issuance size of RMB1,530 million. It issued two batches of non-performing credit card loan assets-backed securities, with a principal of RMB3,167 million and an issuance size of RMB556 million; and one batch of non-performing unsecured small and micro business loan assets-backed securities invested by non-performing quick loan assets, with a principal of RMB1,527 million and an issuance size of RMB217 million.

## Financial institutional business

The Bank continued to press ahead with the building of the interbank cooperation platform, focused on enhancing the development of ecological scenarios and the operation of platform business, and improved cooperation quality and efficiency with technologies. The platform launched the bill-pledged repurchase function, where counterparties can receive information including the period and price of the Bank’s funds of the day and submit their financing needs; as well as the bond issuance function, where investors can log in to the platform to view the information of bonds issued by the Bank. By the end of June, the cumulative transactions made via the platform had amounted to more than RMB1 trillion. The Bank implemented regulatory requirements that encourage large banks to provide risk control tools and technologies to help small and medium-sized financial institutions improve their risk control capabilities. The Bank cooperated extensively in the field of e-CNY with various bank customers such as national joint-stock commercial banks, city commercial banks, rural commercial banks and provincial rural credit cooperatives to jointly promote the ecological construction of e-CNY. At the end of June, the Bank’s amounts due to other domestic financial institutions (including deposits from insurance companies) were RMB2.65 trillion, an increase of RMB857,052 million over the end of 2021. The Bank’s assets placed with other domestic financial institutions amounted to RMB581,709 million, an increase of RMB273,125 million over the end of 2021.

## 4.2.5 Overseas Commercial Banking Business

The Group steadily expanded its overseas business and institutional network to continuously enhance globalised customer service capability and international competitiveness. At the end of June, overseas commercial banking branches and subsidiaries covered 30 countries and regions on all continents, and achieved net profit of RMB1,575 million in the first half of 2022.

### CCB Asia

China Construction Bank (Asia) Corporation Limited is a licensed bank registered in Hong Kong and a wholly-owned subsidiary of the Bank with an issued and fully paid capital of HK\$6,511 million and RMB17,600 million.

CCB Asia holds a banking license to engage in multiple lines of business, with its core base in Hong Kong and Macau, and a wide reach that extends to the mainland of China and Southeast Asia. The targeted customers of its wholesale business include local Blue-Chip and large Red-Chip companies, large Chinese conglomerates and multinational corporations, while it also provides quality financial services to premium local customers. CCB Asia has rich experience and traditional advantages in providing professional financial services such as overseas syndicated loans and structured finance and has achieved rapid growth in corporate financial services in international settlement, trade finance, financial market trading and financial advisory service. CCB Asia is the Group's service platform for retail and small and medium-sized enterprises in Hong Kong, and has 32 outlets. At the end of June, total assets of CCB Asia amounted to RMB365,330 million, and shareholders' equity was RMB67,970 million. Net profit in the first half of 2022 was RMB1,308 million.

### CCB London

China Construction Bank (London) Limited, established in the UK in 2009, is a wholly-owned subsidiary of the Bank, with a registered capital of US\$200 million and RMB1.5 billion.

In order to better respond to changes in the external market environment and meet the needs of internal operation and management, the Group gradually promoted the business integration of its London institutions. CCB London's application for termination of business has been approved by domestic and overseas regulators, and the follow-up work is in progress. At the end of June, total assets of CCB London were RMB3,547 million, and shareholders' equity was RMB3,547 million. Net profit in the first half of 2022 was RMB486.4 thousand.

### CCB Russia

China Construction Bank (Russia) Limited, established in Russia in 2013, is a wholly-owned subsidiary of the Bank, with a registered capital of RUB4.2 billion. CCB Russia holds a comprehensive banking license, a precious metal business license and a security market participant license issued by the Central Bank of Russia.

CCB Russia is mainly engaged in corporate deposits and loans, international settlement and trade finance, financial market trading and financial institutional business. At the end of June, total assets of CCB Russia amounted to RMB3,789 million, and shareholders' equity was RMB829 million. Net profit in the first half of 2022 was RMB16 million.

### CCB Europe

China Construction Bank (Europe) S.A., established in Luxembourg in 2013, is a wholly-owned subsidiary of the Bank, with a registered capital of EUR550 million. Based in Luxembourg, CCB Europe has established branches in Paris, Amsterdam, Barcelona, Milan, Warsaw and Hungary.

CCB Europe mainly provides services to large and medium-sized enterprises in Europe as well as European enterprises in China. It is mainly engaged in corporate deposits and loans, international settlement, trade finance and cross-border trading. At the end of June, total assets of CCB Europe amounted to RMB19,002 million, and shareholders' equity was RMB3,592 million. Net profit in the first half of 2022 was RMB9 million.

### CCB New Zealand

China Construction Bank (New Zealand) Limited, established in New Zealand in 2014, is a wholly-owned subsidiary of the Bank, with a registered capital of NZD199 million.

CCB New Zealand holds a wholesale and retail business license, and offers all-round and high-quality financial services, including corporate loans, trade finance, RMB clearing and cross-border trading. At the end of June, total assets of CCB New Zealand amounted to RMB9,596 million, and shareholders' equity was RMB1,145 million. Net profit in the first half of 2022 was RMB56 million.

### CCB Brasil

China Construction Bank (Brasil) Banco Múltiplo S/A, acquired by the Bank in Brasil in 2014, is a wholly-owned subsidiary of the Bank. The name of its predecessor, Banco Industrial e Comercial S.A., was changed to the present one in 2015.

CCB Brasil has eight domestic branches and sub-branches in Brasil, one Cayman branch, and eight subsidiaries. The subsidiaries provide professional financial services including corporate loans, personal loans, credit cards, financial leasing and factoring. At the end of June, total assets of CCB Brasil amounted to RMB24,084 million, and shareholders' equity was RMB1,282 million. Net loss in the first half of 2022 was RMB74 million.

### CCB Malaysia

China Construction Bank (Malaysia) Berhad, established in Malaysia in 2016, is a wholly-owned subsidiary of the Bank, with a registered capital of MYR823 million.

As a licensed commercial bank, CCB Malaysia provides various financial services, including global credit granting for large local infrastructure projects in Malaysia, project finance for enterprises engaging in Sino-Malaysian bilateral trade, trade finance, clearing in multiple currencies, and cross-border fund transactions for key projects. At the end of June, total assets of CCB Malaysia amounted to RMB8,341 million, and shareholders' equity was RMB1,364 million. Net loss in the first half of 2022 was RMB6 million.

### CCB Indonesia

PT Bank China Construction Bank Indonesia Tbk is a fully licensed commercial bank listed on the Indonesia Stock Exchange, with a registered capital of IDR3.79 trillion. CCB Indonesia is headquartered in Jakarta and has 79 branches and sub-branches in Indonesia. The Bank completed the acquisition of 60% equity in PT Bank Windu Kentjana International Tbk in 2016 and renamed it PT Bank China Construction Bank Indonesia Tbk in 2017.

CCB Indonesia serves the bilateral investment and trade between China and Indonesia, and provides high-quality services to local enterprises in Indonesia. Its business priorities include corporate business, small and medium-sized enterprise business, trade finance and infrastructure finance. At the end of June, total assets of CCB Indonesia amounted to RMB11,476 million, and shareholders' equity was RMB2,755 million. Net profit in the first half of 2022 was RMB27 million.

## 4.2.6 Integrated Operation Subsidiaries

The Group has multiple integrated operation subsidiaries, including CCB Principal Asset Management, CCB Financial Leasing, CCB Trust, CCB Life, Sino-German Bausparkasse, CCB Futures, CCB Pension, CCB Property & Casualty, CCB Investment, CCB Wealth Management and CCB International. In the first half of 2022, the overall development of subsidiaries was robust with steady business growth. At the end of June, total assets of the integrated operation subsidiaries were RMB814,559 million. Net profit in the first half of 2022 reached RMB3,470 million.

### CCB Principal Asset Management

CCB Principal Asset Management Co., Ltd. was established in 2005, with a registered capital of RMB200 million, to which the Bank, Principal Financial Services, Inc. and China Huadian Capital Holdings Company Limited contribute 65%, 25% and 10%, respectively. It is engaged in the raising and selling of funds, and asset management.

CCB Principal Asset Management actively promoted business development, maintained safe and steady operation, and achieved good business performance. At the end of June, total assets managed by CCB Principal Asset Management were RMB1.31 trillion. Specifically, mutual funds were RMB715 billion; separately managed accounts were RMB388,290 million, and assets managed by its subsidiary CCB Principal Capital Management Co., Ltd. reached RMB203,973 million. At the end of June, total assets of CCB Principal Asset Management were RMB9,572 million, and shareholders' equity was RMB8,304 million. Net profit in the first half of 2022 was RMB589 million.

### CCB Financial Leasing

CCB Financial Leasing Co., Ltd., established in 2007, is a wholly-owned subsidiary of the Bank, with a registered capital of RMB11 billion. It is mainly engaged in finance leasing, transfer and purchase of finance lease assets, and fixed-income securities investment.

Drawing on its advantages of financing and asset leasing, CCB Financial Leasing accelerated green leasing, inclusive leasing and digital transformation to improve the quality and efficiency of serving the real economy. At the end of June, total assets of CCB Financial Leasing were RMB127,010 million, and shareholders' equity was RMB22,672 million. Net profit in the first half of 2022 reached RMB264 million.

### CCB Trust

CCB Trust Co., Ltd. is a trust subsidiary invested and controlled by the Bank in 2009, with a registered capital of RMB10.5 billion. The Bank and Hefei Xingtai Financial Holding (Group) Co., Ltd. hold 67% and 33% of its shares, respectively. It is mainly engaged in trust business, investment banking and proprietary business.

CCB Trust stepped up efforts in improving compliance in its operations, actively pursued innovation-driven development, and delivered strong operating results. At the end of June, the trust assets under management amounted to RMB1,628,096 million. Total assets of CCB Trust were RMB44,347 million, and shareholders' equity was RMB25,577 million. Net profit in the first half of 2022 was RMB855 million.

## CCB Life

CCB Life Insurance Co., Ltd. is a life insurance subsidiary invested and controlled by the Bank in 2011 with a registered capital of RMB7.12 billion. The Bank, China Life Insurance Co., Ltd. (Taiwan), the National Council for Social Security Fund, Shanghai Jin Jiang International Investment and Management Company Limited, Shanghai China-Sunlight Investment Co., Ltd., and China Jiayin Investment Limited hold 51%, 19.9%, 16.14%, 4.9%, 4.85% and 3.21% of its shares, respectively. It is mainly engaged in personal insurance such as life, health, accidental injury insurance and reinsurance of the above-mentioned offerings.

CCB Life optimised its business structure with good market performance. At the end of June, total assets of CCB Life amounted to RMB309,055 million, and shareholders' equity was RMB18,392 million. Net profit in the first half of 2022 was RMB118 million. According to regulatory requirements, CCB Life did not implement the new financial instruments standard.

## Sino-German Bausparkasse

Sino-German Bausparkasse Co., Ltd. was established in 2004 with a registered capital of RMB2 billion. The Bank and Bausparkasse Schwaebisch Hall AG hold 75.10% and 24.90% of its shares, respectively. As a specialised commercial bank committed to serving the housing finance sector, Sino-German Bausparkasse is engaged in bauspar deposits, bauspar-related loans, other individual housing loans, and development loans to special projects supported by government policy.

Sino-German Bausparkasse achieved steady business development, and the sales of housing savings products amounted to RMB24,524 million in the first half of 2022. At the end of June, total assets of Sino-German Bausparkasse amounted to RMB34,493 million, and shareholders' equity was RMB2,951 million. Net profit in the first half of 2022 was RMB51 million.

## CCB Futures

CCB Futures Co., Ltd. is a futures subsidiary invested and controlled by the Bank in 2014 with a registered capital of RMB936 million. CCB Trust and Shanghai Liangyou (Group) Co., Ltd. hold 80% and 20% of its shares, respectively. It is mainly engaged in commodity futures brokerage, financial futures brokerage, asset management and futures investment advisory business. CCB Trading Company Limited, a wholly-owned subsidiary of CCB Futures, is engaged in pilot risk management operations, such as warehouse receipt service, basis trading and OTC derivatives, as well as general trade business.

CCB Futures gave full play to its professional strength, served the real economy and maintained steady improvement in all business lines. At the end of June, total assets of CCB Futures amounted to RMB12,121 million, and shareholders' equity was RMB1,196 million. Net profit in the first half of 2022 was RMB44 million.



## CCB Pension

CCB Pension Management Co., Ltd. was established in 2015 with a registered capital of RMB2.3 billion. The Bank and the National Council for Social Security Fund hold 85% and 15% of its shares, respectively. It is mainly engaged in investment and management of national social security funds, businesses related to management of enterprise annuity funds, entrusted management of pension funds, and pension advisory service for the above-mentioned asset management activities.

CCB Pension continued to enhance investment management, customer services, risk and internal control management, and promoted the implementation and iteration of FinTech “Ginkgo Project” in an orderly manner. At the end of June, assets under management by CCB Pension reached RMB509,170 million, total assets of CCB Pension amounted to RMB4,012 million, and shareholders’ equity was RMB2,996 million. Net profit in the first half of 2022 was RMB119 million.

## CCB Property & Casualty

CCB Property & Casualty Insurance Co., Ltd. was established in 2016 with a registered capital of RMB1 billion. CCB Life, Ningxia Communications Investment Group Co., Ltd. and Yinchuan Tonglian Capital Investment Operation Co., Ltd. hold 90.2%, 4.9% and 4.9% of its shares, respectively. It is mainly engaged in motor vehicle insurance, insurance for business and household property, construction and engineering, liability insurance, hull and cargo insurance, short-term health and accidental injury insurance, and reinsurance of the above-mentioned offerings.

CCB Property & Casualty witnessed a steady business development. At the end of June, total assets of CCB Property & Casualty were RMB1,487 million, and shareholders’ equity was RMB472 million. Net profit in the first half of 2022 was RMB226.5 thousand.

## CCB Investment

CCB Financial Assets Investment Co., Ltd., established in 2017, is a wholly-owned subsidiary of the Bank, with a registered capital of RMB27 billion. It is mainly engaged in debt-for-equity swaps and relevant supporting businesses.

CCB Investment adopted a market-oriented approach and made active efforts to explore opportunities with business innovations. By the end of June, it had realised a total contractual amount of RMB938,208 million under framework agreements and an actual investment amount of RMB383,393 million. At the end of June, total assets of CCB Investment were RMB142,118 million, and shareholders’ equity was RMB33,594 million. Net profit in the first half of 2022 was RMB1,880 million.

## CCB Wealth Management

CCB Wealth Management Co., Ltd., a wholly-owned subsidiary of the Bank, was established in 2019, with a registered capital of RMB15 billion. It is mainly engaged in the offering of WMPs, investment services of entrusted properties, and wealth management advisory and consulting services to the customers. In 2021, CCB Wealth Management, jointly with BlackRock, Inc. and Temasek Holdings (Private) Limited, established BlackRock CCB Wealth Management Co., Ltd., with CCB Wealth Management making a RMB400 million capital contribution and holding 40% shares. In the first half of 2022, CCB Wealth Management, jointly with institutions such as ICBC Wealth Management, ABC Wealth Management, and BOC Wealth Management, established GUOMIN Pension Insurance Co., Ltd., with CCB Wealth Management making a RMB1,000 million capital contribution and holding 8.97% shares.

CCB Wealth Management actively participated in the development of capital market, and continuously improved its proactive management capability on the basis of sound and compliant operations. At the end of June, total assets of CCB Wealth Management were RMB20,336 million, and shareholder's equity was RMB19,360 million. The size of WMPs amounted to RMB2,047,002 million. Net profit in the first half of 2022 was RMB1,913 million.

## CCB International

CCB International (Holdings) Limited, established in 2004 with a registered capital of US\$601 million, is one of the Bank's wholly-owned subsidiaries in Hong Kong. It offers through its subsidiaries investment banking related services, including sponsoring and underwriting of public offerings, corporate merger and acquisition and restructuring, direct investment, asset management, securities brokerage and market research.

CCB International continued to focus on China concept stocks seeking listings on A-share or H-share markets, took innovative measures to serve the real economy and maintained stable development in all business lines including areas of acting as securities sponsor, underwriter and M&A financial advisor. At the end of June, total assets of CCB International amounted to RMB84,718 million, and shareholders' equity was RMB13,149 million. Net loss in the first half of 2022 was RMB1,290 million.

## 4.2.7 Analysed by Geographical Segment

The Group actively implemented national strategies and advanced the coordinated development of different regions. For the three key areas of Beijing-Tianjin-Hebei, Yangtze River Delta, and Guangdong-Hong Kong-Macao Greater Bay Area, the Group strengthened resource allocation, and optimised differentiated support policies. It provided service solutions to promote the development of Chengdu-Chongqing Economic Circle, Xiong'an New Area, Beijing's sub-centre, and Zhejiang Demonstration Zone for Common Prosperity, specified supportive policies, and served regional infrastructure construction and industrial development.

The following table sets forth, for the periods indicated, the distribution of the Group's profit before tax by geographical segment.

| (In millions of RMB, except percentages) | Six months ended 30 June 2022 |               | Six months ended 30 June 2021 |               |
|--|-------------------------------|---------------|-------------------------------|---------------|
|  | Amount                        | % of total    | Amount                        | % of total    |
| Yangtze River Delta                      | 33,079                        | 17.19         | 29,914                        | 16.22         |
| Pearl River Delta                        | 40,136                        | 20.86         | 27,530                        | 14.92         |
| Bohai Rim                                | 25,705                        | 13.36         | 30,590                        | 16.58         |
| Central                                  | 37,832                        | 19.67         | 34,711                        | 18.82         |
| Western                                  | 28,185                        | 14.66         | 25,170                        | 13.65         |
| Northeastern                             | 2,865                         | 1.49          | 1,970                         | 1.07          |
| Head Office                              | 23,807                        | 12.37         | 34,112                        | 18.49         |
| Overseas                                 | 777                           | 0.40          | 466                           | 0.25          |
| <b>Profit before tax</b>                 | <b>192,386</b>                | <b>100.00</b> | <b>184,463</b>                | <b>100.00</b> |

The following table sets forth, as at the dates indicated, the distribution of the Group's assets by geographical segment.

| (In millions of RMB, except percentages) | As at 30 June 2022 |               | As at 31 December 2021 |               |
|--|--------------------|---------------|------------------------|---------------|
|  | Amount             | % of total    | Amount                 | % of total    |
| Yangtze River Delta                      | 5,840,081          | 13.51         | 5,445,665              | 13.82         |
| Pearl River Delta                        | 4,730,750          | 10.94         | 4,291,896              | 10.89         |
| Bohai Rim                                | 7,494,952          | 17.34         | 6,960,553              | 17.66         |
| Central                                  | 5,134,711          | 11.88         | 4,808,874              | 12.20         |
| Western                                  | 4,617,394          | 10.68         | 4,272,993              | 10.84         |
| Northeastern                             | 1,636,747          | 3.79          | 1,530,966              | 3.89          |
| Head Office                              | 12,192,197         | 28.20         | 10,691,168             | 27.13         |
| Overseas                                 | 1,584,754          | 3.66          | 1,408,594              | 3.57          |
| <b>Total assets<sup>1</sup></b>          | <b>43,231,586</b>  | <b>100.00</b> | <b>39,410,709</b>      | <b>100.00</b> |

1. Total assets exclude elimination and deferred tax assets.

The following table sets forth, as at the dates indicated, the distribution of the Group's loans and NPLs by geographical segment.

| (In millions of RMB, except percentages)                   | As at 30 June 2022       |               |                |               | As at 31 December 2021   |               |                |               |
|--|--------------------------|---------------|----------------|---------------|--------------------------|---------------|----------------|---------------|
|  | Gross loans and advances | % of total    | NPLs           | NPL ratio (%) | Gross loans and advances | % of total    | NPLs           | NPL ratio (%) |
| Yangtze River Delta  | 3,888,863                | 19.12         | 34,412         | 0.88          | 3,492,555                | 18.61         | 32,286         | 0.92          |
| Pearl River Delta  | 3,403,887                | 16.73         | 50,873         | 1.49          | 3,137,528                | 16.72         | 37,532         | 1.20          |
| Bohai Rim  | 3,417,895                | 16.80         | 44,563         | 1.30          | 3,158,558                | 16.83         | 41,805         | 1.32          |
| Central  | 3,748,540                | 18.43         | 64,666         | 1.73          | 3,460,768                | 18.44         | 70,428         | 2.04          |
| Western  | 3,312,493                | 16.29         | 37,871         | 1.14          | 3,070,704                | 16.37         | 36,527         | 1.19          |
| Northeastern   | 869,233                  | 4.27          | 30,365         | 3.49          | 805,241                  | 4.29          | 30,672         | 3.81          |
| Head Office  | 914,660                  | 4.50          | 13,213         | 1.44          | 900,573                  | 4.80          | 12,046         | 1.34          |
| Overseas   | 784,967                  | 3.86          | 9,546          | 1.22          | 738,219                  | 3.94          | 4,775          | 0.65          |
| <b>Gross loans and advances excluding accrued interest</b> | <b>20,340,538</b>        | <b>100.00</b> | <b>285,509</b> | <b>1.40</b>   | <b>18,764,146</b>        | <b>100.00</b> | <b>266,071</b> | <b>1.42</b>   |

The following table sets forth, as at the dates indicated, the distribution of the Group's deposits by geographical segment.

| (In millions of RMB, except percentages) | As at 30 June 2022 |               | As at 31 December 2021 |               |
|--|--------------------|---------------|------------------------|---------------|
|  | Amount             | % of total    | Amount                 | % of total    |
| Yangtze River Delta                      | 4,539,662          | 18.77         | 4,057,991              | 18.13         |
| Pearl River Delta                        | 3,861,744          | 15.97         | 3,518,912              | 15.73         |
| Bohai Rim                                | 4,435,542          | 18.34         | 4,192,162              | 18.73         |
| Central                                  | 4,717,585          | 19.51         | 4,368,977              | 19.52         |
| Western                                  | 4,309,040          | 17.82         | 4,012,622              | 17.93         |
| Northeastern                             | 1,553,983          | 6.42          | 1,473,206              | 6.58          |
| Head Office                              | 17,767             | 0.07          | 18,209                 | 0.08          |
| Overseas                                 | 390,089            | 1.61          | 386,544                | 1.73          |
| Accrued interest                         | 359,054            | 1.49          | 350,191                | 1.57          |
| <b>Total deposits from customers</b>     | <b>24,184,466</b>  | <b>100.00</b> | <b>22,378,814</b>      | <b>100.00</b> |

## 4.3 CAPITAL MANAGEMENT

The Group adheres to its steady and prudent capital management strategy. It strengthens capital constraints and incentives and promotes intensive capital management to continuously enhance the efficiency of capital use. The Group relies both on internal capital accumulation and external capital replenishment, and maintains capital adequacy ratios that are constantly above the regulatory requirements with a proper safety margin and buffer zone.

In the first half of 2022, the Group strengthened the regulatory capital transmission mechanism, improved the capital planning and evaluation system, tapped the potential for capital saving, and made efforts to improve the efficiency of capital use; timely carried out external capital replenishment, and issued US\$2 billion overseas Tier 2 capital bonds and RMB60 billion domestic RMB Tier 2 capital bonds.

### 4.3.1 Capital Adequacy Ratios

#### Capital adequacy ratios

In accordance with the regulatory requirements, the scope for calculating capital adequacy ratios of the Group includes the Bank's domestic and overseas branches and sub-branches, as well as financial subsidiaries (insurance companies excluded). At the end of June, under the rules during the parallel period, the Group's total capital ratio, Tier 1 ratio and Common Equity Tier 1 ratio, which were calculated in accordance with the *Capital Rules for Commercial Banks (Provisional)*, were 17.95%, 13.93% and 13.40%, respectively, all in compliance with the regulatory requirements. The Group's total capital ratio increased by 0.10 percentage points, and its Tier 1 ratio and Common Equity Tier 1 ratio decreased by 0.21 and 0.19 percentage points, respectively, from 31 December 2021, mainly due to the steady growth of risk-weighted assets to support the development of the real economy and the implementation of proactive fiscal policies.

The following table sets forth, as at the dates indicated, information on capital adequacy ratios of the Group and the Bank.

| (In millions of RMB, except percentages)                  | As at 30 June 2022 |           | As at 31 December 2021 |           |
|---|--------------------|-----------|------------------------|-----------|
|   | The Group          | The Bank  | The Group              | The Bank  |
| Common Equity Tier 1 capital after regulatory adjustments | 2,547,752          | 2,375,735 | 2,475,462              | 2,309,534 |
| Tier 1 capital after regulatory adjustments               | 2,647,822          | 2,455,442 | 2,575,528              | 2,389,615 |
| Total capital after regulatory adjustments                | 3,413,280          | 3,206,517 | 3,252,282              | 3,059,048 |
| Common Equity Tier 1 ratio (%)                            | 13.40              | 13.36     | 13.59                  | 13.61     |
| Tier 1 ratio (%)  | 13.93              | 13.81     | 14.14                  | 14.09     |
| Total capital ratio (%)                                   | 17.95              | 18.03     | 17.85                  | 18.03     |

## Risk-weighted assets

Based on the approval for the Group to implement the advanced capital management method in 2014, the CBIRC approved the Group to expand the implementation scope of the advanced capital management method in April 2020. The Group calculated the capital requirements for financial institution credit exposures and corporate credit exposures that meet the regulatory requirements with the foundation internal ratings-based approach, the capital requirements for retail credit risk exposures with the internal ratings-based approach, the capital requirements for market risk with the internal models approach, and the capital requirements for operational risk with the standardised approach. Pursuant to the regulatory requirements, the Group calculates capital adequacy ratios with both the advanced approach and other approaches to capital measurement, and complies with relevant requirements for capital floors.

The following table sets forth information on the Group's risk-weighted assets.

| (In millions of RMB)  | As at 30 June 2022 | As at 31 December 2021 |
|---|--------------------|------------------------|
| <b>Credit risk-weighted assets</b>  | <b>17,620,682</b>  | 16,834,493             |
| Covered by the internal ratings-based approach                                  | <b>11,906,695</b>  | 11,587,106             |
| Uncovered by the internal ratings-based approach                                | <b>5,713,987</b>   | 5,247,387              |
| <b>Market risk-weighted assets</b>  | <b>98,863</b>      | 90,057                 |
| Covered by the internal models approach   | <b>60,835</b>      | 55,249                 |
| Uncovered by the internal models approach                                       | <b>38,028</b>      | 34,808                 |
| <b>Operational risk-weighted assets</b>   | <b>1,291,343</b>   | 1,291,343              |
| <b>Additional risk-weighted assets due to the application of capital floors</b> | -                  | -                      |
| <b>Total risk-weighted assets</b>   | <b>19,010,888</b>  | 18,215,893             |

## 4.3.2 Leverage Ratio

From the first quarter of 2015, the Group measures the leverage ratio in accordance with the *Measures for the Administration of the Leverage Ratio of Commercial Banks (Revised)*. The leverage ratio refers to the ratio of the net amount of Tier 1 capital after regulatory adjustments to the adjusted balance of on- and off-balance sheet assets. The leverage ratio of commercial banks should be no less than 4%. As at 30 June 2022, the Group's leverage ratio was 7.53%, meeting the regulatory requirements.

The following table sets forth general information on the Group's leverage ratio.

| (In millions of RMB, except percentages)           | As at 30 June 2022 | As at 31 March 2022 | As at 31 December 2021 | As at 30 September 2021 |
|--|--------------------|---------------------|------------------------|-------------------------|
| <b>Leverage ratio (%)</b>                          | <b>7.53</b>        | 7.94                | 8.13                   | 7.96                    |
| Tier 1 capital after regulatory adjustments        | <b>2,647,822</b>   | 2,662,436           | 2,575,528              | 2,509,963               |
| On- and off-balance sheet assets after adjustments | <b>35,181,687</b>  | 33,514,004          | 31,670,893             | 31,514,718              |

## 4.4 PROSPECTS

In the second half of 2022, the global economic recovery will continue to be overshadowed by geopolitical conflicts, inflation, and policy tightening in major economies. The International Monetary Fund and the World Bank lowered their forecasts for global economic growth in 2022 to 3.2% and 2.9%, respectively. China's economy is expected to achieve stable and rapid development in light of the gradual abating of domestic COVID-19 impact, full implementation of macroeconomic policies, steady recovery of market entities, effective release of consumption and investment demands, rapid recovery of industrial and supply chains, and strong resilience of imports and exports.

The banking industry in China will face a complex and challenging operating environment, which presents both challenges and opportunities. On the one hand, globally, volatility of international financial markets has increased as the risk of stagflation remains high, tighter-than-expected monetary policies in the United States and European countries bring higher recession risks, and geopolitical conflicts between Russia and Ukraine persist. Domestically, the resurgence of COVID-19 cases remains an important variable disrupting economic recovery. Commercial banks are facing more uncertainties due to increasing real estate risks, higher risks for certain small and medium-sized financial institutions, and waves of regulatory compliance requirements, which will make it more difficult for their stable operation and management. On the other hand, the businesses of commercial banks are expected to maintain stable growth due to the steady recovery of macro-economy, continuous implementation of policies for stabilising economic growth, rapid growth in infrastructure investment, further development of new drivers such as high-end manufacturing, strategic emerging industries, sci-tech innovation enterprises, and green industry, stabilisation and recovery of consumer market, boosted development of key regions, rapid establishment of a new development paradigm of dual circulation of domestic and international markets, and effective release of multi-level and diversified financial needs of customers.

In the second half of 2022, the Group will pay close attention to changes of international and domestic operating environment, take solid and proactive measures to implement the new development philosophy, roll out New Finance initiatives, and pursue high-quality development. The Group will focus on the following tasks: Firstly, it will shoulder the responsibilities as a large bank and make efforts to support the stable recovery of economy. The Group will support the national and regional development strategies and provide financial services in key areas and industries; implement fees cuts and refunds to help enterprises overcome financial difficulties, and promote stability in employment, financial operations, foreign trade, foreign investment, domestic investment and economic expectations, as well as security in job, basic living needs, operations of market participants, food and energy supply, stable industrial and supply chains, and the normal functioning of primary-level governments. Secondly, it will focus on value creation and continuously improve the quality and efficiency of operations. The Group will ensure that key performance indicators remain balanced and coordinated, and assets and liabilities business achieves coordinated development; make concerted efforts to promote a reasonable growth in fee-based business income; strengthen comprehensive operations and give full play to the effect of coordination and interaction. Thirdly, it will strengthen platform thinking, and advance the development of the “First Curve” and the “Second Curve”. The Group will continuously improve the comprehensive service ecosystem in house rental business and strengthen the coverage of financial services across the industrial chain; consolidate the fundamentals in product, customer and risk management of inclusive finance, and explore an inclusive business model combining online and offline channels; ensure that core technologies are independent and controllable, and provide high-quality FinTech support for business development across the Bank; increase the allocation of green assets for green finance to facilitate low-carbon transformation; accelerate team building to support the mega wealth management strategy and focus on achieving breakthroughs in key areas; remain committed to rural revitalisation, and further expand its footprint in county areas to improve its rural market competitiveness. Fourthly, it will consolidate the foundation for development and vigorously expand customers and accounts. The Group will focus on promoting customer and account expansion, strengthen the comprehensive operation capabilities for customers, and deepen digitalised operation. Fifthly, it will coordinate business development and security, and continue to strengthen comprehensive risk management. The Group will strengthen asset quality management, consolidate the foundation of internal control and compliance, further upgrade and expand intelligent risk controls, steadily and orderly mitigate risks in key areas, and improve the protection of consumers’ rights and interests.



## 5 OTHER INFORMATION

### 5.1 CORPORATE GOVERNANCE

During the reporting period, the Bank had complied with the code provisions of the *Corporate Governance Code* as set out in Part 2 of Appendix 14 to Listing Rules of Hong Kong Stock Exchange, and substantially adopted the recommended best practices therein.

### 5.2 FORMULATION AND IMPLEMENTATION OF PROFIT DISTRIBUTION POLICY

As approved by the 2021 annual general meeting, the Bank distributed the 2021 cash dividend of RMB0.364 per share (including tax), totalling RMB3,492 million approximately, on 8 July 2022 to its A-share holders whose names appeared on the register of members after the close of market on 7 July 2022; the Bank distributed the 2021 cash dividend of RMB0.364 per share (including tax), totalling RMB87,512 million approximately, on 29 July 2022 to its H-share holders whose names appeared on the register of members after the close of market on 7 July 2022. The Bank does not declare any 2022 interim dividend, nor does it propose any capitalisation of capital reserve into share capital.

Pursuant to its articles of association, the Bank may distribute dividends in the form of cash, shares or a combination of cash and shares. Unless under special circumstances, the Bank shall distribute dividends in cash if it gains profit and has positive accumulative undistributed profits in the year. Cash dividends distributed by the Bank in a year shall be no less than 10% of the net profit attributable to equity shareholders of the Bank on a consolidated basis in the same fiscal year. To revise the profit distribution policy, the Board shall conduct a specific discussion to elaborate on the causes for adjustments and prepare a written report. Independent non-executive directors shall express their views, and the matter shall be approved in the form of a special resolution by the shareholders' general meeting. The Bank shall provide the shareholders with online voting channels when reviewing the adjustments to the profit distribution policy.

The Bank's formulation and implementation of profit distribution policies conforms to the provisions of the articles of association of the Bank and the requirements of the resolutions of the shareholders' general meeting. The Bank has sound decision-making procedures and mechanisms as well as clear and definite standard and ratio for dividends. Independent non-executive directors conduct due diligence and fulfil their duties in the decision-making process of the profit distribution plan. Minority shareholders may fully express their opinions and appeals and their legitimate rights and interests are fully protected.

### 5.3 PURCHASE, SALE AND REDEMPTION OF SHARES

During the reporting period, there was no purchase, sale or redemption of the shares of the Bank by the Bank or any of its subsidiaries.

### 5.4 DIRECTORS AND SUPERVISORS' SECURITIES TRANSACTIONS

The Bank has adopted a code of practice in relation to securities transactions by directors and supervisors as set out in the Appendix 10 *Model Code for Securities Transactions by Directors of Listed Issuers* to the Listing Rules of Hong Kong Stock Exchange. All directors and supervisors had complied with the provisions of this code during the reporting period.

### 5.5 EVENTS AFTER THE REPORTING PERIOD

Upon approval by the 2021 second extraordinary general meeting of the Bank and approval by the CBIRC, the Bank is permitted to issue undated additional Tier 1 capital bonds. Recently, the related matters are in progress.

### 5.6 REVIEW OF HALF-YEAR REPORT

The Group's 2022 half-year financial statements prepared under PRC GAAP have been reviewed by Ernst & Young Hua Ming LLP, and the Group's 2022 half-year financial statements prepared under IFRS have been reviewed by Ernst & Young.

The Group's 2022 half-year report has been reviewed by the audit committee of the Bank and approved by the Board.

By order of the board of directors

**CHINA CONSTRUCTION BANK CORPORATION**

**Zhang Jinliang**

*Vice chairman, executive director and president*

30 August 2022

*As of the date of this announcement, the executive directors of the Bank are Mr. Tian Guoli and Mr. Zhang Jinliang; the non-executive directors of the Bank are Mr. Xu Jiandong, Mr. Zhang Qi, Mr. Tian Bo, Mr. Xia Yang, Ms. Shao Min and Ms. Liu Fang; and the independent non-executive directors of the Bank are Sir Malcolm Christopher McCarthy, Mr. Kenneth Patrick Chung, Mr. Graeme Wheeler, Mr. Michel Madelain, Mr. William Coen and Mr. Leung Kam Chung, Antony.*