The Board of Directors of Industrial and Commercial Bank of China Limited (the “Bank”) announces the annual audited results of the Bank and its subsidiaries for the year ended 31 December 2018. The Board of Directors and the Audit Committee of the Board of Directors of the Bank have reviewed and confirmed the annual audited results. Summary of the Capital Adequacy Ratio Report disclosed in accordance with the Regulation Governing Capital of Commercial Banks (Provisional) promulgated by the former China Banking Regulatory Commission (“former CBRC”) is also presented in this Announcement.

1. Corporate Information

1.1 Basic Information

<table>
<thead>
<tr>
<th>Stock name</th>
<th>Stock code</th>
<th>Stock exchange on which shares are listed</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Share</td>
<td>601398</td>
<td>Shanghai Stock Exchange</td>
</tr>
<tr>
<td>H Share</td>
<td>1398</td>
<td>The Stock Exchange of Hong Kong Limited</td>
</tr>
<tr>
<td>Offshore Preference Share</td>
<td>4603</td>
<td>The Stock Exchange of Hong Kong Limited</td>
</tr>
<tr>
<td>ICBC EURPREF1</td>
<td>4604</td>
<td>The Stock Exchange of Hong Kong Limited</td>
</tr>
<tr>
<td>ICBC CNHPREF1-R</td>
<td>84602</td>
<td>The Stock Exchange of Hong Kong Limited</td>
</tr>
<tr>
<td>Domestic Preference Share</td>
<td>360011</td>
<td>Shanghai Stock Exchange</td>
</tr>
</tbody>
</table>
1.2 Contact

**Board Secretary and Company Secretary**

Name: Guan Xueqing  
Address: No. 55 Fuxingmennei Avenue, Xicheng District, Beijing, China  
Telephone: 86-10-66108608  
Facsimile: 86-10-66107571  
E-mail: ir@icbc.com.cn

2. Financial Highlights

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

### Annual operating results

**Annual operating results (in RMB millions)**

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Net interest income</td>
<td>572,518</td>
<td>522,078</td>
<td>471,846</td>
<td>507,867</td>
<td>493,522</td>
</tr>
<tr>
<td>Net fee and commission income</td>
<td>145,301</td>
<td>139,625</td>
<td>144,973</td>
<td>143,391</td>
<td>132,497</td>
</tr>
<tr>
<td>Operating income</td>
<td>725,121</td>
<td>675,654</td>
<td>641,681</td>
<td>668,733</td>
<td>634,858</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>194,203</td>
<td>186,194</td>
<td>193,112</td>
<td>220,835</td>
<td>218,674</td>
</tr>
<tr>
<td>Impairment losses</td>
<td>161,594</td>
<td>127,769</td>
<td>87,894</td>
<td>86,993</td>
<td>56,729</td>
</tr>
<tr>
<td>Operating profit</td>
<td>369,324</td>
<td>361,691</td>
<td>360,675</td>
<td>360,905</td>
<td>359,455</td>
</tr>
<tr>
<td>Profit before taxation</td>
<td>372,413</td>
<td>364,641</td>
<td>363,279</td>
<td>363,235</td>
<td>361,612</td>
</tr>
<tr>
<td>Net profit</td>
<td>298,723</td>
<td>287,451</td>
<td>279,106</td>
<td>277,720</td>
<td>276,286</td>
</tr>
<tr>
<td>Net profit attributable to equity holders of the parent company</td>
<td>297,676</td>
<td>286,049</td>
<td>278,249</td>
<td>277,131</td>
<td>275,811</td>
</tr>
<tr>
<td>Net cash flows from operating activities</td>
<td>724,133</td>
<td>770,864</td>
<td>239,221</td>
<td>1,131,764</td>
<td>201,457</td>
</tr>
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</table>

### As at the end of reporting period (in RMB millions)

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</tr>
</thead>
<tbody>
<tr>
<td>Total assets</td>
<td>27,699,540</td>
<td>26,087,043</td>
<td>24,137,265</td>
<td>22,209,780</td>
<td>20,609,953</td>
</tr>
<tr>
<td>Total loans and advances to customers</td>
<td>15,419,905</td>
<td>14,233,448</td>
<td>13,056,846</td>
<td>11,933,466</td>
<td>11,026,331</td>
</tr>
<tr>
<td>Allowance for impairment losses on loans&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td>413,177</td>
<td>340,482</td>
<td>289,512</td>
<td>280,654</td>
<td>257,581</td>
</tr>
<tr>
<td>Investment</td>
<td>6,754,692</td>
<td>5,756,704</td>
<td>5,481,174</td>
<td>5,009,963</td>
<td>4,433,237</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>25,354,657</td>
<td>23,945,987</td>
<td>22,156,102</td>
<td>20,409,261</td>
<td>19,072,649</td>
</tr>
<tr>
<td>Due to customers</td>
<td>21,408,934</td>
<td>19,562,936</td>
<td>18,113,931</td>
<td>16,514,992</td>
<td>16,086,368</td>
</tr>
<tr>
<td>Due to banks and other financial institutions</td>
<td>1,814,495</td>
<td>1,706,549</td>
<td>2,016,799</td>
<td>2,265,860</td>
<td>1,539,239</td>
</tr>
<tr>
<td>Equity attributable to equity holders of the parent company</td>
<td>2,330,001</td>
<td>2,127,491</td>
<td>1,969,751</td>
<td>1,789,474</td>
<td>1,530,859</td>
</tr>
<tr>
<td>Share capital</td>
<td>356,407</td>
<td>356,407</td>
<td>356,407</td>
<td>356,407</td>
<td>353,495</td>
</tr>
<tr>
<td>Net core tier 1 capital&lt;sup&gt;(2)&lt;/sup&gt;</td>
<td>2,232,033</td>
<td>2,030,108</td>
<td>1,874,976</td>
<td>1,701,495</td>
<td>1,486,733</td>
</tr>
<tr>
<td>Net tier 1 capital&lt;sup&gt;(2)&lt;/sup&gt;</td>
<td>2,312,143</td>
<td>2,110,060</td>
<td>1,954,770</td>
<td>1,781,062</td>
<td>1,521,233</td>
</tr>
<tr>
<td>Net capital base&lt;sup&gt;(2)&lt;/sup&gt;</td>
<td>2,644,885</td>
<td>2,406,920</td>
<td>2,127,462</td>
<td>2,012,103</td>
<td>1,812,137</td>
</tr>
<tr>
<td>Risk-weighted assets&lt;sup&gt;(2)&lt;/sup&gt;</td>
<td>17,190,992</td>
<td>15,902,801</td>
<td>14,564,617</td>
<td>13,216,687</td>
<td>12,475,939</td>
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</tr>
<tr>
<td><strong>Net asset value per share</strong>&lt;sup&gt;(3)&lt;/sup&gt;</td>
<td><strong>6.30</strong></td>
<td>5.73</td>
<td>5.29</td>
<td>4.80</td>
<td>4.23</td>
</tr>
<tr>
<td><strong>Basic earnings per share</strong></td>
<td><strong>0.82</strong></td>
<td>0.79</td>
<td>0.77</td>
<td>0.77</td>
<td>0.78</td>
</tr>
<tr>
<td><strong>Diluted earnings per share</strong></td>
<td><strong>0.82</strong></td>
<td>0.79</td>
<td>0.77</td>
<td>0.77</td>
<td>0.78</td>
</tr>
</tbody>
</table>

**Per share data**

**(in RMB yuan)**

**Credit rating**

<table>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>S&amp;P&lt;sup&gt;(4)&lt;/sup&gt;</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
</tr>
<tr>
<td>Moody’s&lt;sup&gt;(4)&lt;/sup&gt;</td>
<td>A1</td>
<td>A1</td>
<td>A1</td>
<td>A1</td>
<td>A1</td>
</tr>
</tbody>
</table>

**Notes:**

1. Calculated by adding impairment losses of loans and advances to customers measured at amortised cost with impairment losses of loans and advances to customers measured at fair value through other comprehensive income.

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

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

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

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4
### 2.2 Financial Indicators

#### Profitability (%)

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<tr>
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<tbody>
<tr>
<td>Return on average total assets&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td>1.11</td>
<td>1.14</td>
<td>1.20</td>
<td>1.30</td>
<td>1.40</td>
</tr>
<tr>
<td>Return on weighted average equity&lt;sup&gt;(2)&lt;/sup&gt;</td>
<td>13.79</td>
<td>14.35</td>
<td>15.24</td>
<td>17.10</td>
<td>19.96</td>
</tr>
<tr>
<td>Net interest spread&lt;sup&gt;(3)&lt;/sup&gt;</td>
<td>2.16</td>
<td>2.10</td>
<td>2.02</td>
<td>2.30</td>
<td>2.46</td>
</tr>
<tr>
<td>Net interest margin&lt;sup&gt;(4)&lt;/sup&gt;</td>
<td>2.30</td>
<td>2.22</td>
<td>2.16</td>
<td>2.47</td>
<td>2.66</td>
</tr>
<tr>
<td>Return on risk-weighted assets&lt;sup&gt;(5)&lt;/sup&gt;</td>
<td>1.81</td>
<td>1.89</td>
<td>2.01</td>
<td>2.16</td>
<td>2.26</td>
</tr>
<tr>
<td>Ratio of net fee and commission income to operating income</td>
<td>20.04</td>
<td>20.67</td>
<td>22.59</td>
<td>21.44</td>
<td>20.87</td>
</tr>
<tr>
<td>Cost-to-income ratio&lt;sup&gt;(6)&lt;/sup&gt;</td>
<td>25.71</td>
<td>26.45</td>
<td>27.40</td>
<td>26.69</td>
<td>27.93</td>
</tr>
</tbody>
</table>

#### Asset quality (%)

<table>
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<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Non-performing loans (“NPL”) ratio&lt;sup&gt;(7)&lt;/sup&gt;</td>
<td>1.52</td>
<td>1.55</td>
<td>1.62</td>
<td>1.50</td>
<td>1.13</td>
</tr>
<tr>
<td>Allowance to NPL&lt;sup&gt;(8)&lt;/sup&gt;</td>
<td>175.76</td>
<td>154.07</td>
<td>136.69</td>
<td>156.34</td>
<td>206.90</td>
</tr>
<tr>
<td>Allowance to total loans ratio&lt;sup&gt;(9)&lt;/sup&gt;</td>
<td>2.68</td>
<td>2.39</td>
<td>2.22</td>
<td>2.35</td>
<td>2.34</td>
</tr>
</tbody>
</table>

#### Capital adequacy (%)

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Core tier 1 capital adequacy ratio&lt;sup&gt;(10)&lt;/sup&gt;</td>
<td>12.98</td>
<td>12.77</td>
<td>12.87</td>
<td>12.87</td>
<td>11.92</td>
</tr>
<tr>
<td>Tier 1 capital adequacy ratio&lt;sup&gt;(10)&lt;/sup&gt;</td>
<td>13.45</td>
<td>13.27</td>
<td>13.42</td>
<td>13.48</td>
<td>12.19</td>
</tr>
<tr>
<td>Capital adequacy ratio&lt;sup&gt;(10)&lt;/sup&gt;</td>
<td>15.39</td>
<td>15.14</td>
<td>14.61</td>
<td>15.22</td>
<td>14.53</td>
</tr>
<tr>
<td>Total equity to total assets ratio</td>
<td>8.47</td>
<td>8.21</td>
<td>8.21</td>
<td>8.11</td>
<td>7.46</td>
</tr>
<tr>
<td>Risk-weighted assets to total assets ratio</td>
<td>62.06</td>
<td>60.96</td>
<td>60.34</td>
<td>59.51</td>
<td>60.53</td>
</tr>
</tbody>
</table>

**Notes:**

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

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

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

4. Calculated by dividing net interest income by the average balance of interest-generating assets.
(5) Calculated by dividing net profit by the average balance of risk-weighted assets at the beginning and at the end of the reporting period.

(6) Calculated by dividing operating expenses (less taxes and surcharges) by operating income.

(7) Calculated by dividing the balance of NPLs by total balance of loans and advances to customers.

(8) Calculated by dividing allowance for impairment losses on loans by total balance of NPLs.

(9) Calculated by dividing allowance for impairment losses on loans by total balance of loans and advances to customers.

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

2.3 Quarterly Financial Data

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<thead>
<tr>
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<th>2018</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Q1</td>
<td>Q2</td>
<td>Q3</td>
<td>Q4</td>
</tr>
<tr>
<td>(In RMB millions)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating income</td>
<td>183,185</td>
<td>178,117</td>
<td>178,578</td>
<td>185,241</td>
</tr>
<tr>
<td>Net profit attributable to equity holders of the parent company</td>
<td>78,802</td>
<td>81,640</td>
<td>79,185</td>
<td>58,049</td>
</tr>
<tr>
<td>Net cash flows from operating activities</td>
<td>62,160</td>
<td>124,372</td>
<td>696,370</td>
<td>(158,769)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Q1</td>
<td>Q2</td>
<td>Q3</td>
<td>Q4</td>
</tr>
<tr>
<td>(In RMB millions)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating income</td>
<td>168,186</td>
<td>168,553</td>
<td>169,526</td>
<td>169,389</td>
</tr>
<tr>
<td>Net profit attributable to equity holders of the parent company</td>
<td>75,786</td>
<td>77,209</td>
<td>75,004</td>
<td>58,050</td>
</tr>
<tr>
<td>Net cash flows from operating activities</td>
<td>109,306</td>
<td>237,236</td>
<td>370,254</td>
<td>54,068</td>
</tr>
</tbody>
</table>

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

In respect of the financial statements of the Bank prepared under PRC GAAP and those under IFRSs, net profit attributable to equity holders of the parent company for the year ended 31 December 2018 and equity attributable to equity holders of the parent company as at the end of the reporting period have no differences.
3. Business Review

The year 2018 marked the 40th anniversary of China’s reform and opening-up. In retrospect from this significant juncture in history, we feel honored to have taken part in and witnessed the great reform practice. In 2018, ICBC stayed focused, stimulated vitality and pooled efforts to deliver its annual results marked with high-quality development and steady progress in its new journey towards being a world-class and modern financial enterprise with global competitiveness.

Our overall operation and fundamentals were “stable”, especially our profitability, quality and risk control constituted a “multi-stable” prospect. In terms of profitability, the Group recorded RMB298.7 billion in net profit, representing an increase of 3.9% from the previous year. Profit before provision was RMB534.0 billion, representing an increase of 8.4%. Net interest margin (NIM) rose by 8 basis points to 2.30% from the previous year, a major contributing factor to profit growth. In terms of quality, the Bank continued to enhance asset quality through the implementation of the “Consolidate the Foundation” program. Our balance sheet has become cleaner, and our ability to serve the real economy has become more sustainable. The Bank recovered and disposed of RMB226.5 billion of non-performing loans (NPLs), an increase of RMB33.8 billion from the previous year. The NPL ratio dropped 0.03 percentage points to 1.52% from the end of the previous year, falling for 8 consecutive quarters. The “scissors difference” between overdue loans and NPLs fell for three consecutive years and it dropped by 46% in 2018. Allowance to NPL rose to over 175%. In terms of risk control, we have acquired a deeper understanding of the characteristics and nature of risks as they evolve. With the goal of “clear vision, thorough understanding and good management”, we have built a risk control system that allows for lifecycle management of a full spectrum of risks across the entire market, which in turn ensures that each type of risks overall is within a manageable level and forges a healthier operation structure.

We stepped “forward” by further improving and enhancing our financial services for the real economy. We established a new mechanism for the integrated development of investment and financing, coordinated increment and stock, credit and non-credit as well as financing and intelligence, which led to the activation of the vitality and efficiency of all key financial elements. In 2018, aggregate new financing reached nearly RMB4 trillion, including new RMB loans of RMB1.16 trillion, re-lending after collections of RMB1.96 trillion, and new bond investment and other non-credit financing of RMB840.0 billion. We provided targeted support to private enterprises and small and micro enterprises as breakthrough points for promoting the spread of the monetary policy and implementing the principle of “Six Stabilities”. We upheld the development philosophy of “ICBC has no future without serving small and micro enterprises” and the principle of equal credit. We reinforced our policy on “dare to lend, willing to lend, able to lend and good at lending”, and extended our credit to private enterprises and small and macro enterprises at fair prices and terms, so that hard-working entrepreneurs may experience a real sense of fulfillment. New loans to private enterprises reached RMB113.7 billion, and inclusive finance loans grew more than twice as fast as the average of all loans, demonstrating the Bank’s leading role in providing enterprises with accessible and affordable financing. In addition, in alignment with the requirements of high-quality economic development, the Bank continued to improve on the allocations of financial resources and nourished the real economy through “targeted irrigation” by focusing on areas such as major national infrastructure, development of advanced manufacturing, a shift to new growth drivers, enhancement of domestic consumption and cooperation under the Belt and Road Initiative.
We could “maintain stability while making progress”, as we insisted on reform and innovation as well as transformation and development. Based on the new-era concept of “serving the broadest customer base”, we endeavored to build a more open and more inclusive customer base. Following the addition of 40.00 million new personal customers in the year, which represented the strongest growth in recent years, the Bank’s total number of personal customers exceeds 0.6 billion. The total number of users on our online platforms exceeds 0.4 billion. Owing to the continuous expansion of our customer base and the ongoing improvement of the services we provide, the Bank’s general deposits increased by RMB1.45 trillion, the best level in nearly a decade. Our strategy on mega retail began to reap rewards, as shown by the stronger revenue contribution and an increase in the market competitiveness in the sector. Asset management and investment banking transformed steadily amid the implementation of the New Rules on Asset Management. As the key battle of last year’s innovation, we upheld an ICBC outlook on FinTech development, reformed the technology system, launched the IT architecture upgrading project and pursued smart banking across the board. From setting sail to bravely forging ahead, we have become a “main force” in the FinTech arena. We pursued coordinated reforms in areas such as credit system and mechanism, enhancing city branches’ competitiveness, integrated marketing service system, differentiated performance assessment, network mapping and improvements of human resources, so as to enhance connectivity and unleash dividend and vitality across the Bank.

In the past year, we acquired a deeper understanding of and further applied the Bank’s governance philosophies and methodologies as we forged ahead against all odds. That is, we must remain guided by our strategy. The larger the vessel, the greater the winds and waves it will experience, and the more it will have to give full play to the role of strategy as the “bellwether”, enshrine our new vision to guide us in the pursuit of our common values across the Bank, and unify our operation activities with the new strategy, in order to get through the “last mile” to fulfill our strategy and reach our goal without distractions.

We must abide by the rules of commercial banking. Banking requires a high level of professionalism. It is our cardinal principle to stand in awe of, respect and comply with its rules. We continuously refresh our knowledge and further our understanding of the nature and laws of finance. In managing the relationships between assets and liabilities, scale and price, size and structure, market and risk, centralization and decentralization, inheritance and innovation, strategy and tactics, and others, we have struck a balance. We have made changes while following the rules, sought development without rash advance, forestalled systemic risks without being too conservative, and sailed through the trends without being led by them.

We must stay on the track of reform and innovation. The best celebration of the 40th anniversary of China’s reform and opening-up is to address our own challenges by learning from past experience, to seek truth from facts while freeing our minds and to keep moving forward non-stop with reform and innovation. To make steady, prudent yet innovative reform will be the indispensable pillars of ICBC. We look downwards and inwards. We combine top-level design with grass-roots exploration, specially targeted breakthroughs with overall advancement, individual strike with concerted action, and temporary fixes with permanent solutions. The reform and innovation we have undertaken enable us to develop on all fronts.
We must adhere to the principle of “people-orientation”. The Bank’s two most gratifying changes are the quality of management and the team morale. We are committed to choosing and using the right people and managing them well. We have upheld the “fighter + doer” culture, fostered a healthy atmosphere of integrity and forged ahead boldly to ensure that ICBC rises to the forefront.

In January 2019, Mr. Yi Huiman resigned from the positions of Chairman of the Board of Directors and Executive Director due to a change in job assignments. Mr. Yi Huiman has outstanding strategic and dialectic mindset. With keen financial insights, diligence and dedication, he has led and steered the Bank amid significant changes in the market to a steady growth of quality, and exemplified how a leading bank should act at home and abroad. The Board of Directors of the Bank would like to express its sincere gratitude to Mr. Yi Huiman for his outstanding contribution during his term of office. There were other significant changes to the Board of Directors, the Board of Supervisors and other members of the Bank’s senior management last year. Their hard work and contributions during their terms of office are greatly appreciated.

4. Discussion and Analysis

4.1 Income Statement Analysis

In 2018, the Bank continued to enhance its service capability for the real economy, consolidated the foundation of operation and management, optimized its profitability structure and intensified its risk precaution and control ability, achieving stability in both benefits and quality. In 2018, the Bank realized a net profit of RMB298,723 million, representing an increase of RMB11,272 million or 3.9% as compared to the previous year. Return on average total assets stood at 1.11%, and return on weighted average equity was 13.79%. Operating income amounted to RMB725,121 million, representing an increase of 7.3%, of which, due to the increase in interest-generating assets and net interest margin, net interest income grew by 9.7% to RMB572,518 million; non-interest income was RMB152,603 million, down by 0.6%. Operating expenses amounted to RMB194,203 million, representing an increase of 4.3%, and the cost-to-income ratio was 25.71%. Allowance for impairment losses was RMB161,594 million, representing an increase of 26.5%. Income tax expense reduced by 4.5% to RMB73,690 million.

Net Interest Income

In 2018, net interest income was RMB572,518 million, RMB50,440 million or 9.7% higher than that of last year, accounting for 79.0% of the Bank’s operating income. Interest income grew by RMB86,500 million or 10.0% to RMB948,094 million and interest expenses increased by RMB36,060 million or 10.6% to RMB375,576 million. Net interest spread and net interest margin came at 2.16% and 2.30%, 6 basis points and 8 basis points higher than those of the previous year, respectively.
## AVERAGE YIELD OF INTEREST-GENERATING ASSETS AND AVERAGE COST OF INTEREST-BEARING LIABILITIES

*In RMB millions, except for percentages*

<table>
<thead>
<tr>
<th>Item</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Average balance</td>
<td>Interest income/expense</td>
</tr>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans and advances to customers</td>
<td>14,600,596</td>
<td>640,031</td>
</tr>
<tr>
<td>Investment</td>
<td>5,483,420</td>
<td>200,157</td>
</tr>
<tr>
<td>Due from central banks&lt;sup&gt;(2)&lt;/sup&gt;</td>
<td>3,155,407</td>
<td>49,246</td>
</tr>
<tr>
<td>Due from banks and other financial institutions&lt;sup&gt;(3)&lt;/sup&gt;</td>
<td>1,628,820</td>
<td>58,660</td>
</tr>
<tr>
<td><strong>Total interest-generating assets</strong></td>
<td>24,868,243</td>
<td>948,094</td>
</tr>
<tr>
<td>Non-interest-generating assets</td>
<td>2,211,163</td>
<td></td>
</tr>
<tr>
<td>Allowance for impairment losses</td>
<td>(387,490)</td>
<td></td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>26,691,916</td>
<td></td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deposits</td>
<td>19,317,269</td>
<td>280,212</td>
</tr>
<tr>
<td>Due to banks and other financial institutions&lt;sup&gt;(3)&lt;/sup&gt;</td>
<td>2,668,229</td>
<td>64,991</td>
</tr>
<tr>
<td>Debt securities issued</td>
<td>845,347</td>
<td>30,373</td>
</tr>
<tr>
<td><strong>Total interest-bearing liabilities</strong></td>
<td>22,830,845</td>
<td>375,576</td>
</tr>
<tr>
<td>Non-interest-bearing liabilities</td>
<td>1,729,863</td>
<td></td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>24,560,708</td>
<td></td>
</tr>
<tr>
<td>Net interest income</td>
<td></td>
<td>572,518</td>
</tr>
<tr>
<td>Net interest spread</td>
<td></td>
<td>2.16</td>
</tr>
<tr>
<td>Net interest margin</td>
<td></td>
<td>2.30</td>
</tr>
</tbody>
</table>
Notes: (1) The average balances of interest-generating assets and interest-bearing liabilities represent their daily average balances. The average balances of non-interest-generating assets, non-interest-bearing liabilities and the allowance for impairment losses represent the average of the balances at the beginning of the year and at the end of the year.

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

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

Interest Income

- **Interest Income on Loans and Advances to Customers**

Interest income on loans and advances to customers was RMB640,031 million, RMB67,343 million or 11.8% higher as compared to that of last year, as affected by the increase in the size of loans and advances to customers and the increase in the average yield of loans and advances to customers by 15 basis points.

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

*In RMB millions, except for percentages*

<table>
<thead>
<tr>
<th>Item</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Average balance</td>
<td>Interest income</td>
</tr>
<tr>
<td>Short-term loans</td>
<td>3,334,008</td>
<td>135,948</td>
</tr>
<tr>
<td>Medium to long-term loans</td>
<td>11,266,588</td>
<td>504,083</td>
</tr>
<tr>
<td>Total loans and advances to customers</td>
<td>14,600,596</td>
<td>640,031</td>
</tr>
</tbody>
</table>
### ANALYSIS OF THE AVERAGE YIELD OF LOANS AND ADVANCES TO CUSTOMERS BY BUSINESS LINE

*In RMB millions, except for percentages*

<table>
<thead>
<tr>
<th>Item</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Average balance</td>
<td>Interest income</td>
</tr>
<tr>
<td>Corporate loans</td>
<td>8,019,984</td>
<td>356,176</td>
</tr>
<tr>
<td>Discounted bills</td>
<td>312,438</td>
<td>14,493</td>
</tr>
<tr>
<td>Personal loans</td>
<td>4,891,776</td>
<td>214,317</td>
</tr>
<tr>
<td>Overseas business</td>
<td>1,376,398</td>
<td>55,045</td>
</tr>
</tbody>
</table>

Total loans and advances to customers | 14,600,596 | 640,031 | 4.38 | 13,535,464 | 572,688 | 4.23 |

- **Interest Income on Investment**

  Interest income on investment amounted to RMB200,157 million, representing an increase of RMB14,976 million or 8.1% as compared to that of last year, mainly due to the Bank’s moderate increase in investment and the increase in the average yield of investment by 4 basis points.

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

  Interest income on due from central banks was RMB49,246 million, recording an increase of RMB911 million or 1.9% as compared to that of last year.

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

  Interest income on due from banks and other financial institutions was RMB58,660 million, representing an increase of RMB3,270 million or 5.9% as compared to that of last year, principally due to the increase of 25 basis points in the average yield of due from banks and other financial institutions as affected by the product structure adjustment by the Bank in due time based on the trend of interest rates in the market.
Interest Expense

- Interest Expense on Deposits

Interest expense on deposits amounted to RMB280,212 million, representing an increase of RMB19,256 million or 7.4% over the previous year, principally due to the expansion in the size of due to customers and the increase in the average cost of deposits by 3 basis points.

ANALYSIS OF AVERAGE DEPOSIT COST BY PRODUCTS

*In RMB millions, except for percentages*

<table>
<thead>
<tr>
<th>Item</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Average balance</td>
<td>Interest expense</td>
</tr>
<tr>
<td>Corporate deposits</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Time deposits</td>
<td>4,286,839</td>
<td>98,625</td>
</tr>
<tr>
<td>Demand deposits</td>
<td>5,983,490</td>
<td>42,012</td>
</tr>
<tr>
<td>Subtotal</td>
<td>10,270,329</td>
<td>140,637</td>
</tr>
<tr>
<td>Personal deposits</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Time deposits</td>
<td>4,488,128</td>
<td>108,872</td>
</tr>
<tr>
<td>Demand deposits</td>
<td>3,719,278</td>
<td>14,105</td>
</tr>
<tr>
<td>Subtotal</td>
<td>8,207,406</td>
<td>122,977</td>
</tr>
<tr>
<td>Overseas business</td>
<td>839,534</td>
<td>16,598</td>
</tr>
<tr>
<td>Total deposits</td>
<td>19,317,269</td>
<td>280,212</td>
</tr>
</tbody>
</table>
• Interest Expense on Due to Banks and Other Financial Institutions

Interest expense on due to banks and other financial institutions was RMB64,991 million, RMB6,573 million or 11.3% higher over last year, principally attributable to the rise of interest rates in the USD markets during the reporting period and relatively high funds rate in the RMB market in the first half year of 2018, which resulted in the increase of 25 basis points in the average cost of due to banks and other financial institutions.

• Interest Expense on Debt Securities Issued

Interest expense on debt securities issued was RMB30,373 million, indicating an increase of RMB10,231 million or 50.8% over last year, mainly attributable to the increase in the size and average cost of the financial bonds, bills and CDs issued by overseas institutions during the reporting period and the issuance of RMB88.0 billion of tier 2 capital bonds by the Bank in the second half of 2017.

Non-interest Income

In 2018, non-interest income was RMB152,603 million, RMB973 million or 0.6% lower than that of last year, accounting for 21.0% of the Bank’s operating income. Specifically, net fee and commission income increased by 4.1% to RMB145,301 million, and other non-interest income dropped by 47.7% to RMB7,302 million.

NET FEE AND COMMISSION INCOME

*In RMB millions, except for percentages*

<table>
<thead>
<tr>
<th>Item</th>
<th>2018</th>
<th>2017</th>
<th>Increase/(decrease)</th>
<th>Growth rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank card business</td>
<td>43,719</td>
<td>38,692</td>
<td>5,027</td>
<td>13.0</td>
</tr>
<tr>
<td>Settlement, clearing business and cash management</td>
<td>31,785</td>
<td>26,820</td>
<td>4,965</td>
<td>18.5</td>
</tr>
<tr>
<td>Personal wealth management and private banking services</td>
<td>27,596</td>
<td>32,846</td>
<td>(5,250)</td>
<td>(16.0)</td>
</tr>
<tr>
<td>Investment banking business</td>
<td>24,002</td>
<td>23,189</td>
<td>813</td>
<td>3.5</td>
</tr>
<tr>
<td>Corporate wealth management services</td>
<td>14,582</td>
<td>18,984</td>
<td>(4,402)</td>
<td>(23.2)</td>
</tr>
<tr>
<td>Guarantee and commitment business</td>
<td>8,861</td>
<td>6,818</td>
<td>2,043</td>
<td>30.0</td>
</tr>
<tr>
<td>Asset custody business</td>
<td>7,045</td>
<td>6,731</td>
<td>314</td>
<td>4.7</td>
</tr>
<tr>
<td>Trust and agency services</td>
<td>1,959</td>
<td>1,805</td>
<td>154</td>
<td>8.5</td>
</tr>
<tr>
<td>Others</td>
<td>2,798</td>
<td>2,781</td>
<td>17</td>
<td>0.6</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Fee and commission income</th>
<th>162,347</th>
<th>158,666</th>
<th>3,681</th>
<th>2.3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less: Fee and commission expense</td>
<td>17,046</td>
<td>19,041</td>
<td>(1,995)</td>
<td>(10.5)</td>
</tr>
<tr>
<td>Net fee and commission income</td>
<td>145,301</td>
<td>139,625</td>
<td>5,676</td>
<td>4.1</td>
</tr>
</tbody>
</table>
The Bank proactively responded to the New Rules on Asset Management and other regulatory requirements, focused on serving the real economy and satisfying the financial needs of consumers, and made continuous efforts to promote the transformation and innovation of intermediary services. In 2018, the Bank realized a net fee and commission income of RMB145,301 million, representing an increase of RMB5,676 million or 4.1% over last year. The bank card business income recorded an increase of RMB5,027 million, as benefited by the fast increase in credit card installment service fee and consumption return commission income; income on settlement, clearing business and cash management increased by RMB4,965 million, mainly driven by the rapid growth of third party payment; income on guarantee and commitment business registered an increase of RMB2,043 million, primarily attributable to the fast development of commitment business. The Bank proactively promoted the product transformation based on the New Rules on Asset Management, and meanwhile, as affected by the implementation of VAT for asset management products which started in 2018, income on personal wealth management and corporate wealth management services declined.

**OTHER NON-INTEREST RELATED GAINS**

*In RMB millions, except for percentages*

<table>
<thead>
<tr>
<th>Item</th>
<th>2018</th>
<th>2017</th>
<th>Increase/ (decrease)</th>
<th>Growth rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net trading income</td>
<td>2,846</td>
<td>5,753</td>
<td>(2,907)</td>
<td>(50.5)</td>
</tr>
<tr>
<td>Net gain on financial investments</td>
<td>1,345</td>
<td>2,165</td>
<td>(820)</td>
<td>(37.9)</td>
</tr>
<tr>
<td>Other operating income, net</td>
<td>3,111</td>
<td>6,033</td>
<td>(2,922)</td>
<td>(48.4)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>7,302</strong></td>
<td><strong>13,951</strong></td>
<td><strong>(6,649)</strong></td>
<td><strong>(47.7)</strong></td>
</tr>
</tbody>
</table>

Other non-interest related gains amounted to RMB7,302 million, RMB6,649 million or 47.7% lower than that of the previous year. Specifically, the decrease in net trading income was mainly attributable to the increase in losses from derivative contracts; the fall of net gain on financial investments was primarily due to the increase in expected payments to customers resulted from the growth of structured deposits; and the decrease in other net operating income was principally derived from the increase in net loss on exchange and exchange rate products.
Operating Expenses

OPERATING EXPENSES

<table>
<thead>
<tr>
<th>Item</th>
<th>2018</th>
<th>2017</th>
<th>Increase/ (decrease)</th>
<th>Growth rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff costs</td>
<td>121,074</td>
<td>114,954</td>
<td>6,120</td>
<td>5.3</td>
</tr>
<tr>
<td>Premises and equipment expenses</td>
<td>27,088</td>
<td>27,562</td>
<td>(474)</td>
<td>(1.7)</td>
</tr>
<tr>
<td>Taxes and surcharges</td>
<td>7,781</td>
<td>7,465</td>
<td>316</td>
<td>4.2</td>
</tr>
<tr>
<td>Amortisation</td>
<td>2,339</td>
<td>2,114</td>
<td>225</td>
<td>10.6</td>
</tr>
<tr>
<td>Others</td>
<td>35,921</td>
<td>34,099</td>
<td>1,822</td>
<td>5.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>194,203</strong></td>
<td><strong>186,194</strong></td>
<td><strong>8,009</strong></td>
<td><strong>4.3</strong></td>
</tr>
</tbody>
</table>

The Bank continued to strengthen cost control and management. Operating expenses amounted to RMB194,203 million, an increase of RMB8,009 million or 4.3% over last year.

Impairment Losses

In 2018, the Bank set aside an allowance for impairment losses of RMB161,594 million, an increase of RMB33,825 million or 26.5% as compared to that of last year. Specifically, the allowance for impairment losses on loans was RMB147,347 million, indicating an increase of RMB23,251 million or 18.7%.

Income Tax Expense

Income tax expense decreased by RMB3,500 million or 4.5% to RMB73,690 million as compared to the previous year. The effective tax rate stood at 19.79%.

4.2 Segment Information

The Bank’s principal operating segments include corporate banking, personal banking and treasury operations. The Bank adopts the MOVA (Management of Value Accounting) to evaluate the performance of each of its operating segments.
## SUMMARY OPERATING SEGMENT INFORMATION

*In RMB millions, except for percentages*

<table>
<thead>
<tr>
<th>Item</th>
<th>2018</th>
<th></th>
<th>2017</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount</td>
<td>Percentage (%)</td>
<td>Amount</td>
<td>Percentage (%)</td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate banking</td>
<td>353,859</td>
<td>48.8</td>
<td>332,264</td>
<td>49.2</td>
</tr>
<tr>
<td>Personal banking</td>
<td>273,490</td>
<td>37.7</td>
<td>247,919</td>
<td>36.7</td>
</tr>
<tr>
<td>Treasury operations</td>
<td>92,484</td>
<td>12.8</td>
<td>90,599</td>
<td>13.4</td>
</tr>
<tr>
<td>Others</td>
<td>5,288</td>
<td>0.7</td>
<td>4,872</td>
<td>0.7</td>
</tr>
<tr>
<td><strong>Profit before taxation</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate banking</td>
<td>151,714</td>
<td>40.7</td>
<td>152,873</td>
<td>41.9</td>
</tr>
<tr>
<td>Personal banking</td>
<td>144,284</td>
<td>38.7</td>
<td>137,843</td>
<td>37.9</td>
</tr>
<tr>
<td>Treasury operations</td>
<td>75,828</td>
<td>20.4</td>
<td>72,713</td>
<td>19.9</td>
</tr>
<tr>
<td>Others</td>
<td>587</td>
<td>0.2</td>
<td>1,212</td>
<td>0.3</td>
</tr>
</tbody>
</table>

## SUMMARY GEOGRAPHICAL SEGMENT INFORMATION

*In RMB millions, except for percentages*

<table>
<thead>
<tr>
<th>Item</th>
<th>2018</th>
<th></th>
<th>2017</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount</td>
<td>Percentage (%)</td>
<td>Amount</td>
<td>Percentage (%)</td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Head Office</td>
<td>86,107</td>
<td>11.9</td>
<td>73,787</td>
<td>10.9</td>
</tr>
<tr>
<td>Yangtze River Delta</td>
<td>126,151</td>
<td>17.4</td>
<td>117,132</td>
<td>17.3</td>
</tr>
<tr>
<td>Pearl River Delta</td>
<td>94,375</td>
<td>13.0</td>
<td>88,516</td>
<td>13.1</td>
</tr>
<tr>
<td>Bohai Rim</td>
<td>136,799</td>
<td>18.7</td>
<td>126,006</td>
<td>18.8</td>
</tr>
<tr>
<td>Central China</td>
<td>88,192</td>
<td>12.2</td>
<td>81,341</td>
<td>12.0</td>
</tr>
<tr>
<td>Western China</td>
<td>108,518</td>
<td>15.0</td>
<td>100,795</td>
<td>14.9</td>
</tr>
<tr>
<td>Northeastern China</td>
<td>27,958</td>
<td>3.9</td>
<td>28,632</td>
<td>4.2</td>
</tr>
<tr>
<td>Overseas and others</td>
<td>57,021</td>
<td>7.9</td>
<td>59,445</td>
<td>8.8</td>
</tr>
<tr>
<td><strong>Profit before taxation</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Head Office</td>
<td>38,506</td>
<td>10.3</td>
<td>47,191</td>
<td>12.9</td>
</tr>
<tr>
<td>Yangtze River Delta</td>
<td>77,056</td>
<td>20.7</td>
<td>71,633</td>
<td>19.6</td>
</tr>
<tr>
<td>Pearl River Delta</td>
<td>52,131</td>
<td>14.0</td>
<td>47,561</td>
<td>13.0</td>
</tr>
<tr>
<td>Bohai Rim</td>
<td>75,483</td>
<td>20.3</td>
<td>66,818</td>
<td>18.3</td>
</tr>
<tr>
<td>Central China</td>
<td>36,027</td>
<td>9.7</td>
<td>32,659</td>
<td>9.0</td>
</tr>
<tr>
<td>Western China</td>
<td>54,409</td>
<td>14.6</td>
<td>47,694</td>
<td>13.1</td>
</tr>
<tr>
<td>Northeastern China</td>
<td>5,562</td>
<td>1.5</td>
<td>10,812</td>
<td>3.0</td>
</tr>
<tr>
<td>Overseas and others</td>
<td>33,239</td>
<td>8.9</td>
<td>40,273</td>
<td>11.1</td>
</tr>
</tbody>
</table>
4.3 Balance Sheet Analysis

In 2018, in response to the complicated development trends externally, the Bank adhered to the prudent and steady business strategy based on the macroeconomic policies, sources of funds, performance of the real economy and state of risk control, and promoted the moderate growth and continuous structure optimization of total assets and liabilities. In addition, the Bank made active efforts to support the development of the real economy, appropriately expanded the scale of loan issuance and bond investment, and cemented the foundation for deposit business development, thereby ensuring a stable and sustainable growth of funding sources.

Assets Deployment

As at the end of 2018, total assets of the Bank amounted to RMB27,699,540 million, RMB1,612,497 million or 6.2% higher than that at the end of the previous year. Specifically, total loans and advances to customers (collectively referred to as “total loans”) increased by RMB1,186,457 million or 8.3% to RMB15,419,905 million, investment increased by RMB997,988 million or 17.3% to RMB6,754,692 million, and cash and balances with central banks decreased by RMB241,296 million or 6.7% to RMB3,372,576 million.

**ASSETS DEPLOYMENT**

*In RMB millions, except for percentages*

<table>
<thead>
<tr>
<th>Item</th>
<th>At 31 December 2018</th>
<th>Percentage (%)</th>
<th>At 31 December 2017</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total loans and advances to customers</td>
<td>15,419,905</td>
<td>54.3</td>
<td>14,233,448</td>
<td>53.2</td>
</tr>
<tr>
<td>Add: Accrued interest</td>
<td>38,958</td>
<td></td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Less: Allowance for impairment losses</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>on loans and advances to customers</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>measured at amortised cost</td>
<td>412,731</td>
<td>—</td>
<td>340,482</td>
<td>—</td>
</tr>
<tr>
<td>Net loans and advances to customers</td>
<td>15,046,132</td>
<td>54.3</td>
<td>13,892,966</td>
<td>53.2</td>
</tr>
<tr>
<td>Investment</td>
<td>6,754,692</td>
<td>24.4</td>
<td>5,756,704</td>
<td>22.1</td>
</tr>
<tr>
<td>Cash and balances with central banks</td>
<td>3,372,576</td>
<td>12.2</td>
<td>3,613,872</td>
<td>13.9</td>
</tr>
<tr>
<td>Due from banks and other financial institutions</td>
<td>962,449</td>
<td>3.5</td>
<td>847,611</td>
<td>3.2</td>
</tr>
<tr>
<td>Reverse repurchase agreements</td>
<td>734,049</td>
<td>2.6</td>
<td>986,631</td>
<td>3.8</td>
</tr>
<tr>
<td>Others</td>
<td>829,642</td>
<td>3.0</td>
<td>989,259</td>
<td>3.8</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>27,699,540</td>
<td>100.0</td>
<td>26,087,043</td>
<td>100.0</td>
</tr>
</tbody>
</table>
Loan

In 2018, the Bank proactively integrated into the social reform and development, and evidently supported the major areas and key links of the real economy focusing on the supply-side structural reform and replacement of old growth drivers with new ones. As a result, the Bank achieved balanced and orderly credit granting for the whole year and further optimized its credit structure. Moreover, benchmarking to the requirements of high-quality economic development requirements, the Bank further upgraded its financial services for private enterprises and small and micro enterprises, mainly backed the funding demands of the major national infrastructure and supported the rational financing demands of resident households for owner-occupied houses. As at the end of 2018, total loans amounted to RMB15,419,905 million, RMB1,186,457 million or 8.3% higher compared with the end of the previous year, of which RMB denominated loans of domestic branches were RMB13,591,421 million, RMB1,160,095 million or 9.3% higher than that at the end of 2017.

**DISTRIBUTION OF LOANS BY BUSINESS LINE**

*In RMB millions, except for percentages*

<table>
<thead>
<tr>
<th>Item</th>
<th>At 31 December 2018</th>
<th>Percentage (%)</th>
<th>At 31 December 2017</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate loans</td>
<td>9,418,894</td>
<td>61.0</td>
<td>8,936,864</td>
<td>62.8</td>
</tr>
<tr>
<td>Discounted bills</td>
<td>364,437</td>
<td>2.4</td>
<td>351,126</td>
<td>2.5</td>
</tr>
<tr>
<td>Personal loans</td>
<td>5,636,574</td>
<td>36.6</td>
<td>4,945,458</td>
<td>34.7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>15,419,905</strong></td>
<td><strong>100.0</strong></td>
<td><strong>14,233,448</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

Corporate loans rose by RMB482,030 million or 5.4% from the end of last year, mainly because the Bank continuously reinforced the financing support for enterprises in the high-end manufacturing sector, and supported the investment and financing demands of key projects, livelihood projects and projects under construction in fields such as interconnection among transportation infrastructure, urban infrastructure and public services, centering on major strategic planning such as three supporting belts, Xiongan New Area and Guangdong-Hong Kong-Macau Greater Bay Area.
Personal loans increased by RMB691,116 million or 14.0% from the end of last year. Specifically, residential mortgages grew by RMB651,272 million or 16.5%, mainly because the Bank supported the residents’ financing needs for owner-occupied houses; credit card overdrafts increased by RMB91,692 million or 17.1%, primarily due to the continuous development of credit card installment business and steady growth in the consumption trading volume of credit cards.

**DISTRIBUTION OF LOANS BY FIVE-CATEGORY CLASSIFICATION**

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount (RMB millions)</th>
<th>Percentage (%)</th>
<th>Amount (RMB millions)</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pass</td>
<td>14,733,891</td>
<td>95.56</td>
<td>13,450,486</td>
<td>94.50</td>
</tr>
<tr>
<td>Special mention</td>
<td>450,930</td>
<td>2.92</td>
<td>561,974</td>
<td>3.95</td>
</tr>
<tr>
<td>NPLs</td>
<td>235,084</td>
<td>1.52</td>
<td>220,988</td>
<td>1.55</td>
</tr>
<tr>
<td>Substandard</td>
<td>108,821</td>
<td>0.70</td>
<td>81,209</td>
<td>0.57</td>
</tr>
<tr>
<td>Doubtful</td>
<td>90,383</td>
<td>0.59</td>
<td>108,854</td>
<td>0.76</td>
</tr>
<tr>
<td>Loss</td>
<td>35,880</td>
<td>0.23</td>
<td>30,925</td>
<td>0.22</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>15,419,905</strong></td>
<td><strong>100.00</strong></td>
<td><strong>14,233,448</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>

The key indicators of loan quality were stable. As at the end of 2018, according to the five-category classification, pass loans amounted to RMB14,733,891 million, representing an increase of RMB1,283,405 million when compared with the end of the previous year and accounting for 95.56% of total loans. Special mention loans stood at RMB450,930 million, representing a decrease of RMB111,044 million, and accounted for 2.92% of the total, with a drop of 1.03 percentage points. NPLs amounted to RMB235,084 million, showing an increase of RMB14,096 million, and NPL ratio was 1.52%, with a drop of 0.03 percentage points.
## DISTRIBUTION OF LOANS AND NPLS BY BUSINESS LINE

*In RMB millions, except for percentages*

<table>
<thead>
<tr>
<th>Item</th>
<th>At 31 December 2018</th>
<th>NPL ratio (%)</th>
<th>At 31 December 2017</th>
<th>NPL ratio (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Loan</td>
<td>NPLs</td>
<td>Loan</td>
<td>NPLs</td>
</tr>
<tr>
<td>Corporate loans</td>
<td>9,418,894</td>
<td>194,696</td>
<td>8,936,864</td>
<td>175,903</td>
</tr>
<tr>
<td>Discounted bills</td>
<td>364,437</td>
<td>268</td>
<td>351,126</td>
<td>525</td>
</tr>
<tr>
<td>Personal loans</td>
<td>5,636,574</td>
<td>40,120</td>
<td>4,945,458</td>
<td>44,560</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>15,419,905</strong></td>
<td><strong>235,084</strong></td>
<td><strong>14,233,448</strong></td>
<td><strong>220,988</strong></td>
</tr>
</tbody>
</table>

Corporate NPLs were RMB194,696 million, showing an increase of RMB18,793 million when compared with the end of the previous year, and representing a NPL ratio of 2.07%. Personal NPLs amounted to RMB40,120 million, showing a decrease of RMB4,440 million, and represented a NPL ratio of 0.71%, with a drop of 0.19 percentage points.

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

*In RMB millions, except for percentages*

<table>
<thead>
<tr>
<th>Item</th>
<th>At 31 December 2018</th>
<th>NPL ratio (%)</th>
<th>At 31 December 2017</th>
<th>NPL ratio (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Loan</td>
<td>NPLs</td>
<td>Loan</td>
<td>NPLs</td>
</tr>
<tr>
<td>Transportation, storage and postal services</td>
<td>1,894,425</td>
<td>15,016</td>
<td>1,715,562</td>
<td>9,568</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>1,385,463</td>
<td>79,790</td>
<td>1,409,206</td>
<td>67,604</td>
</tr>
<tr>
<td>Leasing and commercial services</td>
<td>1,048,548</td>
<td>6,279</td>
<td>910,672</td>
<td>6,250</td>
</tr>
<tr>
<td>Production and supply of electricity, heat, gas and water</td>
<td>919,768</td>
<td>2,113</td>
<td>900,484</td>
<td>1,407</td>
</tr>
<tr>
<td>Water, environment and public utility management</td>
<td>770,221</td>
<td>1,718</td>
<td>655,533</td>
<td>975</td>
</tr>
<tr>
<td>Real estate</td>
<td>592,031</td>
<td>9,823</td>
<td>501,769</td>
<td>13,631</td>
</tr>
<tr>
<td>Wholesale and retail</td>
<td>488,031</td>
<td>52,588</td>
<td>568,011</td>
<td>55,366</td>
</tr>
<tr>
<td>Construction</td>
<td>232,736</td>
<td>3,749</td>
<td>223,464</td>
<td>2,856</td>
</tr>
<tr>
<td>Mining</td>
<td>185,313</td>
<td>3,966</td>
<td>208,675</td>
<td>2,998</td>
</tr>
<tr>
<td>Science, education, culture and sanitation</td>
<td>170,315</td>
<td>1,461</td>
<td>126,906</td>
<td>850</td>
</tr>
<tr>
<td>Lodging and catering</td>
<td>95,530</td>
<td>4,951</td>
<td>111,047</td>
<td>3,256</td>
</tr>
<tr>
<td>Others</td>
<td>191,146</td>
<td>4,962</td>
<td>191,651</td>
<td>4,142</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>7,973,527</strong></td>
<td><strong>186,416</strong></td>
<td><strong>7,523,000</strong></td>
<td><strong>168,903</strong></td>
</tr>
</tbody>
</table>

21
In 2018, following the keynote of serving the supply-side structural reform, the Bank adhered to the concept of high-quality development, focused on major areas and key links in serving the real economy, and continued to improve the industry’s credit structure. Loans to transportation, storage and postal services increased by RMB178,863 million, representing a growth rate of 10.4%, mainly due to efforts in supporting major national strategies and plans, serving the coordinated development of the four regions, three supporting belts and the Guangdong-Hong Kong-Macau Greater Bay Area, and providing financing support for developing high-speed railways, expressways, urban rail transit, ports, and airports. Loans to leasing and commercial services increased by RMB137,876 million, representing a growth rate of 15.1%, mainly for supporting the financing needs of projects for people’s wellbeing, projects for strengthening areas of weakness in infrastructure, and for infrastructure in such strategic planned areas as national new areas, free trade zones, and industrial clusters. Loans to water, environment and public utility management increased by RMB114,688 million, representing a growth rate of 17.5%, mainly driven by steady efforts in supporting the investment and financing needs of key projects and projects for people’s wellbeing in new urbanization, environmental protection and public services.

The increase of NPLs in manufacturing was principally due to the decline in operating profits and increase in defaults on loans of some enterprises not meeting the high-quality development standards, as well as enterprises with overcapacities. The increase of NPLs in transportation, storage and postal services was mainly caused by defaults on loans by some ports, shipping enterprises and private-owned highways.

### DISTRIBUTION OF LOANS AND NPLS BY GEOGRAPHIC AREA

*In RMB millions, except for percentages*

<table>
<thead>
<tr>
<th>Item</th>
<th>At 31 December 2018</th>
<th>At 31 December 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Loan</td>
<td>Percentage (%)</td>
</tr>
<tr>
<td>Head Office</td>
<td>723,302</td>
<td>4.7</td>
</tr>
<tr>
<td>Yangtze River Delta</td>
<td>2,823,603</td>
<td>18.4</td>
</tr>
<tr>
<td>Pearl River Delta</td>
<td>2,072,857</td>
<td>13.4</td>
</tr>
<tr>
<td>Bohai Rim</td>
<td>2,524,307</td>
<td>16.4</td>
</tr>
<tr>
<td>Central China</td>
<td>2,202,221</td>
<td>14.3</td>
</tr>
<tr>
<td>Western China</td>
<td>2,735,901</td>
<td>17.7</td>
</tr>
<tr>
<td>Northeastern China</td>
<td>759,140</td>
<td>4.9</td>
</tr>
<tr>
<td>Overseas and others</td>
<td>1,578,574</td>
<td>10.2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>15,419,905</td>
<td>100.0</td>
</tr>
</tbody>
</table>
MOVEMENTS OF ALLOWANCE FOR IMPAIRMENT LOSSES ON LOANS

<table>
<thead>
<tr>
<th>Item</th>
<th>Stage 1</th>
<th>Stage 2</th>
<th>Stage 3</th>
<th>Total</th>
<th>Stage 1</th>
<th>Stage 2</th>
<th>Stage 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at 1 January 2018</td>
<td>107,961</td>
<td>111,867</td>
<td>152,770</td>
<td>372,598</td>
<td>23</td>
<td>–</td>
<td>448</td>
<td>471</td>
</tr>
<tr>
<td>Transfer:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>to stage 1</td>
<td>19,393</td>
<td>(17,976)</td>
<td>(1,417)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>to stage 2</td>
<td>(4,901)</td>
<td>5,493</td>
<td>(592)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>to stage 3</td>
<td>(2,869)</td>
<td>(40,413)</td>
<td>43,282</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Charge/(reverse)</td>
<td>38,217</td>
<td>24,083</td>
<td>85,074</td>
<td>147,374</td>
<td>173</td>
<td>0</td>
<td>(200)</td>
<td>(27)</td>
</tr>
<tr>
<td>Write-offs and transfer out</td>
<td>(338)</td>
<td>(2,294)</td>
<td>(106,146)</td>
<td>(108,778)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Recoveries of loans and advances previously written off</td>
<td>–</td>
<td>–</td>
<td>2,141</td>
<td>2,141</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Other movements</td>
<td>621</td>
<td>646</td>
<td>(1,871)</td>
<td>(604)</td>
<td>2</td>
<td>–</td>
<td>–</td>
<td>2</td>
</tr>
<tr>
<td>Balance at 31 December 2018</td>
<td>158,084</td>
<td>81,406</td>
<td>173,241</td>
<td>412,731</td>
<td>198</td>
<td>0</td>
<td>248</td>
<td>446</td>
</tr>
</tbody>
</table>

As at the end of 2018, the allowance for impairment losses stood at RMB413,177 million, including RMB412,731 million of allowance for impairment losses at amortised cost, and RMB446 million of that at fair value through other comprehensive income. Allowance to NPL was 175.76%, showing an increase of 21.69 percentage points; allowance to total loans ratio was 2.68%, showing an increase of 0.29 percentage points.
## DISTRIBUTION OF LOANS BY COLLATERAL

*In RMB millions, except for percentages*

<table>
<thead>
<tr>
<th>Item</th>
<th>At 31 December 2018</th>
<th>Percentage (%)</th>
<th>Amount</th>
<th>At 31 December 2017</th>
<th>Percentage (%)</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans secured by mortgages</td>
<td>7,056,026</td>
<td>45.8</td>
<td>6,480,800</td>
<td>45.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pledged loans</td>
<td>1,256,196</td>
<td>8.1</td>
<td>1,265,834</td>
<td>8.9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Guaranteed loans</td>
<td>2,157,264</td>
<td>14.0</td>
<td>2,059,779</td>
<td>14.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unsecured loans</td>
<td>4,950,419</td>
<td>32.1</td>
<td>4,427,035</td>
<td>31.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>15,419,905</strong></td>
<td><strong>100.0</strong></td>
<td><strong>14,233,448</strong></td>
<td><strong>100.0</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

## OVERDUE LOANS

*In RMB millions, except for percentages*

<table>
<thead>
<tr>
<th>Overdue periods</th>
<th>At 31 December 2018</th>
<th>% of total loans</th>
<th>Amount</th>
<th>At 31 December 2017</th>
<th>% of total loans</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 3 months</td>
<td>91,153</td>
<td>0.59</td>
<td>107,218</td>
<td>0.75</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 months to 1 year</td>
<td>83,846</td>
<td>0.54</td>
<td>68,209</td>
<td>0.48</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 to 3 years</td>
<td>63,010</td>
<td>0.41</td>
<td>80,919</td>
<td>0.57</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Over 3 years</td>
<td>31,923</td>
<td>0.21</td>
<td>29,729</td>
<td>0.21</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>269,932</strong></td>
<td><strong>1.75</strong></td>
<td><strong>286,075</strong></td>
<td><strong>2.01</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

Overdue loans stood at RMB269,932 million, representing a decrease of RMB16,143 million from the end of the previous year. Among which, loans overdue for over 3 months amounted to RMB178,779 million, representing a decrease of RMB78 million.
RESCHEDULED LOANS

Rescheduled loans and advances amounted to RMB7,211 million, representing an increase of RMB2,053 million as compared to the end of the previous year. Rescheduled loans and advances overdue for over 3 months amounted to RMB1,143 million, representing a decrease of RMB231 million.

BORROWER CONCENTRATION

The total amount of loans granted by the Bank to the single largest customer and top ten single customers accounted for 3.8% and 12.9% of the Bank’s net capital base respectively. The total amount of loans granted to the top ten single customers was RMB340,765 million, accounting for 2.2% of the total loans.

Investment

In 2018, the Bank augmented its efforts in supporting the real economy, moderately expanded investment scale and enhanced capital usage efficiency. As at the end of 2018, investment (excluding accrued interest) amounted to RMB6,670,331 million, RMB913,627 million or 15.9% higher compared with the end of the previous year.

INVESTMENT

<table>
<thead>
<tr>
<th>Item</th>
<th>At 31 December 2018</th>
<th>At 31 December 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount</td>
<td>Percentage (%)</td>
</tr>
<tr>
<td>Bonds</td>
<td>6,049,076</td>
<td>89.6</td>
</tr>
<tr>
<td>Equity instruments</td>
<td>57,909</td>
<td>0.9</td>
</tr>
<tr>
<td>Funds and others⁽¹⁾</td>
<td>563,346</td>
<td>8.3</td>
</tr>
<tr>
<td>Accrued interest</td>
<td>84,361</td>
<td>1.2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>6,754,692</td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

Note:  (1)  Includes assets invested by funds raised by the issuance of principal-guaranteed wealth management products by the Bank.

Bonds rose by RMB675,343 million or 12.6% from the end of the previous year to RMB6,049,076 million. Funds and others grew by RMB199,448 million or 54.8% to RMB563,346 million.
### DISTRIBUTION OF INVESTMENT IN BONDS BY ISSUERS

*In RMB millions, except for percentages*

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
<th>Percentage (%)</th>
<th>Amount</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government bonds</td>
<td>4,040,956</td>
<td>66.9</td>
<td>3,286,729</td>
<td>61.2</td>
</tr>
<tr>
<td>Central bank bills</td>
<td>32,746</td>
<td>0.5</td>
<td>18,902</td>
<td>0.4</td>
</tr>
<tr>
<td>Policy bank bonds</td>
<td>774,732</td>
<td>12.8</td>
<td>996,669</td>
<td>18.5</td>
</tr>
<tr>
<td>Other bonds</td>
<td>1,200,642</td>
<td>19.8</td>
<td>1,071,433</td>
<td>19.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>6,049,076</td>
<td>100.0</td>
<td>5,373,733</td>
<td>100.0</td>
</tr>
</tbody>
</table>

In terms of distribution by issuers, government bonds increased by RMB754,227 million or 22.9% over the end of last year; central bank bills increased by RMB13,844 million or 73.2%; policy bank bonds went down by RMB221,937 million or 22.3%; and other bonds increased by RMB129,209 million or 12.1%. In order to support the development of the real economy, the Bank stepped up the allocation to government bonds based on the bond market supply.

### DISTRIBUTION OF INVESTMENT BY MEASURING METHOD

*In RMB millions, except for percentages*

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
<th>Percentage (%)</th>
<th>Amount</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial investments measured at fair value through profit or loss</td>
<td>805,347</td>
<td>11.9</td>
<td>440,938</td>
<td>7.7</td>
</tr>
<tr>
<td>Financial investments measured at fair value through other comprehensive income</td>
<td>1,430,163</td>
<td>21.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial investments measured at amortised cost</td>
<td>4,519,182</td>
<td>66.9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Available-for-sale financial assets</td>
<td></td>
<td></td>
<td>1,496,453</td>
<td>26.0</td>
</tr>
<tr>
<td>Held-to-maturity investments</td>
<td>3,542,184</td>
<td>61.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receivables</td>
<td>277,129</td>
<td>4.8</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>6,754,692</td>
<td>100.0</td>
<td>5,756,704</td>
<td>100.0</td>
</tr>
</tbody>
</table>

As at the end of 2018, the Group held RMB1,378,173 million of financial bonds\(^1\), including RMB774,732 million of policy bank bonds and RMB603,441 million of bonds issued by banks and non-bank financial institutions, accounting for 56.2% and 43.8% of financial bonds, respectively.

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

As at the end of 2018, total liabilities reached RMB25,354,657 million, an increase of RMB1,408,670 million or 5.9% compared with the end of last year.

LIABILITIES

<table>
<thead>
<tr>
<th>Item</th>
<th>At 31 December 2018</th>
<th>At 31 December 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount</td>
<td>Percentage (%)</td>
</tr>
<tr>
<td>Due to customers</td>
<td>21,408,934</td>
<td>84.4</td>
</tr>
<tr>
<td>Due to banks and other financial institutions</td>
<td>1,814,495</td>
<td>7.2</td>
</tr>
<tr>
<td>Repurchase agreements</td>
<td>514,801</td>
<td>2.0</td>
</tr>
<tr>
<td>Debt securities issued</td>
<td>617,842</td>
<td>2.4</td>
</tr>
<tr>
<td>Others</td>
<td>998,585</td>
<td>4.0</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>25,354,657</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Due to Customers

Due to customers is the Bank’s main source of funds. As at the end of 2018, due to customers (excluding accrued interest) was RMB21,186,473 million, RMB1,623,537 million or 8.3% higher than that at the end of the previous year. In terms of customer structure, corporate deposits increased by RMB775,676 million or 7.2%; and personal deposits increased by RMB867,501 million or 10.1%. In terms of maturity structure, time deposits increased by RMB1,197,055 million or 12.8%, while demand deposits increased by RMB446,122 million or 4.5%. In terms of currency structure, RMB deposits stood at RMB19,841,403 million, an increase of RMB1,463,782 million or 8.0% over the end of the previous year. Foreign currency deposits were equivalent to RMB1,345,070 million, an increase of RMB159,755 million or 13.5%.
## DISTRIBUTION OF DUE TO CUSTOMERS BY BUSINESS LINE

*In RMB millions, except for percentages*

<table>
<thead>
<tr>
<th>Item</th>
<th>At 31 December 2018</th>
<th></th>
<th>At 31 December 2017</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount</td>
<td>Percentage (%)</td>
<td>Amount</td>
<td>Percentage (%)</td>
</tr>
<tr>
<td>Corporate deposits</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Time deposits</td>
<td>5,076,005</td>
<td>23.7</td>
<td>4,635,661</td>
<td>23.7</td>
</tr>
<tr>
<td>Demand deposits</td>
<td>6,405,136</td>
<td>29.9</td>
<td>6,069,804</td>
<td>31.0</td>
</tr>
<tr>
<td>Subtotal</td>
<td>11,481,141</td>
<td>53.6</td>
<td>10,705,465</td>
<td>54.7</td>
</tr>
<tr>
<td>Personal deposits</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Time deposits</td>
<td>5,505,236</td>
<td>25.7</td>
<td>4,748,525</td>
<td>24.3</td>
</tr>
<tr>
<td>Demand deposits</td>
<td>3,931,182</td>
<td>18.4</td>
<td>3,820,392</td>
<td>19.5</td>
</tr>
<tr>
<td>Subtotal</td>
<td>9,436,418</td>
<td>44.1</td>
<td>8,568,917</td>
<td>43.8</td>
</tr>
<tr>
<td>Other deposits(^{(1)})</td>
<td>268,914</td>
<td>1.3</td>
<td>288,554</td>
<td>1.5</td>
</tr>
<tr>
<td>Accrued interest</td>
<td>222,461</td>
<td>1.0</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Total</td>
<td>21,408,934</td>
<td>100.0</td>
<td>19,562,936</td>
<td>100.0</td>
</tr>
</tbody>
</table>

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

### Repurchase Agreements

Repurchase agreements were RMB514,801 million, a decrease of RMB531,537 million or 50.8% from the end of last year, mainly because the Bank appropriately adjusted the size of funds raised based on its internal and external liquidity status.

### Shareholders’ Equity

As at the end of 2018, shareholders’ equity amounted to RMB2,344,883 million in aggregate, RMB203,827 million or 9.5% higher than that at the end of the previous year. Equity attributable to equity holders of the parent company recorded an increase of RMB202,510 million or 9.5% to RMB2,330,001 million.
4.4 Capital Adequacy Ratio and Leverage Ratio

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

As at the end of 2018, the core tier 1 capital adequacy ratio, tier 1 capital adequacy ratio and capital adequacy ratio calculated by the Bank in accordance with the Regulation Governing Capital of Commercial Banks (Provisional) stood at 12.98%, 13.45% and 15.39%, respectively, complying with regulatory requirements.
CAPITAL ADEQUACY RATIO

In RMB millions, except for percentages

<table>
<thead>
<tr>
<th>Item</th>
<th>At 31 December</th>
<th>At 31 December</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
<td>2017</td>
</tr>
<tr>
<td>Core tier 1 capital</td>
<td>2,247,021</td>
<td>2,044,390</td>
</tr>
<tr>
<td>Paid-in capital</td>
<td>356,407</td>
<td>356,407</td>
</tr>
<tr>
<td>Valid portion of capital reserve</td>
<td>151,968</td>
<td>151,952</td>
</tr>
<tr>
<td>Surplus reserve</td>
<td>261,636</td>
<td>232,660</td>
</tr>
<tr>
<td>General reserve</td>
<td>278,980</td>
<td>264,850</td>
</tr>
<tr>
<td>Retained profits</td>
<td>1,205,924</td>
<td>1,096,868</td>
</tr>
<tr>
<td>Valid portion of minority interests</td>
<td>3,752</td>
<td>2,716</td>
</tr>
<tr>
<td>Others</td>
<td>(11,646)</td>
<td>(61,063)</td>
</tr>
<tr>
<td>Core tier 1 capital deductions</td>
<td>14,988</td>
<td>14,282</td>
</tr>
<tr>
<td>Goodwill</td>
<td>8,820</td>
<td>8,478</td>
</tr>
<tr>
<td>Other intangible assets other than land use rights</td>
<td>1,927</td>
<td>1,532</td>
</tr>
<tr>
<td>Cash flow hedge reserves that relate to the hedging of items that are not fair valued on the balance sheet</td>
<td>(3,739)</td>
<td>(3,708)</td>
</tr>
<tr>
<td>Investments in core tier 1 capital instruments issued by financial institutions that are under control but not subject to consolidation</td>
<td>7,980</td>
<td>7,980</td>
</tr>
<tr>
<td>Net core tier 1 capital</td>
<td>2,232,033</td>
<td>2,030,108</td>
</tr>
<tr>
<td>Additional tier 1 capital</td>
<td>80,110</td>
<td>79,952</td>
</tr>
<tr>
<td>Additional tier 1 capital instruments and related premium</td>
<td>79,375</td>
<td>79,375</td>
</tr>
<tr>
<td>Valid portion of minority interests</td>
<td>735</td>
<td>577</td>
</tr>
<tr>
<td>Net tier 1 capital</td>
<td>2,312,143</td>
<td>2,110,060</td>
</tr>
<tr>
<td>Tier 2 capital</td>
<td>332,742</td>
<td>297,360</td>
</tr>
<tr>
<td>Valid portion of tier 2 capital instruments and related premium</td>
<td>202,761</td>
<td>222,321</td>
</tr>
<tr>
<td>Surplus provision for loan impairment</td>
<td>127,990</td>
<td>71,736</td>
</tr>
<tr>
<td>Valid portion of minority interests</td>
<td>1,991</td>
<td>3,303</td>
</tr>
<tr>
<td>Tier 2 capital deductions</td>
<td>–</td>
<td>500</td>
</tr>
<tr>
<td>Significant minority investments in tier 2 capital instruments issued by financial institutions that are not subject to consolidation</td>
<td>–</td>
<td>500</td>
</tr>
<tr>
<td>Net capital base</td>
<td>2,644,885</td>
<td>2,406,920</td>
</tr>
<tr>
<td>Risk-weighted assets⁽¹⁾</td>
<td>17,190,992</td>
<td>15,902,801</td>
</tr>
<tr>
<td>Core tier 1 capital adequacy ratio</td>
<td>12.98%</td>
<td>12.77%</td>
</tr>
<tr>
<td>Tier 1 capital adequacy ratio</td>
<td>13.45%</td>
<td>13.27%</td>
</tr>
<tr>
<td>Capital adequacy ratio</td>
<td>15.39%</td>
<td>15.14%</td>
</tr>
</tbody>
</table>

Notes: (1) Refers to risk-weighted assets after capital floor and adjustments.
Please refer to the 2018 Capital Adequacy Ratio Report of Industrial and Commercial Bank of China Limited issued by the Bank for further information on capital measurement.

**LEVERAGE RATIO**

*In RMB millions, except for percentages*

<table>
<thead>
<tr>
<th>Item</th>
<th>At 31 December 2018</th>
<th>At 30 September 2018</th>
<th>At 30 June 2018</th>
<th>At 31 March 2018</th>
<th>At 31 December 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net tier 1 capital</td>
<td>2,312,143</td>
<td>2,249,959</td>
<td>2,161,384</td>
<td>2,154,625</td>
<td>2,110,060</td>
</tr>
<tr>
<td>Leverage ratio</td>
<td>7.79%</td>
<td>7.41%</td>
<td>7.35%</td>
<td>7.55%</td>
<td>7.51%</td>
</tr>
</tbody>
</table>

**4.5 Other Information Disclosed Pursuant to Regulatory Requirements**

**Major Regulatory Indicators**

<table>
<thead>
<tr>
<th>Item</th>
<th>Regulatory criteria</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liquidity ratio (%)</td>
<td>RMB &gt;=25.0</td>
<td>43.8</td>
<td>41.7</td>
<td>35.7</td>
</tr>
<tr>
<td></td>
<td>Foreign currency &gt;=25.0</td>
<td>83.0</td>
<td>86.2</td>
<td>82.3</td>
</tr>
<tr>
<td>Loan-to-deposit ratio (%)</td>
<td>RMB and foreign currency</td>
<td>71.0</td>
<td>71.1</td>
<td>70.9</td>
</tr>
<tr>
<td>Percentage of loans to single largest customer (%)</td>
<td>&lt;=10.0</td>
<td>3.8</td>
<td>4.9</td>
<td>4.5</td>
</tr>
<tr>
<td>Percentage of loans to top 10 customers (%)</td>
<td></td>
<td>12.9</td>
<td>14.2</td>
<td>13.3</td>
</tr>
<tr>
<td>Loan migration ratio (%)</td>
<td>Pass</td>
<td>1.7</td>
<td>2.7</td>
<td>3.4</td>
</tr>
<tr>
<td></td>
<td>Special mention</td>
<td>25.3</td>
<td>23.2</td>
<td>23.5</td>
</tr>
<tr>
<td></td>
<td>Substandard</td>
<td>38.8</td>
<td>71.1</td>
<td>36.8</td>
</tr>
<tr>
<td></td>
<td>Doubtful</td>
<td>25.2</td>
<td>10.6</td>
<td>7.4</td>
</tr>
</tbody>
</table>

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

The Bank did not issue any corporate bonds that need to be disclosed as per the “No. 2 Standards on the Content and Format of Information Disclosure of Companies with Public Offerings — Content and Format of the Annual Report” (Revision 2017) or “No. 38 Standards on the Content and Format of Information Disclosure of Companies with Public Offerings — Content and Format of the Annual Report of Corporate Bonds”.

GLOBAL SYSTEMICALLY IMPORTANCE ASSESSMENT INDICATORS OF COMMERCIAL BANKS

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance of adjusted on- and off-balance sheet assets</td>
<td>29,679,878</td>
<td>28,084,967</td>
</tr>
<tr>
<td>Intra-financial system assets</td>
<td>1,717,824</td>
<td>1,928,002</td>
</tr>
<tr>
<td>Intra-financial system liabilities</td>
<td>1,816,041</td>
<td>1,924,926</td>
</tr>
<tr>
<td>Securities and other financing instruments issued</td>
<td>3,947,251</td>
<td>3,948,878</td>
</tr>
<tr>
<td>Payments settled via payment systems or correspondent banks</td>
<td>413,391,380</td>
<td>361,485,854</td>
</tr>
<tr>
<td>Assets under custody</td>
<td>16,301,370</td>
<td>15,557,326</td>
</tr>
<tr>
<td>Underwritten transactions in debt and equity markets</td>
<td>1,266,787</td>
<td>1,198,482</td>
</tr>
<tr>
<td>Notional amount of over-the-counter (OTC) derivatives</td>
<td>7,130,990</td>
<td>5,600,701</td>
</tr>
<tr>
<td>Trading and available-for-sale securities</td>
<td>432,604</td>
<td>498,644</td>
</tr>
<tr>
<td>Level 3 assets</td>
<td>209,554</td>
<td>169,915</td>
</tr>
<tr>
<td>Cross-jurisdictional claims</td>
<td>1,885,349</td>
<td>1,631,867</td>
</tr>
<tr>
<td>Cross-jurisdictional liabilities</td>
<td>2,010,668</td>
<td>1,729,020</td>
</tr>
</tbody>
</table>

4.6 Outlook

It is generally expected that banks will face a more complex business environment with higher level of uncertainties and risks in 2019. The year is a period of both severe challenges and strategic opportunities.

The Bank mainly faces the following opportunities: First, the development of China continues to be in an important period filled with strategic opportunities in which economic fundamentals imbued with huge potential and strong resilience for long-term growth remain unchanged. It will create a stable macro environment for us, provide a good foundation and reinforce our confidence to do a good job. Second, the ongoing supply-side structural reform, the accelerated economic structure upgrading, the further reform and opening-up, and the in-depth implementation of coordinated regional development strategy will create ample opportunities for business development and financial innovation. Third, the rapid development and wide application of FinTech will give us new momentum and strengths in developing the Bank into a smart bank and building a new ecosphere of financial services.
The Bank mainly faces the following challenges: First, trade protectionism and other adverse factors add to the downside risks to the global economy, which will weigh on the internationalization of banks. Second, there are concerns over increasing difficulties that may arise from changes amid the stable economic performance of China, as some of such changes may bring challenges. Such a situation will put pressure on banking, especially on the stability of asset quality. Third, the worsening turbulences in the global financial market and the higher resonance risk of the domestic capital markets and bond market will challenge a bank’s capability of comprehensive risk control. Fourth, the New Rules on Asset Management have made transformation an urgent priority for banks.

2019 marks the 70th anniversary of the founding of the People’s Republic of China, and is a crucial year for building a moderately prosperous society on all fronts. The Bank will adhere to the overarching principle of seeking progress while ensuring stability. In the course of promoting high-quality economic development, the Bank will realize its healthy and sustainable development and further enhance its ability to create value, serve customers, control risks and compete in the market.

- **The Bank will continue to serve the real economy more effectively.** We will adhere to the integrated development strategy of investment and financing, coordinate stock and increment, credit and non-credit, on-balance sheet and off-balance sheet businesses as well as domestic and overseas operations, improve the efficiency of resource allocation, and utilize all key financial elements to activate energy and vitality. The Bank will properly manage its investment and financing, actively support the continuation of the supply-side structural reform under the principle of “Consolidation, Enhancement, Improvement and Smoothness” and facilitate the spread of monetary policy and the fulfillment of the “Six Stabilities”. In particular, we will stay true to the principle of equal credit, continuously improve financial services for private enterprises and small and micro enterprises, and better utilize the financial resources to ensure that the real economy is nourished through “targeted irrigation”.

- **The Bank will continue to deepen its transformation, reform and innovation.** We will continue to adopt a combined approach to consolidate our foundation and concurrently seek transformation and upgrading. We seek to serve the broadest customer base and enhance our competitiveness in terms of deposits through all channels, market-wide mapping, extension of value chain and coordination of all business segments. We will foster new growth drivers and “sustainability” in a number of strategic segments with large growth potential and strong driving forces, so that all segments will forge ahead together for an overall success. We will continue with in-depth and solid reform and innovation. While deepening existing reform projects, we will push forward a number of new reform measures in succession to improve development quality and innovation vitality. Leveraged on the nature of finance and our strengths in FinTech, we will press ahead with IT architecture transformation and smart banking development in every respect, create a new ecosphere of financial services and empower our development on all fronts.
• The Bank will continue to enhance its ability to forestall and defuse risks. We will strike a balance between stable growth and risk prevention, and fight against major risks in a proactive manner. We will improve our capability of credit risk lifecycle management, with a focus on controlling new “bleeding points”, defusing existing risks and disposing of non-performing loans, in an effort to cement the momentum of asset quality improvement. Under the principle of “clear vision, thorough understanding and good management”, we will establish a penetrative panoramic view of risks, a simple and transparent business development strategy and a unified risk control system that runs through the Group, strengthen comprehensive risk management and prevent interaction and contagion of risks to ensure all risks are under overall control.
5. Details of Changes in Share Capital and Shareholding of Substantial Shareholders

5.1 Details of Securities Issuance and Listing

The Bank did not conduct any share issue or issue any convertible bonds during the reporting period.

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

The Bank did not have any employee shares.
5.2 Number of Shareholders and Particulars of Shareholding

As at the end of the reporting period, the Bank had a total number of 579,040 ordinary shareholders and no holders of preference shares with voting rights restored, including 123,028 holders of H shares and 456,012 holders of A shares. As at the end of the month immediately before the results announcement date (28 February 2019), the Bank had a total number of 562,820 ordinary shareholders and no holders of preference shares with voting rights restored.

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

<table>
<thead>
<tr>
<th>Name of shareholder</th>
<th>Nature of shareholder</th>
<th>Class of shares</th>
<th>Shareholding percentage (%)</th>
<th>Total number of shares held</th>
<th>Number of pledged or locked-up shares</th>
<th>Increase/decrease of shares during the reporting period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central Huijin Investment Ltd.</td>
<td>State-owned</td>
<td>A Share</td>
<td>34.71</td>
<td>123,717,852,951</td>
<td>None</td>
<td>–</td>
</tr>
<tr>
<td>Ministry of Finance of the People’s Republic of China</td>
<td>State-owned</td>
<td>A Share</td>
<td>34.60</td>
<td>123,316,451,864</td>
<td>None</td>
<td>–</td>
</tr>
<tr>
<td>HKSCC Nominees Limited/Hong Kong Securities Clearing Company Limited</td>
<td>Foreign legal person</td>
<td>H Share</td>
<td>24.17</td>
<td>86,151,664,334</td>
<td>Unknown</td>
<td>51,813,906</td>
</tr>
<tr>
<td>Ping An Life Insurance Company of China, Ltd. — Traditional — Ordinary insurance products</td>
<td>Other entities</td>
<td>A Share</td>
<td>1.03</td>
<td>3,687,330,676</td>
<td>None</td>
<td>-44,000,000</td>
</tr>
<tr>
<td>China Securities Finance Co., Ltd.</td>
<td>State-owned</td>
<td>A Share</td>
<td>0.68</td>
<td>2,416,131,564</td>
<td>None</td>
<td>-1,559,948,322</td>
</tr>
<tr>
<td>Wutongshu Investment Co., Ltd.</td>
<td>State-owned</td>
<td>A Share</td>
<td>0.40</td>
<td>1,420,781,042</td>
<td>None</td>
<td>–</td>
</tr>
<tr>
<td>Central Huijin Asset Management Co., Ltd.</td>
<td>State-owned</td>
<td>A Share</td>
<td>0.28</td>
<td>1,013,921,700</td>
<td>None</td>
<td>–</td>
</tr>
<tr>
<td>China Life Insurance Company Limited — Dividends Distribution — Dividends Distribution to Individuals — 005L — FH002 Hu</td>
<td>Other entities</td>
<td>A Share</td>
<td>0.28</td>
<td>1,000,845,252</td>
<td>None</td>
<td>869,042,907</td>
</tr>
<tr>
<td>China Life Insurance Company Limited — Traditional — Ordinary insurance products — 005L — CT001 Hu</td>
<td>Other entities</td>
<td>A Share</td>
<td>0.21</td>
<td>745,715,157</td>
<td>None</td>
<td>383,007,330</td>
</tr>
<tr>
<td>SSE 50 Exchange Traded Open-End Index Securities Investment Fund of ICBC Credit Suisse Asset Management Co., Ltd.</td>
<td>Other entities</td>
<td>A Share</td>
<td>0.10</td>
<td>366,214,700</td>
<td>None</td>
<td>366,214,700</td>
</tr>
</tbody>
</table>

Notes:
1. The above data are based on the Bank’s register of shareholders as at 31 December 2018.
2. The Bank had no shares subject to restrictions on sales.
3. Central Huijin Asset Management Co., Ltd. is a wholly-owned subsidiary of Central Huijin Investment Ltd. Both “China Life Insurance Company Limited — Dividends Distribution — Dividends Distribution to Individuals — 005L — FH002 Hu” and “China Life Insurance Company Limited — Traditional — Ordinary insurance products — 005L — CT001 Hu” are managed by China Life Insurance Company Limited. Save as disclosed above, the Bank is not aware of any connected relations or concert party action among the aforementioned shareholders.
4. HKSCC Nominees Limited held 86,151,664,334 H shares and Hong Kong Securities Clearing Company Limited held 873,150,238 A shares.
5.3 Particulars of Substantial Shareholders

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

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

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

As at 31 December 2018, the Bank received notices from the following persons about their interests or short positions held in the Bank’s ordinary shares and underlying shares, which were recorded in the register pursuant to Section 336 of the Securities and Futures Ordinance of Hong Kong as follows:

<table>
<thead>
<tr>
<th>Name of substantial shareholder</th>
<th>Capacity</th>
<th>Number of A shares held (share)</th>
<th>Nature of interests</th>
<th>Percentage of A shares (3) (%)</th>
<th>Percentage of total ordinary shares (3) (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ministry of Finance of the People’s Republic of China (1)</td>
<td>Beneficial owner</td>
<td>118,006,174,032</td>
<td>Long position</td>
<td>43.77</td>
<td>33.11</td>
</tr>
<tr>
<td>Central Huijin Investment Ltd. (2)</td>
<td>Beneficial owner</td>
<td>123,717,852,951</td>
<td>Long position</td>
<td>45.89</td>
<td>34.71</td>
</tr>
<tr>
<td>Interest of controlled corporations</td>
<td></td>
<td>1,013,921,700</td>
<td>Long position</td>
<td>0.38</td>
<td>0.28</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>124,731,774,651</td>
<td></td>
<td>46.26</td>
<td>35.00</td>
</tr>
</tbody>
</table>

Notes:  

(2) According to the register of shareholders of the Bank as at 31 December 2018, Central Huijin Investment Ltd. held 123,717,852,951 shares in the Bank, while Central Huijin Asset Management Co., Ltd., a subsidiary of Central Huijin Investment Ltd., held 1,013,921,700 shares in the Bank.

(3) Due to rounding, percentages presented herein are for reference only.
<table>
<thead>
<tr>
<th>Name of substantial shareholder</th>
<th>Capacity</th>
<th>Number of H shares held (share)</th>
<th>Nature of interests</th>
<th>Percentage of H shares (%)</th>
<th>Percentage of total ordinary shares (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ping An Asset Management Co., Ltd. (^{(1)})</td>
<td>Investment manager</td>
<td>8,707,776,000</td>
<td>Long position</td>
<td>10.03</td>
<td>2.44</td>
</tr>
<tr>
<td>National Council for Social Security Fund</td>
<td>Beneficial owner</td>
<td>8,663,703,234</td>
<td>Long position</td>
<td>9.98</td>
<td>2.43</td>
</tr>
<tr>
<td>Temasek Holdings (Private) Limited</td>
<td>Interest of controlled corporations</td>
<td>7,317,475,731</td>
<td>Long position</td>
<td>8.43</td>
<td>2.05</td>
</tr>
<tr>
<td>BlackRock, Inc.</td>
<td>Interest of controlled corporations</td>
<td>4,397,641,191</td>
<td>Long position</td>
<td>5.07</td>
<td>1.23</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1,679,000</td>
<td>Short position</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Citigroup Inc.</td>
<td>Person holding guaranteed interests in shares</td>
<td>5,757,000</td>
<td>Long position</td>
<td>0.01</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td>Interest of controlled corporations</td>
<td>256,781,554</td>
<td>Long position</td>
<td>0.30</td>
<td>0.07</td>
</tr>
<tr>
<td></td>
<td>Approved lending agent</td>
<td>4,109,856,188</td>
<td>Long position</td>
<td>4.73</td>
<td>1.15</td>
</tr>
<tr>
<td>Total</td>
<td>Interest of controlled corporations</td>
<td>4,372,394,742</td>
<td>Short position</td>
<td>5.03</td>
<td>1.22</td>
</tr>
<tr>
<td></td>
<td></td>
<td>85,975,521</td>
<td></td>
<td>0.09</td>
<td>0.02</td>
</tr>
</tbody>
</table>

**Note:** \(^{(1)}\) As confirmed by Ping An Asset Management Co., Ltd., such shares were held by Ping An Asset Management Co., Ltd. on behalf of certain customers (including but not limited to Ping An Life Insurance Company of China, Ltd.) in its capacity as investment manager and the interests in such shares were disclosed based on the latest disclosure of interests form filed by Ping An Asset Management Co., Ltd. for the period ended 31 December 2018 (the date of relevant event being 7 September 2018). Both Ping An Life Insurance Company of China, Ltd. and Ping An Asset Management Co., Ltd. are subsidiaries of Ping An Insurance (Group) Company of China, Ltd. As Ping An Asset Management Co., Ltd. is in a position to fully exercise the voting rights in respect of such shares on behalf of customers and independently exercise the rights of investment and business management in its capacity as investment manager, and is completely independent from Ping An Insurance (Group) Company of China, Ltd., Ping An Insurance (Group) Company of China, Ltd. is exempted from aggregating the interests in such shares as a holding company under the aggregation exemption and disclosing the holding of the same in accordance with the Securities and Futures Ordinance of Hong Kong.
5.5 Preference Shares

- **Issuance and Listing of Preference Shares in Latest Three Years**

  The Bank did not issue any preference shares in the past three years.

- **Issuance of Preference Shares**

  On 30 August 2018 and 21 November 2018, the Board of Directors and the Shareholders’ General Meeting of the Bank reviewed and approved the Proposal on the Domestic Preference Share Issuance Plan of Industrial and Commercial Bank of China Limited and the Proposal on the Offshore Preference Share Issuance Plan of Industrial and Commercial Bank of China Limited. The Bank plans to issue preference shares with a total amount up to an equivalent of RMB100.0 billion on the domestic and offshore markets. Among which, preference shares up to RMB100.0 billion will be issued in a single or multiple series in the domestic market and preference shares up to an equivalent of RMB44.0 billion will be issued in the offshore market. The specific issuance amount will be determined within the above-mentioned limits by the Board of Directors as authorized by the Shareholders’ General Meeting (sub-authorization is available). All the funds raised from the domestic and offshore issuance of preference shares after deducting the issuance costs will be used to replenish additional tier 1 capital of the Bank. The preference share issuance plan is still subject to the approval by relevant regulatory authorities.

- **Changes in Preference Shares**

  As at the end of the reporting period, the Bank had 28 preference shareholders (or proxies), including two offshore preference shareholders (or proxies) and 26 domestic preference shareholders. As at the end of the month immediately before the results announcement date (28 February 2019), the Bank had 28 preference shareholders (or proxies), including two offshore preference shareholders (or proxies) and 26 domestic preference shareholders.
<table>
<thead>
<tr>
<th>Name of shareholder</th>
<th>Nature of shareholder</th>
<th>Class of shares</th>
<th>Increase/ decrease during the reporting period</th>
<th>Shares held at the end of the period</th>
<th>Shareholding percentage (%)</th>
<th>Number of shares subject to restrictions on sales</th>
<th>Number of pledged or locked-up shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cede &amp; Co.</td>
<td>Foreign legal person</td>
<td>USD offshore preference shares</td>
<td>–</td>
<td>147,000,000</td>
<td>47.9</td>
<td>–</td>
<td>Unknown</td>
</tr>
<tr>
<td>The Bank of New York Depository (Nominees) Limited</td>
<td>Foreign legal person</td>
<td>RMB offshore preference shares</td>
<td>–</td>
<td>120,000,000</td>
<td>39.1</td>
<td>–</td>
<td>Unknown</td>
</tr>
<tr>
<td></td>
<td></td>
<td>EUR offshore preference shares</td>
<td>–</td>
<td>40,000,000</td>
<td>13.0</td>
<td>–</td>
<td>Unknown</td>
</tr>
</tbody>
</table>

**Notes:**

(1) The above data are based on the Bank’s register of offshore preference shareholders as at 31 December 2018.

(2) As the issuance of the offshore preference shares above was private offering, the register of preference shareholders presented the information on proxies of placees.

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

(4) “Shareholding percentage” refers to the percentage of offshore preference shares held by preference shareholders in total number of offshore preference shares.
# PARTICULARS OF SHAREHOLDING OF THE TOP 10 DOMESTIC PREFERENCE SHAREHOLDERS OF THE BANK

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

**Notes:**

1. The above data are based on the Bank’s register of domestic preference shareholders as at 31 December 2018.

2. China National Tobacco Corporation Shandong Branch and China National Tobacco Corporation Heilongjiang Branch are both wholly-owned subsidiaries of China National Tobacco Corporation. Both “China Life Insurance Company Limited — Dividends Distribution — Dividends Distribution to Individuals — 005L — FH002 Hu” and “China Life Insurance Company Limited — Traditional — Ordinary insurance products — 005L — CT001 Hu” are managed by China Life Insurance Company Limited. The “Ping An Life Insurance Company of China, Ltd. — Traditional — Ordinary insurance products” is managed by Ping An Life Insurance Company of China, Ltd. Ping An Life Insurance Company of China, Ltd. and Ping An Property & Casualty Insurance Company of China Ltd. have connected relations. Save as disclosed above, the Bank is not aware of any connected relations or concert party action among the afore-mentioned preference shareholders and among the afore-mentioned preference shareholders and top 10 ordinary shareholders.

3. “Shareholding percentage” refers to the percentage of domestic preference shares held by preference shareholders in total number of domestic preference shares.
• **Dividend Distribution of Preference Shares**

As per the resolution and authorization of the General Meeting, the Bank reviewed and approved the Proposal on Distribution of Dividends for Preference Shares at the meeting of its Board of Directors on 30 October 2018, permitting the Bank to distribute the dividends on the Bank’s domestic preference shares on 23 November 2018 and on the offshore preference shares on 10 December 2018.

Dividends on the Bank’s domestic preference shares are paid annually in cash, and calculated based on the aggregate value of the issued domestic preference shares. Dividends on the Bank’s domestic preference shares are non-cumulative. Holders of domestic preference shares are only entitled to dividends at the prescribed coupon rate, but are not entitled to any distribution of residual profits of the Bank together with the holders of ordinary shares. According to the dividend distribution plan in the domestic preference share issuance proposal, the Bank distributed a dividend of RMB2,025 million on the domestic preference shares (pre-tax) at the coupon rate of 4.5%.

Dividends on the Bank’s offshore preference shares are paid annually in cash, and calculated based on the aggregate value of the offshore preference shares. Dividends on the Bank’s offshore preference shares are non-cumulative. Holders of offshore preference shares are only entitled to dividends at the prescribed dividend rate, but are not entitled to any distribution of residual profits of the Bank together with the holders of ordinary shares. According to the dividend distribution plan in the offshore preference share issuance proposal, the Bank distributed a dividend of USD196 million, EUR40 million and RMB800 million on the offshore preference shares (pre-tax), aggregating to RMB2,481 million at the rate prevailing on the date the dividend was declared. In practice, the dividend was distributed in the currency of the preference share. According to relevant laws, when the Bank distributes dividends for offshore preference shares, the enterprise income tax shall be withheld by the Bank at a rate of 10%. According to the requirements of the terms and conditions of the offshore preference shares, the Bank will pay the relevant taxes, in addition to the dividends for offshore preference shares.

Distribution of dividends on preference shares by the Bank in latest three years is shown as follows:

<table>
<thead>
<tr>
<th>Type of preference shares</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Dividend rate</td>
<td>Dividend distributed</td>
<td>Dividend rate</td>
</tr>
<tr>
<td>Domestic preference share</td>
<td>4.50%</td>
<td>2,025</td>
<td>4.50%</td>
</tr>
<tr>
<td>Offshore preference share</td>
<td>6.00%</td>
<td>2,481</td>
<td>6.00%</td>
</tr>
</tbody>
</table>

*Note: Dividend distributed is tax included.*

The above-mentioned preference share dividend distribution plans have been fulfilled. For particulars of the Bank’s distribution of dividends on preference shares, please refer to the announcements of the Bank on the websites of Shanghai Stock Exchange, The Stock Exchange of Hong Kong Limited and the Bank.
• **Redemption or Conversion of Preference Shares**

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

• **Restoration of Voting Rights of Preference Shares**

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

• **Accounting Policy Adopted for Preference Shares and Rationale**

According to the Accounting Standard for Business Enterprises No. 22 — Recognition and Measurement of Financial Instruments, the Accounting Standard for Business Enterprises No. 37 — Presentation of Financial Instruments and the Rules for Distinguishing Financial Liabilities and Equity Instruments and Relevant Accounting Treatment (Cai Kuai [2014] No. 13) promulgated by Ministry of Finance of the People’s Republic of China as well as the International Financial Reporting Standard 9 — Financial Instruments and the International Accounting Standard 32 — Financial Instruments: Presentation promulgated by International Accounting Standards Board and other accounting standards and the key terms of issuance of the Bank’s preference shares, the issued and existing preference shares do not contain contractual obligations to deliver cash or other financial assets or contractual obligations to deliver variable equity instruments for settlement, and shall be accounted for as other equity instruments.

6. **Other Information**

6.1 **Corporate Governance Code**

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

6.2 **Securities Transactions of Directors and Supervisors**

The Bank has adopted a set of codes of conduct concerning the securities transactions by directors and supervisors which are no less stringent than the standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers, Appendix 10 to the Hong Kong Listing Rules. After making enquiries to all Directors and Supervisors of the Bank, each Director and Supervisor confirmed that he/she has complied with the provisions of the aforesaid codes of conduct during the year ended 31 December 2018.
6.3 Profits and Dividends Distribution

The profit and financial status of the Bank during the reporting period are presented in the Independent Auditor’s Report and Financial Statements of the Annual Report.

As approved at the Annual General Meeting for the Year 2017 held on 26 June 2018, the Bank has distributed cash dividends of about RMB85,823 million, or RMB2.408 per ten shares (pre-tax) for the period from 1 January 2017 to 31 December 2017 to the ordinary shareholders whose names appeared on the share register after the close of market on 12 July 2018.

The Board of Directors of the Bank proposes to distribute cash dividends of RMB2.506 (pre-tax) for every ten shares in respect of 356,406,257,089 ordinary shares for 2018, totaling about RMB89,315 million. The distribution plan will be submitted for approval to the Annual General Meeting for the Year 2018. Once approved, the above-mentioned dividends will be paid to the holders of A shares and H shares whose names appeared on the share register of the Bank after the close of market on 2 July 2019. The Bank will suspend the registration procedures of H share ownership transfer on 27 June 2019 (inclusive) through 2 July 2019 (inclusive). The holders of H shares of the Bank that desire to receive the proposed cash dividends but have not registered the ownership transfer documents are requested to hand over their ownership transfer documents together with the H shares to the Bank’s H share registrar — Computershare Hong Kong Investor Services Limited that is located at Room 1712–1716, 17 Floor, Hopewell Center, 183 Queen’s Road East, Wanchai, Hong Kong no later than 4:30 p.m. of 26 June 2019. Pursuant to relevant regulatory requirements and operational rules, dividends on A shares and H shares will be paid on 3 July 2019 and 23 July 2019, respectively.

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

The Bank had no plan for converting capital reserve to share capital in the last three years. The table below sets out the dividend distribution of ordinary shares of the Bank for the last three years:

<table>
<thead>
<tr>
<th>Item</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividend per ten shares (pre-tax, in RMB yuan)</td>
<td>2.506</td>
<td>2.408</td>
<td>2.343</td>
</tr>
<tr>
<td>Cash dividends (pre-tax, in RMB millions)</td>
<td>89,315</td>
<td>85,823</td>
<td>83,506</td>
</tr>
<tr>
<td>Percentage of cash dividends(^{(1)}) (%)</td>
<td>30.5</td>
<td>30.5</td>
<td>30.5</td>
</tr>
</tbody>
</table>

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

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

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6.4 Purchase, Sale or Redemption of Securities

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

6.5 Updates on Significant Events

Establishment of Wealth Management Subsidiary

The Board of Directors of the Bank reviewed and approved the Proposal on the Establishment of ICBC Wealth Management Co., Ltd. at the meeting of the Board of Directors convened on 26 November 2018. The proposal is to establish a wholly-owned subsidiary ICBC Wealth Management Co., Ltd. by contributing no more than RMB16.0 billion of the Bank’s proprietary funds. On 15 February 2019, China Banking and Insurance Regulatory Commission officially approved the Bank’s establishment of ICBC Wealth Management Co., Ltd.

Issuance of Tier 2 Capital Bonds

According to the capital planning and capital replenishment planning, the Bank publicly issued the tier 2 capital bonds of RMB55.0 billion in March 2019 in China’s national inter-bank bond market. The funds raised will be used to replenish the Bank’s tier 2 capital in accordance with the applicable laws as approved by relevant regulators. Please refer to the announcements published by the Bank on the websites of The Stock Exchange of Hong Kong Limited and Shanghai Stock Exchange.

Issuance of Undated Additional Tier 1 Capital Bonds

On 28 March 2019, the Board of Directors of the Bank reviewed and approved the Proposal on the Issuance of Undated Additional Tier 1 Capital Bonds. The Bank plans to issue write-down undated additional tier 1 capital bonds with the total amount up to RMB80.0 billion in China’s national inter-bank bond market. All funds raised will be used to bolster the Bank’s additional tier 1 capital. The undated additional tier 1 capital bonds issuance plan is still subject to the review and approval by the Shareholders’ General Meeting of the Bank, after which it is further subject to the approval by the relevant regulatory authorities. Please refer to the announcements published by the Bank on the websites of The Stock Exchange of Hong Kong Limited and Shanghai Stock Exchange.

7. Financial Report

7.1 Audit Opinions

The 2018 financial statements of the Bank prepared in accordance with PRC GAAP and IFRSs have been audited by KPMG Huazhen LLP and KPMG, respectively. KPMG Huazhen LLP and KPMG have expressed unqualified opinions in the independent auditor’s report.

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

Year ended 31 December 2018

(In RMB millions, unless otherwise stated)

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest income</td>
<td>948,094</td>
<td>861,594</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(375,576)</td>
<td>(339,516)</td>
</tr>
<tr>
<td><strong>NET INTEREST INCOME</strong></td>
<td>572,518</td>
<td>522,078</td>
</tr>
<tr>
<td>Fee and commission income</td>
<td>162,347</td>
<td>158,666</td>
</tr>
<tr>
<td>Fee and commission expense</td>
<td>(17,046)</td>
<td>(19,041)</td>
</tr>
<tr>
<td><strong>NET FEE AND COMMISSION INCOME</strong></td>
<td>145,301</td>
<td>139,625</td>
</tr>
<tr>
<td>Net trading income</td>
<td>2,846</td>
<td>5,753</td>
</tr>
<tr>
<td>Net gain on financial investments</td>
<td>1,345</td>
<td>2,165</td>
</tr>
<tr>
<td>Other operating income, net</td>
<td>3,111</td>
<td>6,033</td>
</tr>
<tr>
<td><strong>OPERATING INCOME</strong></td>
<td>725,121</td>
<td>675,654</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>(194,203)</td>
<td>(186,194)</td>
</tr>
<tr>
<td>Impairment losses on assets</td>
<td>(161,594)</td>
<td>(127,769)</td>
</tr>
<tr>
<td><strong>OPERATING PROFIT</strong></td>
<td>369,324</td>
<td>361,691</td>
</tr>
<tr>
<td>Share of profits of associates and joint ventures</td>
<td>3,089</td>
<td>2,950</td>
</tr>
<tr>
<td><strong>PROFIT BEFORE TAXATION</strong></td>
<td>372,413</td>
<td>364,641</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>(73,690)</td>
<td>(77,190)</td>
</tr>
<tr>
<td><strong>PROFIT FOR THE YEAR</strong></td>
<td>298,723</td>
<td>287,451</td>
</tr>
<tr>
<td>Attributable to:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity holders of the parent company</td>
<td>297,676</td>
<td>286,049</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>1,047</td>
<td>1,402</td>
</tr>
<tr>
<td><strong>Profit for the year</strong></td>
<td>298,723</td>
<td>287,451</td>
</tr>
<tr>
<td><strong>EARNINGS PER SHARE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>— Basic (RMB yuan)</td>
<td>0.82</td>
<td>0.79</td>
</tr>
<tr>
<td>— Diluted (RMB yuan)</td>
<td>0.82</td>
<td>0.79</td>
</tr>
</tbody>
</table>
## 7.2.2 Consolidated Statement of Profit or Loss and Other Comprehensive Income

**Year ended 31 December 2018**

*(In RMB millions, unless otherwise stated)*

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Profit for the year</strong></td>
<td>298,723</td>
<td>287,451</td>
</tr>
<tr>
<td><strong>Other comprehensive income</strong> (after tax, net):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Items that will not be reclassified to profit or loss:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Changes in fair value of equity instruments designated as at fair value through other comprehensive income</td>
<td>1,605</td>
<td></td>
</tr>
<tr>
<td>Other comprehensive income recognised under equity method</td>
<td>(9)</td>
<td>(29)</td>
</tr>
<tr>
<td>Others</td>
<td>(5)</td>
<td>3</td>
</tr>
<tr>
<td>Items that may be reclassified subsequently to profit or loss:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Changes in fair value of debt instruments measured at fair value through other comprehensive income</td>
<td>24,599</td>
<td></td>
</tr>
<tr>
<td>Credit losses of debt instruments measured at fair value through other comprehensive income</td>
<td>(1,238)</td>
<td></td>
</tr>
<tr>
<td>Net loss from change in fair value of available-for-sale financial assets</td>
<td>(33,494)</td>
<td></td>
</tr>
<tr>
<td>Reserve from cash flow hedging instruments</td>
<td>(53)</td>
<td>939</td>
</tr>
<tr>
<td>Other comprehensive income recognised under equity method</td>
<td>488</td>
<td>(757)</td>
</tr>
<tr>
<td>Foreign currency translation differences</td>
<td>3,325</td>
<td>(8,752)</td>
</tr>
<tr>
<td>Others</td>
<td>(903)</td>
<td>712</td>
</tr>
<tr>
<td><strong>Subtotal of other comprehensive income for the year</strong></td>
<td>27,809</td>
<td>(41,378)</td>
</tr>
<tr>
<td><strong>Total comprehensive income for the year</strong></td>
<td>326,532</td>
<td>246,073</td>
</tr>
<tr>
<td><strong>Total comprehensive income attributable to:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity holders of the parent company</td>
<td>324,981</td>
<td>245,729</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>1,551</td>
<td>344</td>
</tr>
<tr>
<td><strong>Total comprehensive income</strong></td>
<td>326,532</td>
<td>246,073</td>
</tr>
</tbody>
</table>
## 7.2.3 Consolidated Statement of Financial Position

**31 December 2018**

*(In RMB millions, unless otherwise stated)*

<table>
<thead>
<tr>
<th>ASSETS</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and balances with central banks</td>
<td>3,372,576</td>
<td>3,613,872</td>
</tr>
<tr>
<td>Due from banks and other financial institutions</td>
<td>962,449</td>
<td>847,611</td>
</tr>
<tr>
<td>Derivative financial assets</td>
<td>71,335</td>
<td>89,013</td>
</tr>
<tr>
<td>Reverse repurchase agreements</td>
<td>734,049</td>
<td>986,631</td>
</tr>
<tr>
<td>Loans and advances to customers</td>
<td>15,046,132</td>
<td>13,892,966</td>
</tr>
<tr>
<td>Financial investments</td>
<td>6,754,692</td>
<td>5,756,704</td>
</tr>
<tr>
<td>— Financial investments measured at fair value through profit or loss</td>
<td>805,347</td>
<td>440,938</td>
</tr>
<tr>
<td>— Financial investments measured at fair value through other comprehensive income</td>
<td>1,430,163</td>
<td></td>
</tr>
<tr>
<td>— Financial investments measured at amortised cost</td>
<td>4,519,182</td>
<td></td>
</tr>
<tr>
<td>— Available-for-sale financial assets</td>
<td></td>
<td>1,496,453</td>
</tr>
<tr>
<td>— Held-to-maturity investments</td>
<td></td>
<td>3,542,184</td>
</tr>
<tr>
<td>— Receivables</td>
<td></td>
<td>277,129</td>
</tr>
<tr>
<td>Investments in associates and joint ventures</td>
<td>29,124</td>
<td>32,441</td>
</tr>
<tr>
<td>Property and equipment</td>
<td>290,404</td>
<td>247,744</td>
</tr>
<tr>
<td>Deferred income tax assets</td>
<td>58,375</td>
<td>48,392</td>
</tr>
<tr>
<td>Other assets</td>
<td>380,404</td>
<td>571,669</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td><strong>27,699,540</strong></td>
<td><strong>26,087,043</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Due to central banks</td>
<td>481</td>
<td>456</td>
</tr>
<tr>
<td>Financial liabilities designated as at fair value through profit or loss</td>
<td>87,400</td>
<td>89,361</td>
</tr>
<tr>
<td>Derivative financial liabilities</td>
<td>73,573</td>
<td>78,556</td>
</tr>
<tr>
<td>Due to banks and other financial institutions</td>
<td>1,814,495</td>
<td>1,706,549</td>
</tr>
<tr>
<td>Repurchase agreements</td>
<td>514,801</td>
<td>1,046,338</td>
</tr>
<tr>
<td>Certificates of deposit</td>
<td>341,354</td>
<td>260,274</td>
</tr>
<tr>
<td>Due to customers</td>
<td>21,408,934</td>
<td>19,562,936</td>
</tr>
<tr>
<td>Income tax payable</td>
<td>84,741</td>
<td>70,644</td>
</tr>
<tr>
<td>Deferred income tax liabilities</td>
<td>1,217</td>
<td>433</td>
</tr>
<tr>
<td>Debt securities issued</td>
<td>617,842</td>
<td>526,940</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>409,819</td>
<td>603,500</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td><strong>25,354,657</strong></td>
<td><strong>23,945,987</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EQUITY</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity attributable to equity holders of the parent company</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share capital</td>
<td>356,407</td>
<td>356,407</td>
</tr>
<tr>
<td>Other equity instruments</td>
<td>86,051</td>
<td>86,051</td>
</tr>
<tr>
<td>Reserves</td>
<td>680,877</td>
<td>587,489</td>
</tr>
<tr>
<td>Retained profits</td>
<td>1,206,666</td>
<td>1,097,544</td>
</tr>
<tr>
<td></td>
<td><strong>2,330,001</strong></td>
<td><strong>2,127,491</strong></td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>14,882</td>
<td>13,565</td>
</tr>
<tr>
<td><strong>TOTAL EQUITY</strong></td>
<td><strong>2,344,883</strong></td>
<td><strong>2,141,056</strong></td>
</tr>
</tbody>
</table>

**TOTAL EQUITY AND LIABILITIES**

<table>
<thead>
<tr>
<th></th>
<th>31 December 2018</th>
<th>31 December 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TOTAL EQUITY AND LIABILITIES</strong></td>
<td><strong>27,699,540</strong></td>
<td><strong>26,087,043</strong></td>
</tr>
</tbody>
</table>
## 7.2.4 Consolidated Statement of Changes in Equity

### Year ended 31 December 2018

*(In RMB millions, unless otherwise stated)*

<table>
<thead>
<tr>
<th>Attributable to equity holders of the parent company</th>
<th>Reserves</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Issued</td>
</tr>
<tr>
<td></td>
<td>share</td>
</tr>
<tr>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Balance as at 31 December 2017</td>
<td>356,407</td>
</tr>
<tr>
<td>Impact of adopting IFRS 9</td>
<td>—</td>
</tr>
<tr>
<td>Balance as at 1 January 2018</td>
<td>356,407</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>—</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>—</td>
</tr>
<tr>
<td>Total comprehensive income</td>
<td>—</td>
</tr>
<tr>
<td>Dividends — ordinary shares 2017 final</td>
<td>—</td>
</tr>
<tr>
<td>Dividends — preference shares</td>
<td>—</td>
</tr>
<tr>
<td>Appropriation to surplus reserve (i)</td>
<td>—</td>
</tr>
<tr>
<td>Appropriation to general reserve (ii)</td>
<td>—</td>
</tr>
<tr>
<td>Capital injection by non-controlling shareholders</td>
<td>—</td>
</tr>
<tr>
<td>Change in shareholding in subsidiaries</td>
<td>—</td>
</tr>
<tr>
<td>Dividends to non-controlling shareholders</td>
<td>—</td>
</tr>
<tr>
<td>Other comprehensive income transferred to retained earnings</td>
<td>—</td>
</tr>
<tr>
<td>Others</td>
<td>—</td>
</tr>
<tr>
<td>Balance as at 31 December 2018</td>
<td>356,407</td>
</tr>
</tbody>
</table>

(i) Includes the appropriation made by overseas branches and subsidiaries in the amounts of RMB103 million and RMB596 million, respectively.

(ii) Includes the reversal made by overseas branches in the amounts of RMB9 million and appropriation made by subsidiaries in the amounts of RMB2,345 million, respectively.
<table>
<thead>
<tr>
<th>issued share capital</th>
<th>Other equity instruments</th>
<th>Capital reserve</th>
<th>Surplus reserve</th>
<th>General reserve</th>
<th>Investment currency translation reserve</th>
<th>Cash flow reserve</th>
<th>Other reserves</th>
<th>Subtotal</th>
<th>Retained profits</th>
<th>Total</th>
<th>Non-controlling interests</th>
<th>Total equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as at 1 January 2017</td>
<td>356,407</td>
<td>86,051</td>
<td>152,043</td>
<td>265,021</td>
<td>251,349</td>
<td>1,135</td>
<td>(10,050)</td>
<td>(4,645)</td>
<td>(221)</td>
<td>594,630</td>
<td>940,663</td>
<td>1,981,313</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>266,049</td>
<td>266,049</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(32,885)</td>
<td>(32,885)</td>
</tr>
<tr>
<td>Total comprehensive income</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>286,049</td>
<td>245,729</td>
</tr>
<tr>
<td>Dividends — ordinary shares 2016 final</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(83,506)</td>
<td>(83,506)</td>
</tr>
<tr>
<td>Dividends — preference shares</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(4,437)</td>
<td>(4,437)</td>
</tr>
<tr>
<td>Appropriation to surplus reserve (i)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>27,682</td>
<td>27,682</td>
</tr>
<tr>
<td>Appropriation to general reserve (ii)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>13,543</td>
<td>13,543</td>
</tr>
<tr>
<td>Capital injection by non-controlling shareholders</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Change in share holding in subsidiaries</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Dividends to non-controlling shareholders</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Others</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(46)</td>
<td>(46)</td>
</tr>
<tr>
<td>Balance as at 31 December 2017</td>
<td>356,407</td>
<td>86,051</td>
<td>152,043</td>
<td>265,021</td>
<td>264,092</td>
<td>(31,752)</td>
<td>(26,302)</td>
<td>(3,761)</td>
<td>(334)</td>
<td>507,689</td>
<td>1,097,544</td>
<td>2,127,491</td>
</tr>
</tbody>
</table>

(i) Includes the appropriation made by overseas branches and subsidiaries in the amounts of RMB107 million and RMB516 million, respectively.

(ii) Includes the appropriation made by overseas branches and subsidiaries in the amounts of RMB20 million and RMB477 million, respectively.
### CASH FLOWS FROM OPERATING ACTIVITIES

**Profit before taxation**  
2018: 372,413  
2017: 364,641  

Adjustments for:  
- Share of profits of associates and joint ventures:  
  2018: (3,089)  
  2017: (2,950)  
- Depreciation:  
  2018: 20,315  
  2017: 17,958  
- Amortisation:  
  2018: 2,339  
  2017: 2,114  
- Amortisation of financial investments:  
  2018: 283  
  2017: 5,194  
- Impairment losses on assets:  
  2018: 161,594  
  2017: 127,769  
- Unrealised loss on foreign exchange:  
  2018: 20,009  
  2017: 10,288  
- Interest expense on debt securities issued:  
  2018: 23,175  
  2017: 16,219  
- Accreted interest on impaired loans:  
  2018: (2,659)  
  2017: (3,189)  
- Net gain on disposal of financial investments:  
  2018: (1,116)  
  2017: (2,313)  
- Net trading loss/(gain) on equity investments:  
  2018: 151  
  2017: (757)  
- Net loss on changes at fair value:  
  2018: 6,920  
  2017: 476  
- Net gain on disposal and overage of property and equipment:  
  2018: (1,787)  
  2017: (1,377)  
- Dividend income:  
  2018: (229)  
  2017: (328)  

Net decrease /(increase) in operating assets:  
- Due from central banks:  
  2018: 297,030  
  2017: (208,191)  
- Due from banks and other financial institutions:  
  2018: (88,016)  
  2017: 102,201  
- Financial investments measured at fair value through profit or loss:  
  2018: (201,848)  
  2017: 39,668  
- Reverse repurchase agreements:  
  2018: 158,257  
  2017: (106,555)  
- Loans and advances to customers:  
  2018: (1,258,665)  
  2017: (1,333,103)  
- Other assets:  
  2018: 150,444  
  2017: 4,150  

Net (decrease)/increase in operating liabilities:  
- Financial liabilities designated as at fair value through profit or loss:  
  2018: (12,329)  
  2017: 10,923  
- Due to central banks:  
  2018: 32  
  2017: (89)  
- Due to banks and other financial institutions:  
  2018: 70,966  
  2017: (268,057)  
- Repurchase agreements:  
  2018: (531,619)  
  2017: 457,032  
- Certificates of deposit:  
  2018: 66,036  
  2017: 55,903  
- Due to customers:  
  2018: 1,780,568  
  2017: 1,525,280  
- Other liabilities:  
  2018: (237,261)  
  2017: 26,456  

Net decrease/(increase) in operating assets:  
2018: 598,319  
2017: 533,745  

Net (decrease)/increase in operating liabilities:  
2018: (942,798)  
2017: (1,501,830)  

Net (decrease)/increase in operating activities:  
2018: 1,136,393  
2017: 1,807,448
<table>
<thead>
<tr>
<th>Year</th>
<th>Net cash flows from operating activities before tax</th>
<th>Income tax paid</th>
<th>Net cash flows from operating activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>791,914</td>
<td>(67,781)</td>
<td>724,133</td>
</tr>
<tr>
<td>2017</td>
<td>839,363</td>
<td>(68,499)</td>
<td>770,864</td>
</tr>
</tbody>
</table>

### CASH FLOWS FROM INVESTING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchases of property and equipment and other assets</td>
<td>(60,496)</td>
<td>(13,096)</td>
</tr>
<tr>
<td>Proceeds from disposal of property and equipment and other assets other than repossessed assets</td>
<td>2,855</td>
<td>3,195</td>
</tr>
<tr>
<td>Purchases of financial investments</td>
<td>(2,171,838)</td>
<td>(2,633,240)</td>
</tr>
<tr>
<td>Proceeds from sale and redemption of financial investments</td>
<td>1,495,633</td>
<td>2,153,124</td>
</tr>
<tr>
<td>Investments in associates and joint ventures</td>
<td>(799)</td>
<td>(1,605)</td>
</tr>
<tr>
<td>Proceeds from disposal of associates and joint ventures</td>
<td>1,168</td>
<td>633</td>
</tr>
<tr>
<td>Dividends received</td>
<td>1,732</td>
<td>1,731</td>
</tr>
</tbody>
</table>

Net cash flows from investing activities                                      (731,745)  (489,258)

### CASH FLOWS FROM FINANCING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital injection by non-controlling shareholders</td>
<td>125</td>
<td>792</td>
</tr>
<tr>
<td>Proceeds from issuance of debt securities</td>
<td>1,045,746</td>
<td>943,954</td>
</tr>
<tr>
<td>Interest paid on debt securities</td>
<td>(22,917)</td>
<td>(15,370)</td>
</tr>
<tr>
<td>Repayment of debt securities</td>
<td>(968,222)</td>
<td>(759,095)</td>
</tr>
<tr>
<td>Acquisition of non-controlling interests</td>
<td>–</td>
<td>(194)</td>
</tr>
<tr>
<td>Dividends paid on ordinary shares</td>
<td>(85,823)</td>
<td>(83,506)</td>
</tr>
<tr>
<td>Dividends paid on preference shares</td>
<td>(4,506)</td>
<td>(4,437)</td>
</tr>
<tr>
<td>Dividends paid to non-controlling shareholders</td>
<td>(327)</td>
<td>(309)</td>
</tr>
</tbody>
</table>

Net cash flows from financing activities                                       (35,924)   81,835

### NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS

<table>
<thead>
<tr>
<th>Description</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents at beginning of the year</td>
<td>1,520,330</td>
<td>1,189,368</td>
</tr>
<tr>
<td>Effect of exchange rate changes on cash and cash equivalents</td>
<td>32,729</td>
<td>(32,479)</td>
</tr>
</tbody>
</table>

CASH AND CASH EQUIVALENTS AT END OF THE YEAR                                     1,509,523  1,520,330

### NET CASH FLOWS FROM OPERATING ACTIVITIES INCLUDE:

<table>
<thead>
<tr>
<th>Description</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest received</td>
<td>973,512</td>
<td>891,366</td>
</tr>
<tr>
<td>Interest paid</td>
<td>(351,828)</td>
<td>(324,813)</td>
</tr>
</tbody>
</table>
7.3 Significant Accounting Policies

The IASB has issued the following amendments to IFRSs (including International Accounting Standards (“IASs”), and International Financial Reporting Interpretations Committee (“IFRICs”)) that are effective in 2018 and relevant to the Group’s operation.

IFRS 15 Revenue from contracts with customers
IFRS 9 Financial instruments
Amendments to IFRS 2 Share-based payment “Classification and measurement of share-based payment transactions”
Amendments to IAS 40 Investment property “Transfers of investment property”
IFRIC 22 Foreign currency transactions and advance consideration
Annual Improvements to IFRSs 2014-2016 Cycle — Amendments to IFRS 1, First-time adoption of International Financial Reporting Standards and Amendments to IAS 28, Investments in associates and joint ventures
Amendments to IFRS 4 Insurance contracts “Applying IFRS 9 Financial instruments with IFRS 4 Insurance contracts”

The principal effects of adopting these amended IFRSs are as follows:

IFRS 15 “Revenue from contracts with customers”

Under IFRS 15, revenue is recognised based on a single model that applies to contracts with customers. The model features the replacement of the previous “transfer of risk-reward” by the “transfer of control” as the criteria for revenue recognition. The standard contains a contract-based five-step analysis of transactions to determine whether, how much and when (at a point in time or over time) revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations, under which revenue is recognised in accordance with transactions distinguished from sales of goods, rendering of services and construction contracts.

IFRS 15 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

The adoption has no material impact on the financial position and the financial result of the Group.

IFRS 9 “Financial instruments”

IFRS 9 Financial Instruments (“IFRS 9”) introduces new requirements for classification and measurement of financial instruments, measurement of impairment for financial assets and hedge accounting. IFRS 9 is effective on 1 January 2018. The Group adjusted the classification and measurement of financial instruments that were not derecognised on 1 January 2018 on a retrospective basis in accordance with the reconciliations requirements under IFRS 9. The Group did not adjust the comparative figures of consolidated financial statements and recognised any transition adjustments against the opening balance of retained earnings or other comprehensive income.
Classification and measurement

IFRS 9 contains three principal classification categories for financial assets: measured at (1) amortised cost, (2) fair value through profit or loss (“FVTPL”) and (3) fair value through other comprehensive income (“FVOCI”):

- The classification for debt instruments is determined based on the entity’s business model for managing the financial instruments and the contractual cash flow characteristics of the assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL. If a debt instrument is classified as financial assets measured at FVOCI, then interest income, impairment loss, foreign exchange gains or losses and gains or losses on disposal will be recognised in profit or loss.

- For equity securities, the classification is FVTPL regardless of the entity’s business model, except for the equity security is not held for trading and the entity irrevocably elects to designate that security as at FVOCI. If an equity security is designated as at FVOCI then only dividend income on that security will be recognised in profit or loss. Gains and losses on that security will be recognised in other comprehensive income without reclassification to profit or loss.

The classification and measurement requirements for financial liabilities under IFRS 9 are largely unchanged from IAS 39 Financial Instruments: Recognition and Measurement (“IAS 39”), except that IFRS 9 requires the fair value change of a financial liability designated as at FVTPL that is attributable to changes of that financial liability’s credit risk to be recognised in other comprehensive income (without reclassification to profit or loss).

Impairment

The new impairment model in IFRS 9 replaces the “incurred loss” model in IAS 39 with an “expected credit losses (“ECL”)” model. Under the expected credit loss model, it is no longer necessary for a loss event to occur before an impairment loss is recognised. Instead, an entity is required to recognise and measure either a 12-month expected credit loss or lifetime expected credit loss, depending on the asset and the facts and circumstances, which results in an early recognition of credit losses.

Hedge accounting

IFRS 9 does not fundamentally change the requirements relating to measuring and recognising ineffectiveness under IAS 39. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting.

Disclosure

IFRS 9 requires extensive new disclosures, in particular about hedge accounting, credit risk and expected credit losses.
Transition

The Group is required to adopt IFRS 9 from 1 January 2018. The Group adjusted the classification and measurement of financial instruments that were not derecognised on 1 January 2018 on a retrospective basis in accordance with the reconciliations requirements under IFRS 9. The Group did not adjust the comparative figures of consolidated financial statements and recognised any transition adjustments against the opening balance of retained earnings or other comprehensive income.

The following table illustrates the original classification and measurement of financial instruments under IAS 39 and the new classification and measurement of financial instruments under IFRS 9 as at 1 January 2018.

<table>
<thead>
<tr>
<th>Financial instruments</th>
<th>IAS 39 Classification</th>
<th>Carrying amount</th>
<th>IFRS 9 Classification</th>
<th>Carrying amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial assets:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and balances with central banks</td>
<td>Amortised cost (loans and receivables)</td>
<td>3,613,872</td>
<td>Amortised cost</td>
<td>3,613,872</td>
</tr>
<tr>
<td>Due from banks and other financial institutions</td>
<td>Amortised cost (loans and receivables)</td>
<td>847,611</td>
<td>Amortised cost</td>
<td>847,341</td>
</tr>
<tr>
<td>Derivative financial assets</td>
<td>FVTPL</td>
<td>89,013</td>
<td>FVTPL (mandatory)</td>
<td>89,013</td>
</tr>
<tr>
<td>Reverse repurchase agreements</td>
<td>Amortised cost (loans and receivables)</td>
<td>986,631</td>
<td>Amortised cost</td>
<td>791,065</td>
</tr>
<tr>
<td></td>
<td>FVTPL (mandatory)</td>
<td></td>
<td>FVTPL (mandatory)</td>
<td>195,520</td>
</tr>
<tr>
<td>Loans and advances to customers</td>
<td>Amortised cost (loans and receivables)</td>
<td>13,892,966</td>
<td>Amortised cost</td>
<td>13,759,417</td>
</tr>
<tr>
<td>Financial investments</td>
<td>Amortised cost (receivables)</td>
<td>277,129</td>
<td>Amortised cost</td>
<td>3,835,107</td>
</tr>
<tr>
<td></td>
<td>Amortised cost (held to maturity)</td>
<td>3,542,184</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>FVOCI (available for sale)</td>
<td>1,496,453</td>
<td>FVOCI</td>
<td>1,443,785</td>
</tr>
<tr>
<td></td>
<td>FVTPL (held for trading)</td>
<td>87,337</td>
<td>FVTPL (mandatory)</td>
<td>148,518</td>
</tr>
<tr>
<td></td>
<td>FVTPL (designated)</td>
<td>353,601</td>
<td>FVTPL (designated)</td>
<td>351,802</td>
</tr>
<tr>
<td>Other assets</td>
<td>Amortised cost (loans and receivables)</td>
<td>450,166</td>
<td>Amortised cost</td>
<td>449,233</td>
</tr>
<tr>
<td>Financial liabilities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt securities issued</td>
<td>Amortised cost</td>
<td>526,940</td>
<td>Amortised cost</td>
<td>527,928</td>
</tr>
<tr>
<td>Financial liabilities designated as at fair value through profit or loss</td>
<td>FVTPL (designated)</td>
<td>89,361</td>
<td>FVTPL (designated)</td>
<td>88,391</td>
</tr>
</tbody>
</table>

Note: As at 1 January 2018, the financial liabilities issued by the Group had not been reclassified or re-measured except for the financial liabilities listed above.
The following table reconciles the carrying amounts of financial assets and financial liabilities under IAS 39 to the carrying amounts under IFRS 9.

<table>
<thead>
<tr>
<th>Note</th>
<th>Carrying amount under IAS 39 as at 31 December 2017</th>
<th>Reclassification</th>
<th>Remeasurement</th>
<th>Carrying amount under IFRS 9 as at 1 January 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3,613,872</td>
<td>–</td>
<td>–</td>
<td>3,613,872</td>
</tr>
<tr>
<td></td>
<td>847,611</td>
<td></td>
<td>–</td>
<td>847,341</td>
</tr>
<tr>
<td></td>
<td>986,631</td>
<td></td>
<td>–</td>
<td>791,065</td>
</tr>
<tr>
<td></td>
<td>13,892,966</td>
<td></td>
<td>–</td>
<td>13,759,417</td>
</tr>
</tbody>
</table>

**Financial assets**

**Financial assets measured at amortised cost**

Cash and balances with central banks

- Balance under IAS 39 and balance under IFRS 9: $3,613,872
- Due from banks and other financial institutions
  - Balance under IAS 39: $847,611
  - Remeasurement: provision for expected credit losses: $(270)
  - Balance under IFRS 9: $847,341

Reverse repurchase agreements

- Balance under IAS 39: $986,631
- Less: to FVTPL — mandatory (IFRS 9): $A (195,520)
- Remeasurement: provision for expected credit losses: $(46)
- Balance under IFRS 9: $791,065

Loans and advances to customers

- Balance under IAS 39: $13,892,966
- Less: to FVOCI (IFRS 9): $B (99,945)
- Less: to FVTPL — mandatory (IFRS 9): $C (411)
- Remeasurement: provision for expected credit losses: $(33,193)
- Balance under IFRS 9: $13,759,417
<table>
<thead>
<tr>
<th>Financial investments — amortised cost</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance under IAS 39</td>
<td>277,129</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Remeasurement: provision for expected credit losses</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less: to FVOCI (IFRS 9)</td>
<td>B</td>
<td>(2,600)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less: to FVTPL — mandatory (IFRS 9)</td>
<td>C</td>
<td>(22,050)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Add: from held-to-maturity investments (IAS 39)</td>
<td>D</td>
<td>3,286,309</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Remeasurement: provision for expected credit losses</td>
<td></td>
<td></td>
<td></td>
<td>(843)</td>
</tr>
<tr>
<td>Remeasurement: reversal of the fair value adjustments recognised during previous reclassifications</td>
<td></td>
<td></td>
<td></td>
<td>66</td>
</tr>
<tr>
<td>Add: from financial assets designated as at FVTPL (IAS 39)</td>
<td>E</td>
<td>1,799</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Remeasurement: provision for expected credit losses</td>
<td></td>
<td></td>
<td></td>
<td>(2)</td>
</tr>
<tr>
<td>Add: from available-for-sale financial assets (IAS 39)</td>
<td>F</td>
<td>277,841</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Remeasurement: provision for expected credit losses</td>
<td></td>
<td></td>
<td></td>
<td>(97)</td>
</tr>
<tr>
<td>Remeasurement: from fair value to amortised cost</td>
<td></td>
<td></td>
<td></td>
<td>17,550</td>
</tr>
<tr>
<td>Balance under IFRS 9</td>
<td></td>
<td></td>
<td></td>
<td>3,835,107</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Financial investments — held-to-maturity investments</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance under IAS 39</td>
<td>3,542,184</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less: to amortised cost (IFRS 9)</td>
<td>D</td>
<td>(3,286,309)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less: to FVOCI (IFRS 9)</td>
<td>B</td>
<td>(247,760)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less: to FVTPL — mandatory (IFRS 9)</td>
<td>C</td>
<td>(8,115)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance under IFRS 9</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Other assets</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance under IAS 39</td>
<td>450,166</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Remeasurement: provision for expected credit losses</td>
<td></td>
<td></td>
<td></td>
<td>(933)</td>
</tr>
<tr>
<td>Balance under IFRS 9</td>
<td></td>
<td></td>
<td></td>
<td>449,233</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Financial assets measured at amortised cost</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>23,610,559</td>
<td>(296,761)</td>
<td>(17,763)</td>
<td>23,296,035</td>
</tr>
</tbody>
</table>
### Financial assets measured at FVTPL

#### Derivative financial assets

<table>
<thead>
<tr>
<th>Note</th>
<th>Carrying amount under IAS 39 as at 31 December 2017</th>
<th>Reclassification</th>
<th>Remeasurement</th>
<th>Carrying amount under IFRS 9 as at 1 January 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>89,013</td>
<td>–</td>
<td>–</td>
<td>89,013</td>
</tr>
</tbody>
</table>

#### Reverse repurchase agreements

<table>
<thead>
<tr>
<th>Note</th>
<th>Carrying amount under IAS 39 as at 31 December 2017</th>
<th>Reclassification</th>
<th>Remeasurement</th>
<th>Carrying amount under IFRS 9 as at 1 January 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>195,520</td>
</tr>
</tbody>
</table>

#### Loans and advances to customers

<table>
<thead>
<tr>
<th>Note</th>
<th>Carrying amount under IAS 39 as at 31 December 2017</th>
<th>Reclassification</th>
<th>Remeasurement</th>
<th>Carrying amount under IFRS 9 as at 1 January 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>410</td>
</tr>
</tbody>
</table>

#### Financial investments — FVTPL (mandatory)

<table>
<thead>
<tr>
<th>Note</th>
<th>Carrying amount under IAS 39 as at 31 December 2017</th>
<th>Reclassification</th>
<th>Remeasurement</th>
<th>Carrying amount under IFRS 9 as at 1 January 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>87,337</td>
<td>22,050</td>
<td>(465)</td>
<td>148,518</td>
</tr>
</tbody>
</table>

#### Financial investments — designated as at FVTPL

<table>
<thead>
<tr>
<th>Note</th>
<th>Carrying amount under IAS 39 as at 31 December 2017</th>
<th>Reclassification</th>
<th>Remeasurement</th>
<th>Carrying amount under IFRS 9 as at 1 January 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>353,601</td>
<td>(1,799)</td>
<td>(720)</td>
<td>351,802</td>
</tr>
</tbody>
</table>

### Financial assets measured at FVTPL

<table>
<thead>
<tr>
<th>Note</th>
<th>Carrying amount under IAS 39 as at 31 December 2017</th>
<th>Reclassification</th>
<th>Remeasurement</th>
<th>Carrying amount under IFRS 9 as at 1 January 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>529,951</td>
<td>255,860</td>
<td>(548)</td>
<td>785,263</td>
</tr>
</tbody>
</table>
### Financial assets measured at FVOCI

**Loans and advances to customers**

<table>
<thead>
<tr>
<th>Note</th>
<th>Carrying amount under IAS 39 as at 31 December 2017</th>
<th>Reclassification</th>
<th>Remeasurement</th>
<th>Carrying amount under IFRS 9 as at 1 January 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Balance under IAS 39</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Add: from amortised cost (IAS 39)</td>
<td>B</td>
<td>99,945</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Remeasurement: reversal of impairment allowance under IAS 39</td>
<td></td>
<td>1,077</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Remeasurement: from amortised cost to fair value</td>
<td></td>
<td>(47)</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Balance under IFRS 9</strong></td>
<td></td>
<td></td>
<td>100,975</td>
</tr>
</tbody>
</table>

**Financial investments-FVOCI (debt instruments)**

<table>
<thead>
<tr>
<th>Note</th>
<th>Carrying amount under IAS 39 as at 31 December 2017</th>
<th>Reclassification</th>
<th>Remeasurement</th>
<th>Carrying amount under IFRS 9 as at 1 January 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Balance under IAS 39</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Add: from held-to-maturity investments (IAS 39)</td>
<td>B</td>
<td>247,760</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Remeasurement: from amortised cost to fair value</td>
<td></td>
<td>2,329</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Add: from available-for-sale financial assets (IAS 39)</td>
<td>D</td>
<td>1,185,275</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Remeasurement: reversal of impairment allowance under IAS 39</td>
<td></td>
<td>149</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Add: from receivables (IAS 39)</td>
<td>B</td>
<td>2,600</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Remeasurement: from amortised cost to fair value</td>
<td></td>
<td>(19)</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Balance under IFRS 9</strong></td>
<td></td>
<td></td>
<td>1,438,094</td>
</tr>
</tbody>
</table>

**Financial investments-FVOCI (equity instruments)**

<table>
<thead>
<tr>
<th>Note</th>
<th>Carrying amount under IAS 39 as at 31 December 2017</th>
<th>Reclassification</th>
<th>Remeasurement</th>
<th>Carrying amount under IFRS 9 as at 1 January 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Balance under IAS 39</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Add: from available-for-sale financial assets (IAS 39) — designated</td>
<td>G</td>
<td>1,774</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Remeasurement: reversal of impairment allowance under IAS 39</td>
<td></td>
<td>479</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Remeasurement: fair value remeasurement</td>
<td></td>
<td>3,438</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Balance under IFRS 9</strong></td>
<td></td>
<td></td>
<td>5,691</td>
</tr>
</tbody>
</table>
Financial investments-available-for-sale

<table>
<thead>
<tr>
<th>Note</th>
<th>Carrying amount under IAS 39 as at 31 December 2017</th>
<th>Reclassification</th>
<th>Remeasurement</th>
<th>Carrying amount under IFRS 9 as at 1 January 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,496,453</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less: to amortised cost (IFRS 9)</td>
<td>F (277,841)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less: to FVOCI (IFRS 9) — debt instruments</td>
<td>D (1,185,275)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less: to FVOCI (IFRS 9) — equity instruments</td>
<td>G (1,774)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less: to FVTPL — mandatory (IFRS 9)</td>
<td>C, H (31,563)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Balance under IFRS 9

Financial assets measured at FVOCI

<table>
<thead>
<tr>
<th>Note</th>
<th>1,496,453</th>
<th>40,901</th>
<th>7,406</th>
<th>1,544,760</th>
</tr>
</thead>
</table>

Financial liabilities

Financial liabilities measured at amortised cost

Debt securities issued

<table>
<thead>
<tr>
<th>Note</th>
<th>Balance under IAS 39</th>
<th>Add: from financial liabilities designated as at FVTPL (IAS 39)</th>
<th>Remeasurement: from fair value to amortised cost</th>
<th>Balance under IFRS 9</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>526,940</td>
<td>I (970)</td>
<td>18</td>
<td>527,928</td>
</tr>
</tbody>
</table>

Financial liabilities measured at amortised cost

<table>
<thead>
<tr>
<th>Note</th>
<th>526,940</th>
<th>970</th>
<th>18</th>
<th>527,928</th>
</tr>
</thead>
</table>

Financial liabilities measured at FVTPL

<table>
<thead>
<tr>
<th>Note</th>
<th>Balance under IAS 39</th>
<th>Less: to amortised cost (IFRS 9)</th>
<th>Balance under IFRS 9</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>89,361</td>
<td>I (970)</td>
<td>88,391</td>
</tr>
</tbody>
</table>

Financial liabilities measured at FVTPL

<table>
<thead>
<tr>
<th>Note</th>
<th>89,361</th>
<th>(970)</th>
<th>–</th>
<th>88,391</th>
</tr>
</thead>
</table>

Note: As at 1 January 2018, the financial liabilities issued by the Group had not been reclassified or re-measured except for the financial liabilities listed above.
The application of IFRS 9 resulted in the reclassifications set out in the table above and explained below.

A. Certain reverse repurchase agreements held by the Group were held within a business model whose objective at the date of initial application was neither collecting contractual cash flows, nor both collecting contractual cash flows and selling financial assets. Therefore, these assets were classified as financial assets measured at FVTPL under IFRS 9.

B. Certain loans and advances to customers held by the Group, and certain debt instruments originally classified as receivables or held-to-maturity investments were held within a business model in which objective at the date of initial application was both collecting contractual cash flows and selling financial assets. In addition, their contractual cash flows were identified as solely payments of principal and interest on the principal amount outstanding. Therefore, these assets were classified as financial assets measured at FVOCI under IFRS 9.

C. Certain loans and advances to customers held by the Group, and certain debt instruments originally classified as receivables, held-to-maturity investments or available-for-sale financial assets, their contractual cash flows were not identified as solely payments of principal and interest on the principal outstanding. Therefore, these assets were classified as financial assets measured at FVTPL under IFRS 9.

D. In addition to the above, the following debt instruments have been reclassified to new categories under IFRS 9, as their previous categories were no longer used, with no changes to their measurement basis:

   (i) Those previously classified as available-for-sale financial assets and now classified as measured at FVOCI; and
   (ii) Those previously classified as held-to-maturity investments and now classified as measured at amortised cost.

E. Under IAS 39, certain debt instruments held by the Group were designated as at FVTPL, which no longer met the criteria under IFRS 9 for designation as at FVTPL. Therefore, the Group revoked its previous designation of these financial assets, reassessed their business model and contractual cash flows and classified them as measured at amortised cost. The effective interest rate of these debt instruments was 0.75% to 4.38%, and interest income recognised during the year amounted to RMB33 million. The fair value of these debt instruments as at 31 December 2018 was RMB1,805 million. Assuming that these debt instruments were not reclassified upon transition to IFRS 9, the gain arising from changes in their fair value during the year that would have been recognised in the profit or loss was RMB6 million.

F. Certain debt instruments originally classified as available-for-sale financial assets were held within a business model whose objective at the date of initial application was to collect contractual cash flows. In addition, their contractual cash flows were identified as solely payments of principal and interest on the principal outstanding. Therefore, these assets were classified as financial assets measured at amortised cost under IFRS 9. The fair
value of these instruments as at 31 December 2018 was RMB293,092 million. Assuming that these financial assets were not reclassified upon transition to IFRS 9, the gain arising from changes in their fair value during the year that would have been recognised in other comprehensive income was RMB13,004 million.

G. The reclassified and re-measured financial assets are equity investments designated irrevocably by the Group as financial assets measured at FVOCI at the date of initial application.

H. The reclassified and re-measured financial assets amounted to RMB21,519 million are equity investments, which the Group did not designate as at FVOCI at the date of initial application.

I. Under IAS 39, certain debt securities issued were designated as at FVTPL when the Group held related derivative financial instruments. As at 1 January 2018, the Group revoked the previous designation due to the criteria of designating for eliminating or significantly reducing an accounting mismatch are no longer met.

The following table reconciles the closing impairment allowance under IAS 39 to opening allowance determined in accordance with IFRS 9 on the initial application date:

<table>
<thead>
<tr>
<th>Impairment allowance under IAS 39/IAS 37 (i) as at 31 December 2017</th>
<th>Reclassification</th>
<th>Remeasurement</th>
<th>Impairment allowance under IFRS 9 as at 1 January 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans and receivables (IAS 39)/Financial assets measured at amortised cost (IFRS 9)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and balances with central banks</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Due from banks and other financial institutions</td>
<td>583</td>
<td>–</td>
<td>270</td>
</tr>
<tr>
<td>Reverse repurchase agreements</td>
<td>–</td>
<td>–</td>
<td>46</td>
</tr>
<tr>
<td>Loans and advances to customers</td>
<td>340,482</td>
<td>(1,077)</td>
<td>33,193</td>
</tr>
<tr>
<td>Financial investments</td>
<td>152</td>
<td>–</td>
<td>(5)</td>
</tr>
<tr>
<td>Other assets</td>
<td>2,988</td>
<td>–</td>
<td>933</td>
</tr>
<tr>
<td>Loans and receivables (IAS 39)/Financial assets measured at FVOCI (IFRS 9)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans and advances to customers</td>
<td>–</td>
<td>1,077</td>
<td>(606)</td>
</tr>
<tr>
<td>Financial assets designated as at FVTPL (IAS 39)/Financial assets measured at amortised cost (IFRS 9)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial assets measured at amortised cost (IFRS 9)</td>
<td>–</td>
<td>–</td>
<td>2</td>
</tr>
<tr>
<td>Financial investments</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Held-to-maturity investments (IAS 39)/Financial assets measured at FVOCI (IFRS 9)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial investments</td>
<td>–</td>
<td>–</td>
<td>23</td>
</tr>
<tr>
<td>Held-to-maturity investments (IAS 39)/Financial assets measured at amortised cost (IFRS 9)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial investments</td>
<td>167</td>
<td>–</td>
<td>843</td>
</tr>
</tbody>
</table>

62
### Impairment allowance under IAS 39/IAS 37 (i) as at 31 December 2017

<table>
<thead>
<tr>
<th>Description</th>
<th>Reclassification</th>
<th>Remeasurement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Available-for-sale financial assets measured at amortised cost (IFRS 9)</td>
<td>-</td>
<td>97</td>
</tr>
<tr>
<td>Financial investments</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Available-for-sale financial assets measured at FVOCI (IFRS 9)</td>
<td>628</td>
<td>2,951</td>
</tr>
<tr>
<td>Financial investments</td>
<td>(479)</td>
<td>3,100</td>
</tr>
<tr>
<td>Available-for-sale financial assets measured at FVTPL (IFRS 9)</td>
<td>724</td>
<td>-</td>
</tr>
<tr>
<td>Financial investments</td>
<td>(724)</td>
<td></td>
</tr>
<tr>
<td>Loan commitments and financial guarantee contracts</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Credit commitments</td>
<td>100</td>
<td>30,807</td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>30,907</td>
</tr>
<tr>
<td>Total</td>
<td>345,824</td>
<td>68,554</td>
</tr>
<tr>
<td></td>
<td>(1,203)</td>
<td>413,175</td>
</tr>
</tbody>
</table>

(i) IAS 37 stands for *International Accounting Standard 37 “Provisions, Contingent Liabilities and Contingent Assets”*.

### Amendments to IFRS 2, Share-based payment “Classification and measurement of share-based payment transactions”

The amendments clarify the accounting for the following classification and measurement issues under IFRS 2:

- **Measurement of cash-settled share-based payments**

  The amendments clarify that the fair value of liabilities for cash-settled share-based payments should be measured using the same approach as for equity-settled share-based payments — i.e. using the modified grant date method.

- **Classification of share-based payments settled net of tax withholdings**

  The amendments introduce an exception so that a share-based payment transaction with net settlement feature for withholding an amount to cover the employee’s tax obligations is classified as equity-settled in its entirety when certain conditions are met, even though the entity is then required to transfer cash (or other assets) to the tax authority to settle the employee’s tax obligation.

- **Accounting for a modification of a share-based payment from cash-settled to equity-settled**

  The amendments clarify that on such a modification the liability for the original cash-settled share-based payment is derecognised and the equity-settled share-based payment is measured at its fair value and recognised to the extent that the goods or services have been received up to that date.
Any difference between the carrying amount of the liability derecognised and the amount recognised in equity at the modification date is recognised in profit or loss immediately.

The adoption has no material impact on the financial position and the financial result of the Group.

**Amendments to IAS 40, Investment property “Transfers of investment property”**

The amendments provide guidance on deciding when there is a change in use to transfer a property to or from investment property. The amendments clarify that a change in use occurs when the property meets or ceases to meet the definition of investment property and there is evidence of the change in use.

The amendments also re-characterise the list of evidence provided in the standard as a non-exhaustive list of examples i.e. other forms of evidence may support a transfer.

The adoption has no material impact on the financial position and the financial result of the Group.

**IFRIC 22, “Foreign currency transactions and advance consideration”**

The Interpretation provides guidance on how to determine “the date of the transaction” when applying IAS 21. The effects of changes in foreign exchange rates to situations where an entity receives or pays advance consideration in a foreign currency and recognises a non-monetary asset or liability.

The Interpretation clarifies that “the date of the transaction” for the purpose of determining the exchange rate to use on initial application of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset or liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the entity should determine the date of the transaction for each payment or receipt.

The adoption has no material impact on the financial position and the financial result of the Group.

**Annual Improvements to IFRSs 2014–2016 Cycle — Amendments to IFRS 1, First-time adoption of International Financial Reporting Standards and Amendments to IAS 28, Investments in associates and joint ventures**

The amendments to IFRS 1 delete the short-term exemptions for first-time adopters that are already out-of-date.
The amendments to IAS 28 clarify that:

- a venture capital organisation, or other qualifying entity, may elect to measure its investments in an associate or joint ventures at fair value through profit or loss on an investment-by-investment basis; and

- a non-investment entity investor may elect to retain the fair value accounting applied by its investment entity associate or joint venture and this election can be made separately for each investment entity associate or joint venture.

The adoption has no material impact on the financial position and the financial result of the Group.

Amendments to IFRS 4, Insurance contracts “Applying IFRS 9 Financial instruments with IFRS 4 Insurance contracts”

The amendments address concerns arising from the different effective dates of IFRS 9 and the new insurance contracts standard, IFRS 17. The amendments introduce the following two approaches:

- Deferral approach — Temporary exemption from IFRS 9

  Companies whose activities are predominantly connected with insurance may choose to defer the application of IFRS 9 until 2021 (the effective date of IFRS 17).

- Overlay approach

  All companies that issue insurance contracts may choose to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts standard is applied.

The adoption has no material impact on the financial position and the financial result of the Group.

The Group does not adopt any issued but not yet effective international financial reporting standards, interpretations and amendments.
### 7.4 Notes to Consolidated Financial Statements

*(In RMB millions, unless otherwise stated)*

#### 7.4.1 Net Interest Income

<table>
<thead>
<tr>
<th>Loans and advances to customers</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate loans and advances</td>
<td>407,779</td>
<td>369,740</td>
</tr>
<tr>
<td>Personal loans</td>
<td>217,860</td>
<td>186,089</td>
</tr>
<tr>
<td>Discounted bills</td>
<td>14,392</td>
<td>16,859</td>
</tr>
<tr>
<td>Financial investments</td>
<td>200,157</td>
<td>185,181</td>
</tr>
<tr>
<td>Due from banks and other financial institutions</td>
<td>58,660</td>
<td>55,390</td>
</tr>
<tr>
<td>Due from central banks</td>
<td>49,246</td>
<td>48,335</td>
</tr>
<tr>
<td><strong>Total Interest Income</strong></td>
<td><strong>948,094</strong></td>
<td><strong>861,594</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Interest expense on:</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Due to customers</td>
<td>(280,212)</td>
<td>(260,956)</td>
</tr>
<tr>
<td>Due to banks and other financial institutions</td>
<td>(64,991)</td>
<td>(58,418)</td>
</tr>
<tr>
<td>Debt securities issued</td>
<td>(30,373)</td>
<td>(20,142)</td>
</tr>
<tr>
<td><strong>Total Interest Expense</strong></td>
<td><strong>(375,576)</strong></td>
<td><strong>(339,516)</strong></td>
</tr>
</tbody>
</table>

**Net interest income**

<table>
<thead>
<tr>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>572,518</td>
<td>522,078</td>
</tr>
</tbody>
</table>

#### 7.4.2 Net Fee and Commission Income

<table>
<thead>
<tr>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank card business</td>
<td>43,719</td>
</tr>
<tr>
<td>Settlement, clearing business and cash management</td>
<td>31,785</td>
</tr>
<tr>
<td>Personal wealth management and private banking services</td>
<td>27,596</td>
</tr>
<tr>
<td>Investment banking business</td>
<td>24,002</td>
</tr>
<tr>
<td>Corporate wealth management services</td>
<td>14,582</td>
</tr>
<tr>
<td>Guarantee and commitment business</td>
<td>8,861</td>
</tr>
<tr>
<td>Asset custody business</td>
<td>7,045</td>
</tr>
<tr>
<td>Trust and agency services</td>
<td>1,959</td>
</tr>
<tr>
<td>Others</td>
<td>2,798</td>
</tr>
<tr>
<td><strong>Fee and commission income</strong></td>
<td><strong>162,347</strong></td>
</tr>
<tr>
<td><strong>Fee and commission expense</strong></td>
<td><strong>(17,046)</strong></td>
</tr>
<tr>
<td><strong>Net fee and commission income</strong></td>
<td><strong>145,301</strong></td>
</tr>
</tbody>
</table>
7.4.3 Net Trading Income

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt securities</td>
<td>4,087</td>
<td>3,758</td>
</tr>
<tr>
<td>Equity investments</td>
<td>(151)</td>
<td>757</td>
</tr>
<tr>
<td>Derivatives and others</td>
<td>(1,090)</td>
<td>1,238</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,846</td>
<td>5,753</td>
</tr>
</tbody>
</table>

7.4.4 Net Gain on Financial Investments

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividend income from equity investments designated as at FVOCI, including:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>— derecognised during the year</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>— held at the year end</td>
<td>228</td>
<td></td>
</tr>
<tr>
<td>Dividend income from unlisted investments</td>
<td></td>
<td>166</td>
</tr>
<tr>
<td>Dividend income from listed investments</td>
<td></td>
<td>162</td>
</tr>
<tr>
<td>Gain/(loss) on financial assets measured at FVTPL, net</td>
<td>292</td>
<td>(476)</td>
</tr>
<tr>
<td>Including:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss on financial assets and liabilities designated as at FVTPL</td>
<td>(1,824)</td>
<td>(476)</td>
</tr>
<tr>
<td>Gain on disposal of financial assets measured at FVOCI, net</td>
<td>635</td>
<td></td>
</tr>
<tr>
<td>Gain on available-for-sale financial assets, net</td>
<td></td>
<td>2,313</td>
</tr>
<tr>
<td>Others</td>
<td>189</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,345</td>
<td>2,165</td>
</tr>
</tbody>
</table>

7.4.5 Other Operating Income, Net

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net premium income</td>
<td>33,420</td>
<td>38,093</td>
</tr>
<tr>
<td>Operating cost of insurance business</td>
<td>(31,772)</td>
<td>(38,525)</td>
</tr>
<tr>
<td>Net gain on disposal of property and equipment, repossessed assets and others</td>
<td>1,936</td>
<td>1,484</td>
</tr>
<tr>
<td>Others</td>
<td>(473)</td>
<td>4,981</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3,111</td>
<td>6,033</td>
</tr>
</tbody>
</table>
### 7.4.6 Operating Expenses

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Staff costs:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and bonuses</td>
<td>76,985</td>
<td>74,919</td>
</tr>
<tr>
<td>Staff benefits</td>
<td>27,137</td>
<td>25,642</td>
</tr>
<tr>
<td>Post-employment benefits — defined contribution plans</td>
<td>16,952</td>
<td>14,393</td>
</tr>
<tr>
<td><strong>Total Staff costs:</strong></td>
<td>121,074</td>
<td>114,954</td>
</tr>
<tr>
<td><strong>Premises and equipment expenses:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>13,407</td>
<td>13,873</td>
</tr>
<tr>
<td>Lease payments under operating leases</td>
<td></td>
<td></td>
</tr>
<tr>
<td>in respect of land and buildings</td>
<td>7,543</td>
<td>7,384</td>
</tr>
<tr>
<td>Repairs and maintenance charges</td>
<td>3,903</td>
<td>4,000</td>
</tr>
<tr>
<td>Utility expenses</td>
<td>2,235</td>
<td>2,305</td>
</tr>
<tr>
<td><strong>Total Premises and equipment expenses:</strong></td>
<td>27,088</td>
<td>27,562</td>
</tr>
<tr>
<td>Amortisation</td>
<td>2,339</td>
<td>2,114</td>
</tr>
<tr>
<td>Other administrative expenses</td>
<td>23,294</td>
<td>21,661</td>
</tr>
<tr>
<td>Taxes and surcharges</td>
<td>7,781</td>
<td>7,465</td>
</tr>
<tr>
<td>Others</td>
<td>12,627</td>
<td>12,438</td>
</tr>
<tr>
<td><strong>Total Premises and equipment expenses:</strong></td>
<td>194,203</td>
<td>186,194</td>
</tr>
</tbody>
</table>

### 7.4.7 Impairment Losses on Assets

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans and advances to customers</td>
<td>147,347</td>
<td>124,096</td>
</tr>
<tr>
<td>Others</td>
<td>14,247</td>
<td>3,673</td>
</tr>
<tr>
<td><strong>Total Impairment Losses on Assets:</strong></td>
<td>161,594</td>
<td>127,769</td>
</tr>
</tbody>
</table>
7.4.8 Income Tax Expense

(a) Income tax expense

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current income tax expense:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mainland China</td>
<td>76,088</td>
<td>80,982</td>
</tr>
<tr>
<td>Hong Kong and Macau</td>
<td>2,510</td>
<td>2,123</td>
</tr>
<tr>
<td>Overseas</td>
<td>3,280</td>
<td>3,397</td>
</tr>
<tr>
<td></td>
<td>81,878</td>
<td>86,502</td>
</tr>
<tr>
<td>Deferred income tax expense</td>
<td>(8,188)</td>
<td>(9,312)</td>
</tr>
<tr>
<td></td>
<td>73,690</td>
<td>77,190</td>
</tr>
</tbody>
</table>

(b) Reconciliation between income tax and accounting profit

PRC income tax has been provided at the statutory rate of 25% in accordance with the relevant tax laws in Mainland China during the year. Taxes on profits assessable elsewhere have been calculated at the applicable rates of tax prevailing in the countries/regions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof. A reconciliation of the income tax expense applicable to profit before taxation at the PRC statutory income tax rate to income tax expense at the Group’s effective income tax rate is as follows:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit before taxation</td>
<td>372,413</td>
<td>364,641</td>
</tr>
<tr>
<td>Tax at the PRC statutory income tax rate</td>
<td>93,103</td>
<td>91,160</td>
</tr>
<tr>
<td>Effects of different applicable rates of tax prevailing in other countries/regions</td>
<td>(1,177)</td>
<td>(889)</td>
</tr>
<tr>
<td>Effects of non-deductible expenses</td>
<td>11,171</td>
<td>8,956</td>
</tr>
<tr>
<td>Effects of non-taxable income</td>
<td>(28,969)</td>
<td>(23,673)</td>
</tr>
<tr>
<td>Effects of profits attributable to associates and joint ventures</td>
<td>(772)</td>
<td>(737)</td>
</tr>
<tr>
<td>Effects of others</td>
<td>334</td>
<td>2,373</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>73,690</td>
<td>77,190</td>
</tr>
</tbody>
</table>
7.4.9 Dividends

Dividends on ordinary shares declared and paid:
Final ordinary shares dividends for 2017:
  RMB0.2408 per share (2016: RMB0.2343 per share)  85,823  83,506

Dividends on preference shares declared and paid:
  Dividends  4,506  4,437

Dividends on ordinary shares proposed for approval
(not recognised as at 31 December):
Final ordinary shares dividends for 2018: RMB0.2506
  per share (2017: RMB0.2408 per share)  89,315  85,823

7.4.10 Earnings Per Share

The calculation of basic and diluted earnings per share of the Group is based on the following:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Earnings:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit for the year attributable to equity holders</td>
<td>297,676</td>
<td>286,049</td>
</tr>
<tr>
<td>of the parent company</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less: Profit for the year attributable to other equity instruments holders of the parent company</td>
<td>(4,506)</td>
<td>(4,437)</td>
</tr>
<tr>
<td>Profit for the year attributable to ordinary equity holders</td>
<td>293,170</td>
<td>281,612</td>
</tr>
<tr>
<td>of the parent company</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shares:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Weighted average number of ordinary shares in issue</td>
<td>356,407</td>
<td>356,407</td>
</tr>
<tr>
<td>(in million shares)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic and diluted earnings per share (RMB yuan)</td>
<td>0.82</td>
<td>0.79</td>
</tr>
</tbody>
</table>

Basic and diluted earnings per share was calculated as the profit for the year attributable to ordinary equity holders of the parent company divided by the weighted average number of ordinary shares in issue.
A derivative is a financial instrument, the value of which changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other similar variables. The Group uses derivative financial instruments including forwards, swaps and options.

The notional amount of a derivative represents the amount of an underlying asset upon which the value of the derivative is based. It indicates the volume of business transacted by the Group but does not reflect the risk.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in any orderly transaction between market participants at measured date.

In accordance with accounting policy of offsetting, the Group offsets derivative assets and derivative liabilities which meet the criteria for offsetting, and presents net amount in the financial statements. As at 31 December 2018, derivative assets and derivative liabilities which meet the criteria for offsetting were RMB44,552 million (31 December 2017: RMB51,266 million) and RMB45,254 million (31 December 2017: RMB52,649 million) respectively, and the net derivative assets and net derivative liabilities were RMB25,906 million (31 December 2017: RMB26,949 million) and RMB26,608 million (31 December 2017: RMB28,332 million) respectively.
At the end of the reporting period, the Group had derivative financial instruments as follows:

**Group**

<table>
<thead>
<tr>
<th>Notional amounts with remaining life of</th>
<th>Fair values</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Within three months</strong></td>
<td><strong>Over one year</strong></td>
</tr>
<tr>
<td>Exchange rate contracts:</td>
<td></td>
</tr>
<tr>
<td>Forward and swap contracts</td>
<td>2,893,412</td>
</tr>
<tr>
<td>Option contracts purchased</td>
<td>43,801</td>
</tr>
<tr>
<td>Option contracts written</td>
<td>48,820</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,986,033</td>
</tr>
<tr>
<td>Interest rate contracts:</td>
<td></td>
</tr>
<tr>
<td>Swap contracts</td>
<td>293,502</td>
</tr>
<tr>
<td>Forward contracts</td>
<td>71,076</td>
</tr>
<tr>
<td>Option contracts purchased</td>
<td>7,544</td>
</tr>
<tr>
<td>Option contracts written</td>
<td>5,998</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>378,120</td>
</tr>
<tr>
<td>Commodity derivatives and others</td>
<td></td>
</tr>
<tr>
<td></td>
<td>811,111</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>4,175,264</td>
</tr>
</tbody>
</table>

**31 December 2017**

<table>
<thead>
<tr>
<th>Notional amounts with remaining life of</th>
<th>Fair values</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Within three months</strong></td>
<td><strong>Over one year</strong></td>
</tr>
<tr>
<td>Exchange rate contracts:</td>
<td></td>
</tr>
<tr>
<td>Forward and swap contracts</td>
<td>1,951,140</td>
</tr>
<tr>
<td>Option contracts purchased</td>
<td>47,003</td>
</tr>
<tr>
<td>Option contracts written</td>
<td>29,612</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,027,755</td>
</tr>
<tr>
<td>Interest rate contracts:</td>
<td></td>
</tr>
<tr>
<td>Swap contracts</td>
<td>95,556</td>
</tr>
<tr>
<td>Forward contracts</td>
<td>102,731</td>
</tr>
<tr>
<td>Option contracts purchased</td>
<td>3,588</td>
</tr>
<tr>
<td>Option contracts written</td>
<td>528</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>202,403</td>
</tr>
<tr>
<td>Commodity derivatives and others</td>
<td></td>
</tr>
<tr>
<td></td>
<td>784,044</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3,014,202</td>
</tr>
</tbody>
</table>
Cash flow hedges

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

Among the above derivative financial instruments, those designated as hedging instruments in cash flow hedges are set out below.

Group

<table>
<thead>
<tr>
<th></th>
<th>31 December 2018</th>
<th></th>
<th>Fair values</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Notional amounts with remaining life of</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Within three months</td>
<td>Over three months but within one year</td>
<td>Over one year but within five years</td>
</tr>
<tr>
<td>Interest rate swap contracts</td>
<td>1,374</td>
<td>344</td>
<td>15,216</td>
</tr>
<tr>
<td>Currency swap contracts</td>
<td>21,142</td>
<td>58,117</td>
<td>1,541</td>
</tr>
<tr>
<td>Equity derivative</td>
<td>51</td>
<td>–</td>
<td>43</td>
</tr>
<tr>
<td></td>
<td>22,567</td>
<td>58,461</td>
<td>16,800</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>31 December 2017</th>
<th></th>
<th>Fair values</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Notional amounts with remaining life of</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Within three months</td>
<td>Over three months but within one year</td>
<td>Over one year but within five years</td>
</tr>
<tr>
<td>Interest rate swap contracts</td>
<td>1,953</td>
<td>2,383</td>
<td>6,441</td>
</tr>
<tr>
<td>Currency swap contracts</td>
<td>1,617</td>
<td>417</td>
<td>730</td>
</tr>
<tr>
<td>Equity derivatives</td>
<td>47</td>
<td>8</td>
<td>46</td>
</tr>
<tr>
<td></td>
<td>3,617</td>
<td>2,808</td>
<td>7,217</td>
</tr>
</tbody>
</table>
Details of the Group’s hedged risk exposures in cash flow hedges and the corresponding effect on equities are as follows:

<table>
<thead>
<tr>
<th>Line items in the statement of financial position</th>
<th>Effect of hedging instruments on other comprehensive income during the year</th>
<th>Accumulated effect of hedging instruments on other comprehensive income</th>
<th>Carrying amount of hedged items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bonds</td>
<td></td>
<td></td>
<td>19,410 (5,868) (147) 35</td>
</tr>
<tr>
<td>Loans</td>
<td></td>
<td></td>
<td>7,966 – 25 37</td>
</tr>
<tr>
<td>Others</td>
<td></td>
<td></td>
<td>– (65,120) 80 (3,866)</td>
</tr>
<tr>
<td>combined</td>
<td></td>
<td></td>
<td>27,376 (70,988) (42) (3,794)</td>
</tr>
</tbody>
</table>

There was no ineffectiveness recognised in profit or loss that arises from the cash flow hedges for the current year (2017: Nil).

**Fair value hedges**

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

The effectiveness of hedges based on changes in fair value of the derivatives and the hedged items attributable to the hedged risk recognised in profit or loss during the year is presented as follows:

**Group**

<table>
<thead>
<tr>
<th>(Loss)/gain arising from fair value hedges, net:</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hedging instruments</td>
<td>(71)</td>
<td>104</td>
</tr>
<tr>
<td>Hedged items attributable to the hedged risk</td>
<td>63</td>
<td>(110)</td>
</tr>
<tr>
<td></td>
<td>(8)</td>
<td>(6)</td>
</tr>
</tbody>
</table>
Among the above derivative financial instruments, those designated as hedging instruments in fair value hedges are set out below:

### Group

#### Notional amounts with remaining life of

<table>
<thead>
<tr>
<th>31 December 2018</th>
<th>Over three months but within one year</th>
<th>Over one year but within five years</th>
<th>Over five years</th>
<th>Total</th>
<th>Assets</th>
<th>Liabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest rate swap contracts</td>
<td>1,713</td>
<td>5,366</td>
<td>30,670</td>
<td>12,074</td>
<td>49,823</td>
<td>709</td>
</tr>
<tr>
<td>Total</td>
<td>1,713</td>
<td>5,366</td>
<td>30,670</td>
<td>12,074</td>
<td>49,823</td>
<td>709</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>31 December 2017</th>
<th>Over three months but within one year</th>
<th>Over one year but within five years</th>
<th>Over five years</th>
<th>Total</th>
<th>Assets</th>
<th>Liabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest rate swap contracts</td>
<td>–</td>
<td>2,012</td>
<td>34,715</td>
<td>13,084</td>
<td>49,811</td>
<td>830</td>
</tr>
<tr>
<td>Total</td>
<td>–</td>
<td>2,012</td>
<td>34,715</td>
<td>13,084</td>
<td>49,811</td>
<td>830</td>
</tr>
</tbody>
</table>

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

#### Carrying amount of hedged items

<table>
<thead>
<tr>
<th>31 December 2018</th>
<th>Accumulated adjustments to the fair value of hedged items</th>
<th>Line items in the statement of financial position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carrying amount of hedged items</td>
<td>Assets</td>
<td>Liabilities</td>
</tr>
<tr>
<td>Bonds</td>
<td>24,796</td>
<td>(3,500)</td>
</tr>
<tr>
<td>Loans</td>
<td>1,416</td>
<td>–</td>
</tr>
<tr>
<td>Others</td>
<td>13,405</td>
<td>(3,943)</td>
</tr>
<tr>
<td>Total</td>
<td>39,617</td>
<td>(7,443)</td>
</tr>
</tbody>
</table>

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Net investment hedges

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

As at 31 December 2018, an accumulated net loss from the hedging instrument of RMB333 million was recognised in “Other comprehensive income” on net investment hedges (as at 31 December 2017 net accumulated gain: RMB708 million). As at 31 December 2018, there was no ineffectiveness in profit or loss that arises from the net investment hedges (31 December 2017: Nil).

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

**Group**

<table>
<thead>
<tr>
<th></th>
<th>31 December 2018</th>
<th>31 December 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Counterparty credit default risk-weighted assets</td>
<td>45,656</td>
<td>55,843</td>
</tr>
<tr>
<td>Currency derivatives</td>
<td>16,456</td>
<td>20,809</td>
</tr>
<tr>
<td>Interest rate derivatives</td>
<td>4,119</td>
<td>3,045</td>
</tr>
<tr>
<td>Credit derivatives</td>
<td>1</td>
<td>29</td>
</tr>
<tr>
<td>Commodity derivatives and others</td>
<td>9,706</td>
<td>16,393</td>
</tr>
<tr>
<td>Netting Settled credit default risk-weighted assets</td>
<td>15,374</td>
<td>15,567</td>
</tr>
<tr>
<td>Credit value adjustment risk-weighted assets</td>
<td>22,443</td>
<td>18,812</td>
</tr>
<tr>
<td>Central counterparties credit risk-weighted assets</td>
<td>3,639</td>
<td>4,267</td>
</tr>
<tr>
<td></td>
<td>71,738</td>
<td>78,922</td>
</tr>
</tbody>
</table>

The credit risk-weighted assets of derivative financial instruments were calculated with reference to Regulation Governing Capital of Commercial Banks (Provisional). The credit risk-weighted assets of the Group’s derivative financial instruments include counterparty credit default risk-weighted assets, credit value adjustment risk-weighted assets and central counterparties credit risk-weighted assets.

**7.4.12 Financial Investments**

**Group**

<table>
<thead>
<tr>
<th></th>
<th>31 December 2018</th>
<th>31 December 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial investments measured at FVTPL</td>
<td>805,347</td>
<td>440,938</td>
</tr>
<tr>
<td>Financial investments measured at FVOCI</td>
<td>1,430,163</td>
<td></td>
</tr>
<tr>
<td>Financial investments measured at amortised cost</td>
<td>4,519,182</td>
<td></td>
</tr>
<tr>
<td>Available-for-sale financial assets</td>
<td></td>
<td>1,496,453</td>
</tr>
<tr>
<td>Held-to-maturity investments</td>
<td></td>
<td>3,542,184</td>
</tr>
<tr>
<td>Receivables</td>
<td></td>
<td>277,129</td>
</tr>
<tr>
<td></td>
<td>6,754,692</td>
<td>5,756,704</td>
</tr>
</tbody>
</table>
### 7.4.13 Components of Other Comprehensive Income

<table>
<thead>
<tr>
<th>Description</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Items that will not be reclassified to profit or loss:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Changes in fair value of equity instruments designated as at FVOCI</td>
<td>2,086</td>
<td></td>
</tr>
<tr>
<td>Less: Income tax effect</td>
<td>(481)</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,605</td>
<td></td>
</tr>
<tr>
<td>Other comprehensive income recognised</td>
<td></td>
<td></td>
</tr>
<tr>
<td>under equity method</td>
<td>(9)</td>
<td>(29)</td>
</tr>
<tr>
<td>Others</td>
<td>(5)</td>
<td>3</td>
</tr>
<tr>
<td><strong>Items that may be reclassified subsequently to profit or loss:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Changes in fair value of debt instruments measured at FVOCI</td>
<td>32,971</td>
<td></td>
</tr>
<tr>
<td>Less: Amount transferred to profit or loss from other comprehensive income</td>
<td>337</td>
<td>(8,709)</td>
</tr>
<tr>
<td>Income tax effect</td>
<td>(8,709)</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>24,599</td>
<td></td>
</tr>
<tr>
<td>Credit losses of debt instruments measured at FVOCI</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less: Amount transferred to profit or loss from other comprehensive income</td>
<td>(211)</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>(1,238)</td>
<td></td>
</tr>
<tr>
<td>Net loss from change in fair value of available-for-sale financial assets</td>
<td>(43,742)</td>
<td></td>
</tr>
<tr>
<td>Less: Amount transferred to profit or loss from other comprehensive income</td>
<td>(631)</td>
<td>10,879</td>
</tr>
<tr>
<td>Income tax effect</td>
<td>(10,879)</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>(33,494)</td>
<td></td>
</tr>
<tr>
<td>Reserve from cash flow hedging instruments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Losses)/gains during the year</td>
<td>(42)</td>
<td>965</td>
</tr>
<tr>
<td>Less: Income tax effect</td>
<td>(11)</td>
<td>(26)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>(53)</td>
<td>939</td>
</tr>
<tr>
<td>Other comprehensive income recognised under equity method</td>
<td>488</td>
<td>(757)</td>
</tr>
<tr>
<td>Foreign currency translation differences</td>
<td>3,325</td>
<td>(8,752)</td>
</tr>
<tr>
<td>Others</td>
<td>(903)</td>
<td>712</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>27,809</td>
<td>(41,378)</td>
</tr>
</tbody>
</table>
7.4.14 Commitments and Contingent Liabilities

(a) Capital commitments

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

Group

<table>
<thead>
<tr>
<th></th>
<th>31 December 2018</th>
<th>31 December 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authorised, but not contracted for</td>
<td>344</td>
<td>644</td>
</tr>
<tr>
<td>Contracted, but not provided for</td>
<td>33,042</td>
<td>22,380</td>
</tr>
<tr>
<td></td>
<td>33,386</td>
<td>23,024</td>
</tr>
</tbody>
</table>

(b) Operating lease commitments

Operating lease commitments — Lessee

At the end of the reporting period, the Group leased certain office properties under operating lease arrangements, and the total future minimum lease payments in respect of non-cancellable operating leases were as follows:

Group

<table>
<thead>
<tr>
<th></th>
<th>31 December 2018</th>
<th>31 December 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Within one year</td>
<td>6,546</td>
<td>5,451</td>
</tr>
<tr>
<td>Over one year but within five years</td>
<td>12,806</td>
<td>9,166</td>
</tr>
<tr>
<td>Over five years</td>
<td>2,331</td>
<td>1,011</td>
</tr>
<tr>
<td></td>
<td>21,683</td>
<td>15,628</td>
</tr>
</tbody>
</table>

Operating lease commitments — Lessor

At the end of the reporting period, the Group leased certain aircraft and vessels to third parties under operating lease arrangements, and the total future minimum lease receivables in respect of non-cancellable operating leases with its tenants were as follows:

Group

<table>
<thead>
<tr>
<th></th>
<th>31 December 2018</th>
<th>31 December 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Within one year</td>
<td>16,068</td>
<td>10,551</td>
</tr>
<tr>
<td>Over one year but within five years</td>
<td>62,722</td>
<td>42,806</td>
</tr>
<tr>
<td>Over five years</td>
<td>88,258</td>
<td>35,255</td>
</tr>
<tr>
<td></td>
<td>167,048</td>
<td>88,612</td>
</tr>
</tbody>
</table>
(c) Credit commitments

At any given time, the Group has outstanding commitments to extend credit. These commitments are in the form of approved loans and undrawn credit card limits.

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

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

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

**Group**

<table>
<thead>
<tr>
<th></th>
<th>31 December 2018</th>
<th>31 December 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank acceptances</td>
<td>263,038</td>
<td>245,542</td>
</tr>
<tr>
<td>Guarantees issued:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>— Financing letters</td>
<td>104,146</td>
<td>160,947</td>
</tr>
<tr>
<td>— Non-financing</td>
<td>405,155</td>
<td>337,930</td>
</tr>
<tr>
<td>Sight letters of</td>
<td>42,918</td>
<td>37,353</td>
</tr>
<tr>
<td>credit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Usance letters of</td>
<td>162,801</td>
<td>153,182</td>
</tr>
<tr>
<td>credit and other</td>
<td></td>
<td></td>
</tr>
<tr>
<td>commitments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loan commitments:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>— With an original</td>
<td>151,927</td>
<td>234,675</td>
</tr>
<tr>
<td>maturity of under</td>
<td></td>
<td></td>
</tr>
<tr>
<td>one year</td>
<td></td>
<td></td>
</tr>
<tr>
<td>— With an original</td>
<td>1,061,666</td>
<td>1,439,090</td>
</tr>
<tr>
<td>maturity of one year</td>
<td></td>
<td></td>
</tr>
<tr>
<td>or over</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Undrawn credit card</td>
<td>1,037,861</td>
<td>902,217</td>
</tr>
<tr>
<td>limit</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3,229,512</td>
<td>3,510,936</td>
</tr>
</tbody>
</table>

**Credit risk-weighted assets of credit commitments (i)**

<table>
<thead>
<tr>
<th></th>
<th>31 December 2018</th>
<th>31 December 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credit risk-weighted</td>
<td>1,402,715</td>
<td>1,552,070</td>
</tr>
</tbody>
</table>

(i) Internal ratings-based approach was adopted to calculate the credit risk-weighted assets according to the scope approved by the former CBRC, and others were calculated by weighted approach.
(d) Legal proceedings

As at 31 December 2018, there were a number of legal proceedings outstanding against the Bank and/or its subsidiaries with a claimed amount of RMB4,154 million (31 December 2017: RMB4,496 million).

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

(e) Redemption commitments of government bonds

As an underwriting agent of the Government, the Bank underwrites certain PRC government bonds and sells the bonds to the general public. The Bank is obliged to redeem these bonds at the discretion of the holders at any time prior to maturity. The redemption price for the bonds is based on the nominal value of the bonds plus any interest accrued up to the redemption date. As at 31 December 2018, the Bank had underwritten and sold bonds with an accumulated amount of RMB85,845 million (31 December 2017: RMB87,981 million) to the general public, and these government bonds have not yet matured nor been redeemed. Management expects that the amount of redemption of these government bonds through the Bank prior to maturity will not be material.

The MOF will not provide funding for the early redemption of these government bonds on a back-to-back basis but is obliged to repay the principal and the respective interest upon maturity.

(f) Underwriting obligations

As at 31 December 2018, the unexpired securities underwriting obligations of the Group and the Bank amounted to RMB100 million (31 December 2017: Nil).

7.4.15 Segment Information

(a) Operating segments

For management purposes, the Group is organised into different operating segments, namely corporate banking, personal banking and treasury operations, based on internal organisational structure, management requirement and internal reporting system.

*Corporate banking*

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

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

Treasury operations

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

Others

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

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

Transactions between segments mainly represent the provision of funding to and from individual segments. These transactions are conducted on terms determined with reference to the average cost of funding and have been reflected in the performance of each segment. Net interest income and expense arising on internal fund transfer are referred to as “internal net interest income/expense”. Net interest income and expense relating to third parties are referred to as “external net interest income/expense”.

Segment revenues, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The basis for allocation is mainly based on occupation of or contribution to resources. Income taxes are managed on a group basis and are not allocated to operating segments.
### Year ended 31 December 2018

<table>
<thead>
<tr>
<th>Segment</th>
<th>Corporate banking</th>
<th>Personal banking</th>
<th>Treasury operations</th>
<th>Others</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>External net interest income</td>
<td>273,082</td>
<td>86,143</td>
<td>213,293</td>
<td>–</td>
<td>572,518</td>
</tr>
<tr>
<td>Internal net interest (expense)/income</td>
<td>(3,458)</td>
<td>122,772</td>
<td>(119,314)</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Net fee and commission income</td>
<td>81,684</td>
<td>62,969</td>
<td>648</td>
<td>–</td>
<td>145,301</td>
</tr>
<tr>
<td>Other income/(expense), net</td>
<td>2,551</td>
<td>1,606</td>
<td>(2,143)</td>
<td>5,288</td>
<td>7,302</td>
</tr>
<tr>
<td>Operating income</td>
<td>353,859</td>
<td>273,490</td>
<td>92,484</td>
<td>5,288</td>
<td>725,121</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>(70,797)</td>
<td>(98,280)</td>
<td>(17,449)</td>
<td>(7,677)</td>
<td>(194,203)</td>
</tr>
<tr>
<td>Impairment losses on assets</td>
<td>(131,348)</td>
<td>(30,926)</td>
<td>793</td>
<td>(113)</td>
<td>(161,594)</td>
</tr>
<tr>
<td>Operating profit/(loss)</td>
<td>151,714</td>
<td>144,284</td>
<td>75,828</td>
<td>(2,502)</td>
<td>369,324</td>
</tr>
<tr>
<td>Share of profits of associates and joint ventures</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>3,089</td>
<td>3,089</td>
</tr>
<tr>
<td>Profit before taxation</td>
<td>151,714</td>
<td>144,284</td>
<td>75,828</td>
<td>587</td>
<td>372,413</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>(73,690)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit for the year</td>
<td>298,723</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Other segment information:

<table>
<thead>
<tr>
<th>Segment</th>
<th>Corporate banking</th>
<th>Personal banking</th>
<th>Treasury operations</th>
<th>Others</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Depreciation</td>
<td>5,621</td>
<td>5,011</td>
<td>2,237</td>
<td>538</td>
<td>13,407</td>
</tr>
<tr>
<td>Amortisation</td>
<td>996</td>
<td>747</td>
<td>432</td>
<td>164</td>
<td>2,339</td>
</tr>
<tr>
<td>Capital expenditure</td>
<td>30,471</td>
<td>26,969</td>
<td>12,083</td>
<td>3,032</td>
<td>72,555</td>
</tr>
</tbody>
</table>

### As at 31 December 2018

<table>
<thead>
<tr>
<th>Segment</th>
<th>Corporate banking</th>
<th>Personal banking</th>
<th>Treasury operations</th>
<th>Others</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Segment assets</td>
<td>9,706,611</td>
<td>5,711,799</td>
<td>12,095,016</td>
<td>186,114</td>
<td>27,699,540</td>
</tr>
<tr>
<td>Including: Investments in associates and joint ventures</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>29,124</td>
<td>29,124</td>
</tr>
<tr>
<td>Property and equipment</td>
<td>107,201</td>
<td>95,256</td>
<td>42,370</td>
<td>45,577</td>
<td>290,404</td>
</tr>
<tr>
<td>Other non-current assets</td>
<td>20,760</td>
<td>6,982</td>
<td>4,241</td>
<td>15,863</td>
<td>47,846</td>
</tr>
<tr>
<td>Segment liabilities</td>
<td>12,292,100</td>
<td>9,664,481</td>
<td>3,179,501</td>
<td>218,575</td>
<td>25,354,657</td>
</tr>
<tr>
<td>Other segment information:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Credit commitments</td>
<td>2,222,156</td>
<td>1,007,356</td>
<td>–</td>
<td>–</td>
<td>3,229,512</td>
</tr>
</tbody>
</table>
### Year ended 31 December 2017

<table>
<thead>
<tr>
<th></th>
<th>Corporate banking</th>
<th>Personal banking</th>
<th>Treasury operations</th>
<th>Others</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>External net interest income</td>
<td>251,100</td>
<td>58,384</td>
<td>212,594</td>
<td></td>
<td>522,078</td>
</tr>
<tr>
<td>Internal net interest income/(expense)</td>
<td>1,308</td>
<td>127,684</td>
<td>(128,992)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net fee and commission income</td>
<td>76,923</td>
<td>62,325</td>
<td>377</td>
<td></td>
<td>139,625</td>
</tr>
<tr>
<td>Other income/(expense), net</td>
<td>2,933</td>
<td>(474)</td>
<td>6,620</td>
<td>4,872</td>
<td>13,951</td>
</tr>
<tr>
<td>Operating income</td>
<td>332,264</td>
<td>247,919</td>
<td>90,599</td>
<td>4,872</td>
<td>675,654</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>(70,089)</td>
<td>(93,935)</td>
<td>(15,857)</td>
<td>(6,313)</td>
<td>(186,194)</td>
</tr>
<tr>
<td>Impairment losses on assets</td>
<td>(109,302)</td>
<td>(16,141)</td>
<td>(2,029)</td>
<td>(297)</td>
<td>(127,769)</td>
</tr>
<tr>
<td>Operating profit/(loss)</td>
<td>152,873</td>
<td>137,843</td>
<td>72,713</td>
<td>(1,738)</td>
<td>361,691</td>
</tr>
<tr>
<td>Share of profits of associates and joint ventures</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2,950</td>
</tr>
<tr>
<td>Profit before taxation</td>
<td>152,873</td>
<td>137,843</td>
<td>72,713</td>
<td>1,212</td>
<td>364,641</td>
</tr>
<tr>
<td>Income tax expense</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(77,190)</td>
</tr>
<tr>
<td>Profit for the year</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>287,451</td>
</tr>
</tbody>
</table>

**Other segment information:**

- Depreciation: 6,122, 5,070, 2,404, 277, 13,873
- Amortisation: 967, 682, 406, 59, 2,114
- Capital expenditure: 15,794, 12,964, 6,185, 728, 35,671

### As at 31 December 2017

<table>
<thead>
<tr>
<th></th>
<th>Corporate banking</th>
<th>Personal banking</th>
<th>Treasury operations</th>
<th>Others</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Segment assets</td>
<td>9,309,390</td>
<td>4,992,999</td>
<td>11,629,855</td>
<td>154,799</td>
<td>26,087,043</td>
</tr>
<tr>
<td>Including: Investments in associates and joint ventures</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>32,441</td>
</tr>
<tr>
<td>Property and equipment</td>
<td>96,515</td>
<td>79,646</td>
<td>37,649</td>
<td>33,934</td>
<td>247,744</td>
</tr>
<tr>
<td>Other non-current assets</td>
<td>20,975</td>
<td>7,076</td>
<td>4,435</td>
<td>11,124</td>
<td>43,610</td>
</tr>
<tr>
<td>Segment liabilities</td>
<td>11,294,092</td>
<td>8,627,592</td>
<td>3,854,496</td>
<td>169,807</td>
<td>23,945,987</td>
</tr>
<tr>
<td>Credit commitments</td>
<td>2,608,719</td>
<td>902,217</td>
<td></td>
<td></td>
<td>3,510,936</td>
</tr>
</tbody>
</table>
(b) Geographical information

The Group operates principally in Mainland China, and also has branches and subsidiaries operating outside Mainland China (including: Hong Kong, Macau, Singapore, Frankfurt, Luxembourg, Seoul, Tokyo, London, Almaty, Jakarta, Moscow, Doha, Dubai, Abu Dhabi, Sydney, Toronto, Kuala Lumpur, Hanoi, Bangkok, New York, Karachi, Mumbai, Phnom Penh, Vientiane, Lima, Buenos Aires, Sao Paulo, Auckland, Kuwait City, Mexico City, Yangon, Riyadh, Istanbul, Prague, Zurich, Manila and Vienna, etc.).

The distribution of the geographical areas is as follows:

Mainland China (Head Office and domestic branches):

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

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

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

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

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

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

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

Overseas and others: branches located outside Mainland China, domestic and overseas subsidiaries, and investments in associates and joint ventures.
### Year ended 31 December 2018

#### Mainland China (HO and domestic branches)

<table>
<thead>
<tr>
<th></th>
<th>Head Office</th>
<th>Yangtze River Delta</th>
<th>Pearl River Delta</th>
<th>Bohai Rim</th>
<th>Central China</th>
<th>Western China</th>
<th>Northeastern China</th>
<th>Overseas and others</th>
<th>Eliminations</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>External net interest income</strong></td>
<td>228,918</td>
<td>61,134</td>
<td>55,342</td>
<td>30,593</td>
<td>59,236</td>
<td>80,818</td>
<td>18,202</td>
<td>38,275</td>
<td></td>
<td>572,518</td>
</tr>
<tr>
<td><strong>Internal net interest (expense)/income</strong></td>
<td>(141,316)</td>
<td>27,338</td>
<td>11,824</td>
<td>83,075</td>
<td>11,846</td>
<td>6,811</td>
<td>5,554</td>
<td>(5,132)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net fee and commission income</strong></td>
<td>3,907</td>
<td>38,284</td>
<td>27,704</td>
<td>23,785</td>
<td>17,258</td>
<td>20,869</td>
<td>4,644</td>
<td>8,850</td>
<td></td>
<td>145,301</td>
</tr>
<tr>
<td><strong>Other (expense)/income, net</strong></td>
<td>(5,114)</td>
<td>(605)</td>
<td>(495)</td>
<td>(654)</td>
<td>(148)</td>
<td>20</td>
<td>(442)</td>
<td>15,028</td>
<td>(288)</td>
<td>7,302</td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td>86,395</td>
<td>126,151</td>
<td>94,375</td>
<td>136,799</td>
<td>88,192</td>
<td>108,518</td>
<td>27,958</td>
<td>57,021</td>
<td>(288)</td>
<td>725,121</td>
</tr>
<tr>
<td><strong>Operating expenses</strong></td>
<td>(18,802)</td>
<td>(29,196)</td>
<td>(21,976)</td>
<td>(31,779)</td>
<td>(28,482)</td>
<td>(33,104)</td>
<td>(11,960)</td>
<td>(19,192)</td>
<td>288</td>
<td>(194,203)</td>
</tr>
<tr>
<td><strong>Impairment losses on assets</strong></td>
<td>(29,087)</td>
<td>(19,899)</td>
<td>(20,268)</td>
<td>(31,779)</td>
<td>(28,482)</td>
<td>(33,104)</td>
<td>(11,960)</td>
<td>(19,192)</td>
<td>288</td>
<td>(194,203)</td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td>38,506</td>
<td>77,056</td>
<td>52,131</td>
<td>75,483</td>
<td>54,409</td>
<td>5,562</td>
<td>30,150</td>
<td>36,015</td>
<td></td>
<td>369,324</td>
</tr>
<tr>
<td><strong>Share of profits of associates and joint ventures</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Profit before taxation</strong></td>
<td>38,506</td>
<td>77,056</td>
<td>52,131</td>
<td>75,483</td>
<td>54,409</td>
<td>5,562</td>
<td>33,239</td>
<td>(73,690)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Income tax expense</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Profit for the year</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>298,723</td>
<td></td>
</tr>
</tbody>
</table>

#### Other segment information:

- **Depreciation**: 1,825, 1,786, 1,231, 2,006, 2,352, 2,690, 1,113, 404
- **Amortisation**: 809, 233, 198, 196, 280, 335, 86, 202
- **Capital expenditure**: 2,655, 3,133, 1,767, 3,838, 2,410, 2,801, 975, 54,976

### As at 31 December 2018

#### Mainland China (HO and domestic branches)

<table>
<thead>
<tr>
<th></th>
<th>Head Office</th>
<th>Yangtze River Delta</th>
<th>Pearl River Delta</th>
<th>Bohai Rim</th>
<th>Central China</th>
<th>Western China</th>
<th>Northeastern China</th>
<th>Overseas and others</th>
<th>Eliminations</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets by geographical areas</strong></td>
<td>9,803,222</td>
<td>5,860,977</td>
<td>3,700,969</td>
<td>4,085,516</td>
<td>2,758,294</td>
<td>3,530,531</td>
<td>1,120,364</td>
<td>3,695,699</td>
<td></td>
<td>27,641,165</td>
</tr>
<tr>
<td><strong>Including: Investments in associates and joint ventures</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Property and equipment</strong></td>
<td>12,038</td>
<td>31,408</td>
<td>11,332</td>
<td>18,605</td>
<td>18,359</td>
<td>22,807</td>
<td>9,650</td>
<td>166,205</td>
<td></td>
<td>290,404</td>
</tr>
<tr>
<td><strong>Other non-current assets</strong></td>
<td>11,606</td>
<td>5,839</td>
<td>3,458</td>
<td>3,926</td>
<td>6,750</td>
<td>10,449</td>
<td>1,581</td>
<td>4,237</td>
<td></td>
<td>47,846</td>
</tr>
<tr>
<td><strong>Unallocated assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>58,375</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>27,699,540</td>
</tr>
</tbody>
</table>

#### Liabilities by geographical areas

<table>
<thead>
<tr>
<th></th>
<th>Head Office</th>
<th>Yangtze River Delta</th>
<th>Pearl River Delta</th>
<th>Bohai Rim</th>
<th>Central China</th>
<th>Western China</th>
<th>Northeastern China</th>
<th>Overseas and others</th>
<th>Eliminations</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>7,532,137</strong></td>
<td>6,166,615</td>
<td>3,719,458</td>
<td>6,639,630</td>
<td>2,733,284</td>
<td>3,378,285</td>
<td>1,134,009</td>
<td>879,687</td>
<td>(6,914,407)</td>
<td></td>
<td>25,268,698</td>
</tr>
</tbody>
</table>

#### Total liabilities

|                     | 25,354,657 |

#### Other segment information:

- **Credit commitments**: 1,140,804, 652,201, 372,549, 544,264, 231,154, 412,271, 82,387, 720,824, (926,942), 3,229,512
### Mainland China (HO and domestic branches)

<table>
<thead>
<tr>
<th></th>
<th>Head Office</th>
<th>Yangtze River Delta</th>
<th>Pearl River Delta</th>
<th>Bohai Rim</th>
<th>Central China</th>
<th>Western China</th>
<th>Northeastern China</th>
<th>Overseas and others</th>
<th>Eliminations</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>External net interest income</td>
<td>212,369</td>
<td>50,808</td>
<td>47,429</td>
<td>28,671</td>
<td>50,020</td>
<td>71,964</td>
<td>15,441</td>
<td>45,376</td>
<td>–</td>
<td>522,078</td>
</tr>
<tr>
<td>Internal net interest (expense)/income</td>
<td>(142,941)</td>
<td>28,970</td>
<td>15,958</td>
<td>73,129</td>
<td>13,526</td>
<td>8,597</td>
<td>7,876</td>
<td>(5,115)</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Net fee and commission income</td>
<td>6,063</td>
<td>36,449</td>
<td>24,145</td>
<td>23,282</td>
<td>17,548</td>
<td>19,383</td>
<td>4,596</td>
<td>7,904</td>
<td>(15)</td>
<td>139,625</td>
</tr>
<tr>
<td>Other (expense)/income, net</td>
<td>(1,650)</td>
<td>905</td>
<td>714</td>
<td>924</td>
<td>247</td>
<td>851</td>
<td>719</td>
<td>11,280</td>
<td>(39)</td>
<td>13,951</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Operating income</th>
<th>73,841</th>
<th>117,132</th>
<th>88,516</th>
<th>126,006</th>
<th>81,341</th>
<th>100,795</th>
<th>28,632</th>
<th>59,445</th>
<th>(54)</th>
<th>675,654</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Operating expenses</td>
<td>(15,739)</td>
<td>(28,487)</td>
<td>(21,383)</td>
<td>(30,653)</td>
<td>(27,495)</td>
<td>(32,179)</td>
<td>(12,170)</td>
<td>(18,142)</td>
<td>54</td>
<td>(186,194)</td>
</tr>
<tr>
<td></td>
<td>Impairment losses on assets</td>
<td>(10,911)</td>
<td>(17,012)</td>
<td>(19,572)</td>
<td>(28,535)</td>
<td>(21,187)</td>
<td>(20,922)</td>
<td>(5,650)</td>
<td>(3,980)</td>
<td>–</td>
<td>(127,769)</td>
</tr>
</tbody>
</table>

|                  | Operating profit | 47,191 | 71,633 | 47,561 | 66,818 | 32,659 | 47,694 | 10,812 | 37,323 | –   | 361,691 |
|------------------| Share of profits of associates and joint ventures | – | – | – | – | – | – | – | – | – | 2,950 |
|                  | Income tax expense | (77,190) | | | | | | | | | |
|                  | Profit for the year | 287,451 | | | | | | | | | |

#### Other segment information:

- **Depreciation**: 1,704 | 1,918 | 1,323 | 2,079 | 2,452 | 2,950 | 1,155 | 386 | – | 13,873 |
- **Amortisation**: 627 | 240 | 181 | 169 | 285 | 352 | 88 | 172 | – | 2,114 |
- **Capital expenditure**: 1,512 | 3,639 | 1,303 | 1,539 | 2,011 | 2,830 | 787 | 22,050 | – | 35,671 |

As at 31 December 2017

<table>
<thead>
<tr>
<th></th>
<th>Head Office</th>
<th>Yangtze River Delta</th>
<th>Pearl River Delta</th>
<th>Bohai Rim</th>
<th>Central China</th>
<th>Western China</th>
<th>Northeastern China</th>
<th>Overseas and others</th>
<th>Eliminations</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets by geographical areas</td>
<td>9,101,260</td>
<td>5,327,071</td>
<td>3,356,039</td>
<td>3,710,656</td>
<td>2,529,871</td>
<td>3,113,759</td>
<td>1,078,047</td>
<td>3,382,006</td>
<td>(5,560,058)</td>
<td>26,038,651</td>
</tr>
<tr>
<td>Including: Investments in associates and joint ventures</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>32,441</td>
<td>–</td>
<td>32,441</td>
</tr>
<tr>
<td>Property and equipment</td>
<td>12,166</td>
<td>30,359</td>
<td>10,955</td>
<td>17,080</td>
<td>18,588</td>
<td>23,054</td>
<td>9,900</td>
<td>125,642</td>
<td>–</td>
<td>247,744</td>
</tr>
<tr>
<td>Other non-current assets</td>
<td>11,025</td>
<td>5,762</td>
<td>4,172</td>
<td>3,974</td>
<td>5,371</td>
<td>7,603</td>
<td>1,430</td>
<td>4,273</td>
<td>–</td>
<td>43,610</td>
</tr>
<tr>
<td>Unallocated assets</td>
<td>48,392</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

|                  | Total assets | 26,087,043 | | | | | | | | |
| Liabilities by geographical areas | 7,179,622 | 5,564,511 | 3,692,171 | 5,568,370 | 2,624,956 | 3,164,294 | 1,069,369 | 571,676 | (5,560,058) | 23,874,911 |
| Unallocated liabilities | | | | | | | | | | 71,076 |

|                  | Total liabilities | 23,945,987 | | | | | | | | |

Other segment information:

- **Credit commitments**: 946,311 | 657,602 | 466,598 | 558,078 | 254,474 | 433,536 | 89,923 | 600,097 | (585,683) | 3,510,936 |
8. Unaudited Supplementary Financial Information

8.1 Correspondence between Balance Sheet in Published Financial Statements and Capital Composition

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

(i) Capital composition

<table>
<thead>
<tr>
<th>Item</th>
<th>31 December 2018</th>
<th>31 December 2017</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Core tier 1 capital</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Paid-in capital</td>
<td>356,407</td>
<td>356,407</td>
<td>X18</td>
</tr>
<tr>
<td>2 Retained earnings</td>
<td>1,746,540</td>
<td>1,594,378</td>
<td></td>
</tr>
<tr>
<td>2a Surplus reserve</td>
<td>261,636</td>
<td>232,660</td>
<td>X21</td>
</tr>
<tr>
<td>2b General reserve</td>
<td>278,980</td>
<td>264,850</td>
<td>X22</td>
</tr>
<tr>
<td>2c Retained profits</td>
<td>1,205,924</td>
<td>1,096,868</td>
<td></td>
</tr>
<tr>
<td>3 Accumulated other comprehensive income (and other public reserves)</td>
<td>140,322</td>
<td>90,889</td>
<td></td>
</tr>
<tr>
<td>3a Capital reserve</td>
<td>151,968</td>
<td>151,952</td>
<td>X19</td>
</tr>
<tr>
<td>3b Others</td>
<td>(11,646)</td>
<td>(61,063)</td>
<td>X24</td>
</tr>
<tr>
<td>4 Valid portion to core tier 1 capital during the transition period</td>
<td>–</td>
<td>–</td>
<td></td>
</tr>
<tr>
<td>(only applicable to non-joint stock companies. Fill in 0 for joint</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>stock banks)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 Valid portion of minority interests</td>
<td>3,752</td>
<td>2,716</td>
<td>X25</td>
</tr>
<tr>
<td>6 Core tier 1 capital before regulatory adjustments</td>
<td>2,247,021</td>
<td>2,044,390</td>
<td></td>
</tr>
</tbody>
</table>

Core tier 1 capital: Regulatory adjustments

<table>
<thead>
<tr>
<th>Item</th>
<th>2018</th>
<th>2017</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>7 Prudential valuation adjustments</td>
<td>–</td>
<td>–</td>
<td></td>
</tr>
<tr>
<td>8 Goodwill (net of deferred tax liabilities)</td>
<td>8,820</td>
<td>8,478</td>
<td>X16</td>
</tr>
<tr>
<td>9 Other intangible assets other than land use rights (net of deferred</td>
<td>1,927</td>
<td>1,532</td>
<td>X14–X15</td>
</tr>
<tr>
<td>tax liabilities)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10 Deferred tax assets that rely on future profitability excluding</td>
<td>–</td>
<td>–</td>
<td></td>
</tr>
<tr>
<td>those arising from temporary differences (net of deferred tax</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>liabilities)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11 Cash flow hedge reserves that relate to the hedging of items that</td>
<td>(3,739)</td>
<td>(3,708)</td>
<td>X20</td>
</tr>
<tr>
<td>are not fairly valued on the balance sheet</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12 Shortfall of provision for loan impairment</td>
<td>–</td>
<td>–</td>
<td></td>
</tr>
<tr>
<td>13 Gain on sale related to asset securitization</td>
<td>–</td>
<td>–</td>
<td></td>
</tr>
<tr>
<td>Item</td>
<td>31 December 2018</td>
<td>31 December 2017</td>
<td>Reference</td>
</tr>
<tr>
<td>------</td>
<td>------------------</td>
<td>------------------</td>
<td>-----------</td>
</tr>
<tr>
<td>14</td>
<td>Unrealised gains and losses due to changes in own credit risk on fair valued liabilities</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>15</td>
<td>Defined-benefit pension fund net assets (net of deferred tax liabilities)</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>16</td>
<td>Direct or indirect investments in own ordinary shares</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>17</td>
<td>Reciprocal cross-holdings in core tier 1 capital between banks or between banks and other financial institutions</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>18</td>
<td>Deductible amount of non-significant minority investment in core tier 1 capital instruments issued by financial institutions that are not subject to consolidation</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>19</td>
<td>Deductible amount of significant minority investment in core tier 1 capital instruments issued by financial institutions that are not subject to consolidation</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>20</td>
<td>Mortgage servicing rights</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>21</td>
<td>Deferred tax assets arising from temporary differences (amount above 10% threshold, net of deferred tax liabilities)</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>22</td>
<td>Deductible amount exceeding the 15% threshold for significant minority capital investments in core tier 1 capital instruments issued by financial institutions that are not subject to consolidation and undeducted portion of deferred tax assets arising from temporary differences (net of deferred tax liabilities)</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>23</td>
<td>Including: Deductible amount of significant minority investments in core tier 1 capital instruments issued by financial institutions</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>24</td>
<td>Including: Deductible amount of mortgage servicing rights</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>25</td>
<td>Including: Deductible amount in deferred tax assets arising from temporary differences</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>26a</td>
<td>Investment in core tier 1 capital instruments issued by financial institutions that are under control but not subject to consolidation</td>
<td>(7,980)</td>
<td>(7,980)</td>
</tr>
<tr>
<td>Item</td>
<td>31 December 2018</td>
<td>31 December 2017</td>
<td>Reference</td>
</tr>
<tr>
<td>------</td>
<td>------------------</td>
<td>------------------</td>
<td>-----------</td>
</tr>
<tr>
<td>26b</td>
<td>Shortfall in core tier 1 capital instruments issued by financial institutions that are under control but not subject to consolidation</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>26c</td>
<td>Others that should be deducted from core tier 1 capital</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>27</td>
<td>Undeducted shortfall that should be deducted from additional tier 1 capital and tier 2 capital</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>28</td>
<td><strong>Total regulatory adjustments to core tier 1 capital</strong></td>
<td><strong>14,988</strong></td>
<td><strong>14,282</strong></td>
</tr>
<tr>
<td>29</td>
<td><strong>Core tier 1 capital</strong></td>
<td><strong>2,232,033</strong></td>
<td><strong>2,030,108</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Additional tier 1 capital:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>30</td>
<td>Additional tier 1 capital instruments and related premium</td>
<td><strong>79,375</strong></td>
<td><strong>79,375</strong></td>
</tr>
<tr>
<td>31</td>
<td>Including: Portion classified as equity</td>
<td><strong>79,375</strong></td>
<td><strong>79,375</strong></td>
</tr>
<tr>
<td>32</td>
<td>Including: Portion classified as liabilities</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>33</td>
<td>Invalid instruments to additional tier 1 capital after the transition period</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>34</td>
<td>Valid portion of minority interests</td>
<td><strong>735</strong></td>
<td><strong>577</strong></td>
</tr>
<tr>
<td>35</td>
<td>Including: Invalid portion to additional tier 1 capital after the transition period</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>36</td>
<td><strong>Additional tier 1 capital before regulatory adjustments</strong></td>
<td><strong>80,110</strong></td>
<td><strong>79,952</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Additional tier 1 capital: Regulatory adjustments</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>37</td>
<td>Direct or indirect investments in own additional tier 1 instruments</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>38</td>
<td>Reciprocal cross-holdings in additional tier 1 capital between banks or between banks and other financial institutions</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>39</td>
<td>Deductible amount of non-significant minority investment in additional tier 1 capital instruments issued by financial institutions that are not subject to consolidation</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>40</td>
<td>Significant minority investments in additional tier 1 capital instruments issued by financial institutions that are not subject to consolidation</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Item</td>
<td>31 December 2018</td>
<td>31 December 2017</td>
<td>Reference</td>
</tr>
<tr>
<td>------</td>
<td>-----------------</td>
<td>-----------------</td>
<td>-----------</td>
</tr>
<tr>
<td>41a</td>
<td>Investment in additional tier 1 capital instruments issued by financial institutions that are under control but not subject to consolidation</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>41b</td>
<td>Shortfall in additional tier 1 capital instruments issued by financial institutions that are under control but not subject to consolidation</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>41c</td>
<td>Others that should be deducted from additional tier 1 capital</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>42</td>
<td>Undeducted shortfall that should be deducted from tier 2 capital</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>43</td>
<td>Total regulatory adjustments to additional tier 1 capital</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>44</td>
<td>Additional tier 1 capital</td>
<td>80,110</td>
<td>79,952</td>
</tr>
<tr>
<td>45</td>
<td>Tier 1 capital (core tier 1 capital + additional tier 1 capital)</td>
<td>2,312,143</td>
<td>2,110,060</td>
</tr>
</tbody>
</table>

**Tier 2 capital:**

<table>
<thead>
<tr>
<th>Item</th>
<th>31 December 2018</th>
<th>31 December 2017</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>46</td>
<td>Tier 2 capital instruments and related premium</td>
<td>202,761</td>
<td>222,321</td>
</tr>
<tr>
<td>47</td>
<td>Invalid instruments to tier 2 capital after the transition period</td>
<td>81,140</td>
<td>101,425</td>
</tr>
<tr>
<td>48</td>
<td>Valid portion of minority interests</td>
<td>1,991</td>
<td>3,303</td>
</tr>
<tr>
<td>49</td>
<td>Including: Invalid portion to tier 2 capital after the transition period</td>
<td>856</td>
<td>1,051</td>
</tr>
<tr>
<td>50</td>
<td>Valid portion of surplus provision for loan impairment</td>
<td>127,990</td>
<td>71,736</td>
</tr>
<tr>
<td>51</td>
<td>Tier 2 capital before regulatory adjustments</td>
<td>332,742</td>
<td>297,360</td>
</tr>
</tbody>
</table>

**Tier 2 capital: Regulatory adjustments**

<table>
<thead>
<tr>
<th>Item</th>
<th>31 December 2018</th>
<th>31 December 2017</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>52</td>
<td>Direct or indirect investments in own tier 2 instruments</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>53</td>
<td>Reciprocal cross-holdings in tier 2 capital between banks or between banks and other financial institutions</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>54</td>
<td>Deductible portion of non-significant minority investment in tier 2 capital instruments issued by financial institutions that are not subject to consolidation</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>55</td>
<td>Significant minority investments in tier 2 capital instruments issued by financial institutions that are not subject to consolidation</td>
<td>–</td>
<td>500</td>
</tr>
<tr>
<td>Item</td>
<td>31 December 2018</td>
<td>31 December 2017</td>
<td>Reference</td>
</tr>
<tr>
<td>------</td>
<td>-----------------</td>
<td>-----------------</td>
<td>-----------</td>
</tr>
<tr>
<td>56a</td>
<td>Investment in tier 2 capital</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>instruments issued by financial institutions that are under control but not subject to consolidation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>56b</td>
<td>Shortfall in tier 2 capital instruments issued by financial institutions that are under control but not subject to consolidation</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>56c</td>
<td>Others that should be deducted from tier 2 capital</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>57</td>
<td>Total regulatory adjustments to tier 2 capital</td>
<td>–</td>
<td>500</td>
</tr>
<tr>
<td>58</td>
<td>Tier 2 capital</td>
<td>332,742</td>
<td>296,860</td>
</tr>
<tr>
<td>59</td>
<td>Total capital (tier 1 capital + tier 2 capital)</td>
<td>2,644,885</td>
<td>2,406,920</td>
</tr>
<tr>
<td>60</td>
<td>Total risk-weighted assets</td>
<td>17,190,992</td>
<td>15,902,801</td>
</tr>
</tbody>
</table>

**Requirements for capital adequacy ratio and reserve capital**

<table>
<thead>
<tr>
<th>Item</th>
<th>31 December 2018</th>
<th>31 December 2017</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>61</td>
<td>Core tier 1 capital adequacy ratio</td>
<td>12.98%</td>
<td>12.77%</td>
</tr>
<tr>
<td>62</td>
<td>Tier 1 capital adequacy ratio</td>
<td>13.45%</td>
<td>13.27%</td>
</tr>
<tr>
<td>63</td>
<td>Capital adequacy ratio</td>
<td>15.39%</td>
<td>15.14%</td>
</tr>
<tr>
<td>64</td>
<td>Institution specific buffer requirement</td>
<td>4.0%</td>
<td>3.5%</td>
</tr>
<tr>
<td>65</td>
<td>Including: Capital conservation buffer requirement</td>
<td>2.5%</td>
<td>2.5%</td>
</tr>
<tr>
<td>66</td>
<td>Including: Countercyclical buffer requirement</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>67</td>
<td>Including: G-SIB buffer requirement</td>
<td>1.5%</td>
<td>1.0%</td>
</tr>
<tr>
<td>68</td>
<td>Percentage of core tier 1 capital meeting buffers to risk-weighted assets</td>
<td>7.98%</td>
<td>7.77%</td>
</tr>
</tbody>
</table>

**Domestic minima for regulatory capital**

<table>
<thead>
<tr>
<th>Item</th>
<th>31 December 2018</th>
<th>31 December 2017</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>69</td>
<td>Core tier 1 capital adequacy ratio</td>
<td>5.0%</td>
<td>5.0%</td>
</tr>
<tr>
<td>70</td>
<td>Tier 1 capital adequacy ratio</td>
<td>6.0%</td>
<td>6.0%</td>
</tr>
<tr>
<td>71</td>
<td>Capital adequacy ratio</td>
<td>8.0%</td>
<td>8.0%</td>
</tr>
</tbody>
</table>

**Amounts below the thresholds for deduction**

<table>
<thead>
<tr>
<th>Item</th>
<th>31 December 2018</th>
<th>31 December 2017</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>72</td>
<td>Undeducted portion of non-significant minority investments in capital instruments issued by financial institutions that are not subject to consolidation</td>
<td>64,004</td>
<td>35,059</td>
</tr>
<tr>
<td>Item</td>
<td>Description</td>
<td>31 December 2018</td>
<td>31 December 2017</td>
</tr>
<tr>
<td>------</td>
<td>-------------</td>
<td>------------------</td>
<td>------------------</td>
</tr>
<tr>
<td>73</td>
<td>Undeducted portion of significant minority investments in capital instruments issued by financial institutions that are not subject to consolidation</td>
<td>32,215</td>
<td>28,353</td>
</tr>
<tr>
<td>74</td>
<td>Mortgage servicing rights (net of deferred tax liabilities)</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>75</td>
<td>Deferred tax assets arising from temporary differences (net of deferred tax liabilities)</td>
<td>57,073</td>
<td>48,158</td>
</tr>
</tbody>
</table>

**Valid caps of surplus provision for loan impairment to tier 2 capital**

<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
<th>31 December 2018</th>
<th>31 December 2017</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>76</td>
<td>Provision for loan impairment under the weighted approach</td>
<td>19,049</td>
<td>17,943</td>
<td>X01</td>
</tr>
<tr>
<td>77</td>
<td>Valid cap of surplus provision for loan impairment in tier 2 capital under the weighted approach</td>
<td>7,766</td>
<td>9,937</td>
<td>X02</td>
</tr>
<tr>
<td>78</td>
<td>Surplus provision for loan impairment under the internal ratings-based approach</td>
<td>393,682</td>
<td>322,539</td>
<td>X03</td>
</tr>
<tr>
<td>79</td>
<td>Valid cap of surplus provision for loan impairment in tier 2 capital under the internal ratings-based approach</td>
<td>120,224</td>
<td>61,799</td>
<td>X04</td>
</tr>
</tbody>
</table>

**Capital instruments subject to phase-out arrangements**

<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
<th>31 December 2018</th>
<th>31 December 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>80</td>
<td>Valid cap to core tier 1 capital instruments for the current period due to phase-out arrangements</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>81</td>
<td>Excluded from core tier 1 capital due to cap</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>82</td>
<td>Valid cap to additional tier 1 capital instruments for the current period due to phase-out arrangements</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>83</td>
<td>Excluded from additional tier 1 capital due to cap</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>84</td>
<td>Valid cap to tier 2 capital instruments for the current period due to phase-out arrangements</td>
<td>81,140</td>
<td>101,425</td>
</tr>
<tr>
<td>85</td>
<td>Excluded from tier 2 capital for the current period due to cap</td>
<td>67,102</td>
<td>46,822</td>
</tr>
</tbody>
</table>
## (ii) Consolidated financial statements

<table>
<thead>
<tr>
<th></th>
<th>31 December 2018</th>
<th>31 December 2018</th>
<th>31 December 2017</th>
<th>31 December 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due from banks and other financial institutions</td>
<td>384,646</td>
<td>374,509</td>
<td>370,074</td>
<td>363,278</td>
</tr>
<tr>
<td>Precious metals</td>
<td>181,292</td>
<td>181,292</td>
<td>238,714</td>
<td>238,714</td>
</tr>
<tr>
<td>Placements with banks and other financial institutions</td>
<td>577,803</td>
<td>577,803</td>
<td>477,537</td>
<td>477,537</td>
</tr>
<tr>
<td>Derivative financial assets</td>
<td>71,335</td>
<td>71,335</td>
<td>89,013</td>
<td>89,013</td>
</tr>
<tr>
<td>Reverse repurchase agreements</td>
<td>734,049</td>
<td>733,460</td>
<td>986,631</td>
<td>981,553</td>
</tr>
<tr>
<td>Loans and advances to customers</td>
<td>15,046,132</td>
<td>15,045,239</td>
<td>13,892,966</td>
<td>13,892,372</td>
</tr>
<tr>
<td>Financial investments</td>
<td>6,754,692</td>
<td>6,662,605</td>
<td>5,756,704</td>
<td>5,669,906</td>
</tr>
<tr>
<td>— Financial investments measured at FVTPL</td>
<td>805,347</td>
<td>772,191</td>
<td>440,938</td>
<td>440,912</td>
</tr>
<tr>
<td>— Financial investments measured at FVOCI</td>
<td>1,430,163</td>
<td>1,408,749</td>
<td></td>
<td></td>
</tr>
<tr>
<td>— Financial investments measured at amortised cost</td>
<td>4,519,182</td>
<td>4,481,665</td>
<td></td>
<td></td>
</tr>
<tr>
<td>— Available-for-sale financial assets</td>
<td></td>
<td></td>
<td>1,496,453</td>
<td>1,465,021</td>
</tr>
<tr>
<td>— Held-to-maturity investments</td>
<td></td>
<td></td>
<td>3,542,184</td>
<td>3,536,757</td>
</tr>
<tr>
<td>— Receivables</td>
<td></td>
<td></td>
<td>277,129</td>
<td>227,216</td>
</tr>
<tr>
<td>Long-term equity investments</td>
<td>29,124</td>
<td>37,104</td>
<td>32,441</td>
<td>40,421</td>
</tr>
<tr>
<td>Fixed assets</td>
<td>253,525</td>
<td>253,460</td>
<td>216,156</td>
<td>216,088</td>
</tr>
<tr>
<td>Construction in progress</td>
<td>35,081</td>
<td>35,079</td>
<td>29,531</td>
<td>29,531</td>
</tr>
<tr>
<td>Deferred income tax assets</td>
<td>58,375</td>
<td>58,097</td>
<td>48,392</td>
<td>48,392</td>
</tr>
<tr>
<td>Other assets</td>
<td>200,910</td>
<td>186,769</td>
<td>335,012</td>
<td>318,891</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>27,699,540</td>
<td>27,589,328</td>
<td>26,087,043</td>
<td>25,979,568</td>
</tr>
</tbody>
</table>

* Prepared in accordance with PRC GAAP.
<table>
<thead>
<tr>
<th>Liabilities</th>
<th>31 December 2018</th>
<th>31 December 2018</th>
<th>31 December 2017</th>
<th>31 December 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Due to central banks</td>
<td>481</td>
<td>481</td>
<td>456</td>
<td>456</td>
</tr>
<tr>
<td>Due to banks and other financial institutions</td>
<td>1,328,246</td>
<td>1,328,246</td>
<td>1,214,601</td>
<td>1,214,601</td>
</tr>
<tr>
<td>Placements from banks and other financial institutions</td>
<td>486,249</td>
<td>486,249</td>
<td>491,948</td>
<td>491,948</td>
</tr>
<tr>
<td>Financial liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>measured at FVTPL</td>
<td>87,400</td>
<td>87,399</td>
<td>89,361</td>
<td>89,359</td>
</tr>
<tr>
<td>Derivative financial liabilities</td>
<td>73,573</td>
<td>73,573</td>
<td>78,556</td>
<td>78,556</td>
</tr>
<tr>
<td>Repurchase agreements</td>
<td>514,801</td>
<td>513,495</td>
<td>1,046,338</td>
<td>1,044,481</td>
</tr>
<tr>
<td>Certificates of deposit</td>
<td>341,354</td>
<td>341,354</td>
<td>260,274</td>
<td>260,274</td>
</tr>
<tr>
<td>Due to customers</td>
<td>21,408,934</td>
<td>21,410,976</td>
<td>19,562,936</td>
<td>19,564,945</td>
</tr>
<tr>
<td>Employee benefits payable</td>
<td>33,636</td>
<td>33,351</td>
<td>33,142</td>
<td>32,820</td>
</tr>
<tr>
<td>Taxes payable</td>
<td>95,678</td>
<td>95,318</td>
<td>82,550</td>
<td>82,502</td>
</tr>
<tr>
<td>Debt securities issued</td>
<td>617,842</td>
<td>617,842</td>
<td>526,940</td>
<td>526,940</td>
</tr>
<tr>
<td>Deferred income tax liabilities</td>
<td>1,217</td>
<td>1,024</td>
<td>433</td>
<td>233</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>365,246</td>
<td>261,639</td>
<td>558,452</td>
<td>456,349</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>25,354,657</strong></td>
<td><strong>25,250,947</strong></td>
<td><strong>23,945,987</strong></td>
<td><strong>23,843,464</strong></td>
</tr>
</tbody>
</table>

| Equity                                           |                  |                  |                  |                  |
| Share capital                                    | 356,407          | 356,407          | 356,407          | 356,407          |
| Other equity instruments                         | 86,051           | 86,051           | 86,051           | 86,051           |
| Capital reserve                                  | 151,968          | 151,968          | 151,952          | 151,952          |
| Other comprehensive income                       | (11,875)         | (11,646)         | (62,058)         | (61,063)         |
| Surplus reserve                                  | 261,720          | 261,636          | 232,703          | 232,660          |
| General reserve                                  | 279,064          | 278,980          | 264,892          | 264,850          |
| Retained profits                                 | 1,206,666        | 1,205,924        | 1,097,544        | 1,096,868        |
| Equity attributable to equity holders of the parent company | 2,330,001        | 2,329,320        | 2,127,491        | 2,127,725        |
| Minority interests                               | 14,882           | 9,061            | 13,565           | 8,379            |
| **Total equity**                                 | **2,344,883**    | **2,338,381**    | **2,141,056**    | **2,136,104**    |

* Prepared in accordance with PRC GAAP.
### Description of related items

#### Loans and advances to customers

<table>
<thead>
<tr>
<th>Item</th>
<th>31 December 2018 Balance</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total loans and advances to customers</td>
<td>15,457,970</td>
<td></td>
</tr>
<tr>
<td>Less: Provision for loan impairment under the weighted approach</td>
<td>19,049</td>
<td>X01</td>
</tr>
<tr>
<td>Including: Valid cap of surplus provision for loan impairment in tier 2 capital under the weighted approach</td>
<td>7,766</td>
<td>X02</td>
</tr>
<tr>
<td>Less: Provision for loan impairment under the internal ratings-based approach</td>
<td>393,682</td>
<td>X03</td>
</tr>
<tr>
<td>Including: Valid cap of surplus provision for loan impairment in tier 2 capital under the internal ratings-based approach</td>
<td>120,224</td>
<td>X04</td>
</tr>
</tbody>
</table>

#### Financial investments

Financial investments measured at FVTPL: 772,191

| Including: Non-significant minority investments in core tier 1 capital instruments issued by financial institutions that are not subject to consolidation | 89 | X05 |
| Including: Significant minority investments in core tier 1 capital instruments issued by financial institutions that are not subject to consolidation | 34 | X06 |
| Including: Non-significant minority investments in additional tier 1 capital instruments issued by financial institutions that are not subject to consolidation | 4,737 | X07 |
| Including: Non-significant minority investments in tier 2 capital instruments issued by financial institutions that are not subject to consolidation | 45,164 | X08 |

Financial investments measured at FVOCI: 1,408,749

<p>| Including: Non-significant minority investments in core tier 1 capital instruments issued by financial institutions that are not subject to consolidation | 5,845 | X09 |
| Including: Significant minority investments in core tier 1 capital instruments issued by financial institutions that are not subject to consolidation | 3,883 | X10 |
| Including: Non-significant minority investments in tier 2 capital instruments issued by financial institutions that are not subject to consolidation | 5,963 | X29 |</p>
<table>
<thead>
<tr>
<th>Item</th>
<th>31 December 2018 Balance sheet under regulatory scope of consolidation</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial investments measured at amortised cost</td>
<td>4,481,665</td>
<td>X30</td>
</tr>
<tr>
<td>Including: Non-significant minority investments in tier 2 capital instruments issued by financial institutions that are not subject to consolidation</td>
<td>2,108</td>
<td>X30</td>
</tr>
<tr>
<td>Including: Significant minority investments in tier 2 capital instruments issued by financial institutions that are not subject to consolidation</td>
<td>–</td>
<td>X31</td>
</tr>
<tr>
<td>Long-term equity investments</td>
<td>37,104</td>
<td>X11</td>
</tr>
<tr>
<td>Including: Investment in core tier 1 capital instruments issued by financial institutions that are under control but not subject to consolidation</td>
<td>7,980</td>
<td>X11</td>
</tr>
<tr>
<td>Including: Undeducted portion of non-significant minority investments in capital instruments issued by financial institutions that are not subject to consolidation</td>
<td>98</td>
<td>X12</td>
</tr>
<tr>
<td>Including: Undeducted portion of significant minority investments in capital instruments issued by financial institutions that are not subject to consolidation</td>
<td>28,298</td>
<td>X13</td>
</tr>
<tr>
<td>Other assets</td>
<td>186,769</td>
<td>X14</td>
</tr>
<tr>
<td>Interest receivable</td>
<td>2,624</td>
<td></td>
</tr>
<tr>
<td>Intangible assets</td>
<td>19,301</td>
<td>X14</td>
</tr>
<tr>
<td>Including: Land use rights</td>
<td>17,374</td>
<td>X15</td>
</tr>
<tr>
<td>Other receivables</td>
<td>145,678</td>
<td></td>
</tr>
<tr>
<td>Goodwill</td>
<td>8,820</td>
<td>X16</td>
</tr>
<tr>
<td>Long-term deferred expenses</td>
<td>3,484</td>
<td></td>
</tr>
<tr>
<td>Repossessed assets</td>
<td>9,366</td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>(2,504)</td>
<td></td>
</tr>
<tr>
<td>Item</td>
<td>31 December 2018 Balance sheet under regulatory scope of consolidation</td>
<td>Reference</td>
</tr>
<tr>
<td>-----------------------------------------------------------</td>
<td>-----------------------------------------------------------------------</td>
<td>------------</td>
</tr>
<tr>
<td><strong>Debt securities issued</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Including: Valid portion of tier 2 capital instruments and their premium</td>
<td>617,842</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Share capital</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>356,407</td>
<td></td>
</tr>
<tr>
<td><strong>Other equity instruments</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Including: Preference shares</td>
<td>86,051</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Capital reserve</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>151,968</td>
<td></td>
</tr>
<tr>
<td><strong>Other comprehensive income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reserve for changes in fair value of financial assets</td>
<td>(11,646)</td>
<td>X24</td>
</tr>
<tr>
<td>Reserve for cash flow hedging</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Including: Cash flow hedge reserves that relate to the hedging of items that are not fair valued on the balance sheet</td>
<td>(3,804)</td>
<td>X20</td>
</tr>
<tr>
<td>Changes in share of other owners’ equity of associates and joint ventures</td>
<td>(1,150)</td>
<td></td>
</tr>
<tr>
<td>Foreign currency translation reserve</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(262)</td>
<td></td>
</tr>
<tr>
<td><strong>Surplus reserve</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>261,636</td>
<td>X21</td>
</tr>
<tr>
<td><strong>General reserve</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>278,980</td>
<td>X22</td>
</tr>
<tr>
<td><strong>Retained profits</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1,205,924</td>
<td>X23</td>
</tr>
<tr>
<td><strong>Minority interests</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Including: Valid portion to core tier 1 capital</td>
<td>9,061</td>
<td></td>
</tr>
<tr>
<td>Including: Valid portion to additional tier 1 capital</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Including: Valid portion to tier 2 capital</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3,752</td>
<td>X25</td>
</tr>
<tr>
<td></td>
<td>735</td>
<td>X26</td>
</tr>
<tr>
<td></td>
<td>1,991</td>
<td>X27</td>
</tr>
</tbody>
</table>
(iv) Main features of eligible capital instruments

<table>
<thead>
<tr>
<th>Ordinary shares (A share)</th>
<th>Preference shares (Offshore)</th>
<th>Preference shares (Domestic)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Issuer</strong></td>
<td>The Bank 1398</td>
<td>The Bank 4603</td>
</tr>
<tr>
<td><strong>Governing law(s) of the instrument</strong></td>
<td>Securities Law of the People’s Republic of China/China</td>
<td>The creation and issue of the Offshore Preference Shares and the rights and obligations attached to them are governed by, and shall be construed in accordance with, PRC law</td>
</tr>
<tr>
<td><strong>Regulatory treatment</strong></td>
<td>Core tier 1 capital</td>
<td>Core tier 1 capital</td>
</tr>
<tr>
<td><strong>Amount recognised in regulatory capital (in millions, as at the latest reporting date)</strong></td>
<td>RMB269,612</td>
<td>RMB equivalent 2,940</td>
</tr>
<tr>
<td><strong>Par value of instrument (in millions)</strong></td>
<td>RMB269,612</td>
<td>RMB equivalent 2,940</td>
</tr>
<tr>
<td><strong>Accounting treatment</strong></td>
<td>Share capital, Capital reserve</td>
<td>Other equity</td>
</tr>
<tr>
<td><strong>Original date of issuance</strong></td>
<td>19 October 2006</td>
<td>10 December 2014</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Ordinary shares (H share)</th>
<th>Preference shares (Offshore)</th>
<th>Preference shares (Domestic)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Issuer</strong></td>
<td>The Bank 401398</td>
<td>The Bank 360011</td>
</tr>
<tr>
<td><strong>Governing law(s) of the instrument</strong></td>
<td>Securities Law of the People’s Republic of China/China</td>
<td>The creation and issue of the Offshore Preference Shares and the rights and obligations attached to them are governed by, and shall be construed in accordance with, PRC law</td>
</tr>
<tr>
<td><strong>Regulatory treatment</strong></td>
<td>Core tier 1 capital</td>
<td>Core tier 1 capital</td>
</tr>
<tr>
<td><strong>Amount recognised in regulatory capital (in millions, as at the latest reporting date)</strong></td>
<td>RMB269,612</td>
<td>RMB equivalent 2,940</td>
</tr>
<tr>
<td><strong>Par value of instrument (in millions)</strong></td>
<td>RMB269,612</td>
<td>RMB equivalent 2,940</td>
</tr>
<tr>
<td><strong>Accounting treatment</strong></td>
<td>Share capital, Capital reserve</td>
<td>Other equity</td>
</tr>
<tr>
<td><strong>Original date of issuance</strong></td>
<td>10 December 2014</td>
<td>18 November 2015</td>
</tr>
<tr>
<td>Main features of regulatory capital instrument</td>
<td>Ordinary shares (A share)</td>
<td>Ordinary shares (H share)</td>
</tr>
<tr>
<td>-----------------------------------------------</td>
<td>--------------------------</td>
<td>--------------------------</td>
</tr>
<tr>
<td>Perpetual or dated</td>
<td>Perpetual</td>
<td>Perpetual</td>
</tr>
<tr>
<td>Including: Original maturity date</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Issuer call (subject to prior supervisory approval)</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Including: Optional call date, contingent call dates and redemption amount</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Including: Subsequent call dates, if applicable</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Coupons/dividends</td>
<td>Floating</td>
<td>Floating</td>
</tr>
<tr>
<td>Including: Fixed or floating dividend/coupon</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Including: Coupon rate and any related index</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Including: Existence of a dividend stopper</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Including: Fully discretionary, partially discretionary or mandatory cancellation of coupons/dividends</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Including: Redemption incentive mechanism</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Including: Non-cumulative or cumulative</td>
<td>Non-cumulative</td>
<td>Non-cumulative</td>
</tr>
<tr>
<td>Convertible or non-convertible</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Including: If convertible, conversion trigger(s)</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Including: If convertible, fully or partially</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Main features of regulatory capital instrument</td>
<td>Ordinary shares (A share)</td>
<td>Ordinary shares (H share)</td>
</tr>
<tr>
<td>-----------------------------------------------</td>
<td>---------------------------</td>
<td>---------------------------</td>
</tr>
<tr>
<td>Including: If convertible, conversion trigger(s)</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Including: If convertible, mandatory or optional conversion</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Including: If convertible, specify instrument type convertible into</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Including: If convertible, specify issuer of instrument it converts into</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Write-down feature</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Including: If write-down, write-down trigger(s)</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Including: If write-down, full or partial</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Including: If write-down, permanent or temporary</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Including: If temporary write-down, description of write-up mechanism</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)</td>
<td>Subordinated to depositor, general creditor, creditor of the subordinated debts, and preference shareholders</td>
<td>Subordinated to depositor, general creditor, creditor of the subordinated debts, and preference shareholders</td>
</tr>
<tr>
<td>Non-compliant transitioned features</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Including: If yes, specify non-compliant features</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Main features of regulatory capital instrument</td>
<td>Tier 2 capital bonds</td>
<td>Tier 2 capital bonds</td>
</tr>
<tr>
<td>-----------------------------------------------</td>
<td>---------------------</td>
<td>---------------------</td>
</tr>
<tr>
<td><strong>Issuer</strong></td>
<td>The Bank</td>
<td>The Bank</td>
</tr>
<tr>
<td><strong>Unique identifier</strong></td>
<td>1428009</td>
<td>Rule 144A</td>
</tr>
<tr>
<td><strong>Issuer call (subject to prior supervisory approval)</strong></td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td><strong>Issuer call (subject to prior supervisory approval)</strong></td>
<td>5 August 2019, in full amount</td>
<td>8 November 2022, in full amount</td>
</tr>
<tr>
<td><strong>Regulatory treatment</strong></td>
<td>Tier 2 capital</td>
<td>Tier 2 capital</td>
</tr>
<tr>
<td><strong>Par value of instrument (in millions)</strong></td>
<td>RMB20,000</td>
<td>USD2,000</td>
</tr>
<tr>
<td><strong>Accounting treatment</strong></td>
<td>Debt securities issued</td>
<td>Debt securities issued</td>
</tr>
<tr>
<td><strong>Perpetual or dated</strong></td>
<td>Dated</td>
<td>Dated</td>
</tr>
<tr>
<td><strong>Issuer call (subject to prior supervisory approval)</strong></td>
<td>5 August 2024, in full amount</td>
<td>21 September 2025, in full amount</td>
</tr>
<tr>
<td><strong>Governing law(s) of the instrument</strong></td>
<td>Securities Law of the People’s Republic of China/China</td>
<td>The Notes and the Fiscal Agency Agreement shall be governed by, and shall be construed in accordance with, New York law, except that the provisions of the Notes relating to subordination shall be governed by, and construed in accordance with, PRC law</td>
</tr>
<tr>
<td><strong>Tier 2 capital bonds</strong></td>
<td>RMB19,994</td>
<td>RMB equivalent 13,626</td>
</tr>
<tr>
<td><strong>Instrument type</strong></td>
<td>Tier 2 capital</td>
<td>Tier 2 capital</td>
</tr>
<tr>
<td><strong>Governing law(s) of the instrument</strong></td>
<td>Securities Law of the People’s Republic of China/China</td>
<td>The Notes and the Fiscal Agency Agreement shall be governed by, and shall be construed in accordance with, New York law, except that the provisions of the Notes relating to subordination shall be governed by, and construed in accordance with, PRC law</td>
</tr>
<tr>
<td><strong>Amount recognised in regulatory capital</strong></td>
<td>RMB19,994</td>
<td>RMB equivalent 13,626</td>
</tr>
<tr>
<td><strong>Accounting treatment</strong></td>
<td>Debt securities issued</td>
<td>Debt securities issued</td>
</tr>
<tr>
<td><strong>Perpetual or dated</strong></td>
<td>Dated</td>
<td>Dated</td>
</tr>
<tr>
<td><strong>Issuer call (subject to prior supervisory approval)</strong></td>
<td>5 August 2024, in full amount</td>
<td>21 September 2025, in full amount</td>
</tr>
<tr>
<td><strong>Governing law(s) of the instrument</strong></td>
<td>Securities Law of the People’s Republic of China/China</td>
<td>The Notes and the Fiscal Agency Agreement shall be governed by, and shall be construed in accordance with, New York law, except that the provisions of the Notes relating to subordination shall be governed by, and construed in accordance with, PRC law</td>
</tr>
<tr>
<td><strong>Amount recognised in regulatory capital</strong></td>
<td>RMB19,994</td>
<td>RMB equivalent 13,626</td>
</tr>
<tr>
<td>Main features of regulatory capital instrument</td>
<td>Tier 2 capital bonds</td>
<td>Tier 2 capital bonds</td>
</tr>
<tr>
<td>-----------------------------------------------</td>
<td>---------------------</td>
<td>---------------------</td>
</tr>
<tr>
<td>Including: Subsequent call dates, if applicable</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Coupons/dividends</td>
<td>Fixed</td>
<td>Fixed</td>
</tr>
<tr>
<td>Including: Fixed or floating dividend/coupon</td>
<td>Fixed</td>
<td>Fixed</td>
</tr>
<tr>
<td>Including: Coupon rate and any related index</td>
<td>5.80%</td>
<td>4.875%</td>
</tr>
<tr>
<td>Including: Existence of a dividend stopper</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Including: Fully discretionary, partially discretionary or mandatory cancellation of coupons/dividends</td>
<td>Mandatory</td>
<td>Mandatory</td>
</tr>
<tr>
<td>Including: Redemption incentive mechanism</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Including: Non-cumulative or cumulative</td>
<td>Cumulative</td>
<td>Cumulative</td>
</tr>
<tr>
<td>Convertible or non-convertible</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Including: If convertible, conversion trigger(s)</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Including: If convertible, fully or partially</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Including: If convertible, conversion trigger(s)</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Including: If convertible, mandatory or optional conversion</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Including: If convertible, specify instrument type convertible into</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Including: If convertible, specify issuer of instrument it converts into</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Write-down feature</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Including: If write-down, write-down trigger(s)</td>
<td>Non-viability of the Bank</td>
<td>Whichever occurs earlier: (i) CBIRC having decided that a write-down is necessary, without which the Issuer would become non-viable; or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable</td>
</tr>
<tr>
<td>Including: If write-down, full or partial</td>
<td>Full write-down</td>
<td>Full write-down</td>
</tr>
<tr>
<td>Including: If write-down, permanent or temporary</td>
<td>Permanent write-down</td>
<td>Permanent write-down</td>
</tr>
<tr>
<td>Including: If temporary write-down, description of write-up mechanism</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Main features of regulatory capital instrument</td>
<td>Tier 2 capital bonds</td>
<td>Tier 2 capital bonds</td>
</tr>
<tr>
<td>-----------------------------------------------</td>
<td>---------------------</td>
<td>---------------------</td>
</tr>
<tr>
<td>Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)</td>
<td>Subordinated to depositor and general creditor, pari passu with other subordinated debts</td>
<td>Subordinated to depositor and general creditor, pari passu with other subordinated debts</td>
</tr>
<tr>
<td>Non-compliant transitioned features</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Including: If yes, specify non-compliant features</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>
8.2 Disclosure of Leverage Ratio

The following information is disclosed in accordance with the Administrative Measures for Leverage Ratio of Commercial Banks (Revised) (CBRC No.1, 2015) Appendix 3 Disclosure Templates of Leverage Ratio.

Comparison of Regulatory Leverage Ratio Items and Accounting Items

<table>
<thead>
<tr>
<th>S/N</th>
<th>Item</th>
<th>31 December 2018</th>
<th>31 December 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Total consolidated assets as per published financial statements</td>
<td>27,699,540</td>
<td>26,087,043</td>
</tr>
<tr>
<td>2</td>
<td>Consolidated adjustments for accounting purposes but outside the scope of regulatory consolidation</td>
<td>(110,212)</td>
<td>(107,475)</td>
</tr>
<tr>
<td>3</td>
<td>Adjustments for fiduciary assets</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>4</td>
<td>Adjustments for derivative financial instruments</td>
<td>68,114</td>
<td>61,814</td>
</tr>
<tr>
<td>5</td>
<td>Adjustment for securities financing transactions</td>
<td>35,125</td>
<td>57,693</td>
</tr>
<tr>
<td>6</td>
<td>Adjustment for off-balance sheet items</td>
<td>2,002,299</td>
<td>2,000,174</td>
</tr>
<tr>
<td>7</td>
<td>Other adjustments</td>
<td>(14,988)</td>
<td>(14,282)</td>
</tr>
<tr>
<td>8</td>
<td>Balance of adjusted on- and off-balance sheet assets</td>
<td>29,679,878</td>
<td>28,084,967</td>
</tr>
<tr>
<td>S/N</td>
<td>Item</td>
<td>31 December 2018</td>
<td>31 December 2017</td>
</tr>
<tr>
<td>-----</td>
<td>----------------------------------------------------------------------</td>
<td>------------------</td>
<td>------------------</td>
</tr>
<tr>
<td>1</td>
<td>On-balance sheet items (excluding derivatives and SFTs, but including collateral)</td>
<td>27,120,956</td>
<td>25,174,171</td>
</tr>
<tr>
<td>2</td>
<td>Less: Asset amounts deducted in determining Basel III Tier 1 capital</td>
<td>(14,988)</td>
<td>(14,282)</td>
</tr>
<tr>
<td>3</td>
<td>Balance of adjusted on-balance sheet assets (excluding derivatives and SFTs)</td>
<td>27,105,968</td>
<td>25,159,889</td>
</tr>
<tr>
<td>4</td>
<td>Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)</td>
<td>76,179</td>
<td>93,955</td>
</tr>
<tr>
<td>5</td>
<td>Add-on amounts for PFE associated with all derivatives transactions</td>
<td>63,890</td>
<td>63,145</td>
</tr>
<tr>
<td>6</td>
<td>Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>7</td>
<td>Less: Deductions of receivables assets for cash variation margin provided in derivatives transactions</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>8</td>
<td>Less: Exempted CCP leg of client-cleared trade exposures</td>
<td>(20,180)</td>
<td>(25,768)</td>
</tr>
<tr>
<td>9</td>
<td>Effective notional amount of written credit derivatives</td>
<td>44,968</td>
<td>46,496</td>
</tr>
<tr>
<td>10</td>
<td>Less: Adjusted effective notional deductions for written credit derivatives</td>
<td>(25,408)</td>
<td>(27,001)</td>
</tr>
<tr>
<td>11</td>
<td>Total derivative exposures</td>
<td>139,449</td>
<td>150,827</td>
</tr>
<tr>
<td>12</td>
<td>Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions</td>
<td>397,037</td>
<td>716,384</td>
</tr>
<tr>
<td>13</td>
<td>Less: Netted amounts of cash payables and cash receivables of gross SFT assets</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>14</td>
<td>CCR exposure for SFT assets</td>
<td>35,125</td>
<td>57,693</td>
</tr>
<tr>
<td>15</td>
<td>Agent transaction exposures</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>16</td>
<td>Total securities financing transaction exposures</td>
<td>432,162</td>
<td>774,077</td>
</tr>
<tr>
<td>17</td>
<td>Off-balance sheet exposure at gross notional amount</td>
<td>4,400,110</td>
<td>4,211,871</td>
</tr>
<tr>
<td>18</td>
<td>Less: Adjustments for conversion to credit equivalent amounts</td>
<td>(2,397,811)</td>
<td>(2,211,697)</td>
</tr>
<tr>
<td>19</td>
<td>Balance of adjusted off-balance sheet assets</td>
<td>2,002,299</td>
<td>2,000,174</td>
</tr>
<tr>
<td>20</td>
<td>Net tier 1 capital</td>
<td>2,312,143</td>
<td>2,110,060</td>
</tr>
<tr>
<td>21</td>
<td>Balance of adjusted on- and off-balance sheet assets</td>
<td>29,679,878</td>
<td>28,084,967</td>
</tr>
<tr>
<td>22</td>
<td>Leverage ratio</td>
<td>7.79%</td>
<td>7.51%</td>
</tr>
</tbody>
</table>
### 8.3 Quantitative Information Disclosure of Liquidity Coverage Ratio Using Advanced Approaches

<table>
<thead>
<tr>
<th>S/N</th>
<th>Item</th>
<th>Fourth-quarter 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Total un-weighted</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total weighted</td>
</tr>
<tr>
<td></td>
<td></td>
<td>value</td>
</tr>
<tr>
<td>1</td>
<td>Total high-quality liquid assets (HQLA)</td>
<td>4,921,335</td>
</tr>
<tr>
<td>2</td>
<td>Retail deposits and deposits form small business customers, of which:</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>10,059,024</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1,002,806</td>
</tr>
<tr>
<td>3</td>
<td>Stable deposits</td>
<td>48,891</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1,793</td>
</tr>
<tr>
<td>4</td>
<td>Less stable deposits</td>
<td>10,010,133</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1,001,013</td>
</tr>
<tr>
<td>5</td>
<td>Unsecured wholesale funding, of which:</td>
<td>12,018,257</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3,964,817</td>
</tr>
<tr>
<td>6</td>
<td>Operational deposits (excluding those generated from correspondent banking activities)</td>
<td>6,881,028</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1,669,869</td>
</tr>
<tr>
<td>7</td>
<td>Non-operational deposits (all counterparties)</td>
<td>5,061,928</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2,219,647</td>
</tr>
<tr>
<td>8</td>
<td>Unsecured debt</td>
<td>75,301</td>
</tr>
<tr>
<td></td>
<td></td>
<td>75,301</td>
</tr>
<tr>
<td>9</td>
<td>Secured funding</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>25,354</td>
</tr>
<tr>
<td>10</td>
<td>Additional requirements, of which:</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>3,960,547</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1,446,607</td>
</tr>
<tr>
<td>11</td>
<td>Outflows related to derivative exposures and other collateral requirements</td>
<td>1,223,431</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1,223,431</td>
</tr>
<tr>
<td>12</td>
<td>Outflows related to loss of funding on debt products</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td></td>
<td>–</td>
</tr>
<tr>
<td>13</td>
<td>Credit and liquidity facilities</td>
<td>2,737,116</td>
</tr>
<tr>
<td></td>
<td></td>
<td>223,176</td>
</tr>
<tr>
<td>14</td>
<td>Other contractual funding obligations</td>
<td>59,213</td>
</tr>
<tr>
<td></td>
<td></td>
<td>58,837</td>
</tr>
<tr>
<td>15</td>
<td>Other contingent funding obligations</td>
<td>3,183,889</td>
</tr>
<tr>
<td></td>
<td></td>
<td>127,123</td>
</tr>
<tr>
<td>16</td>
<td>Total cash outflows</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>6,625,544</td>
</tr>
<tr>
<td>17</td>
<td>Secured lending (including reverse repos and securities borrowing)</td>
<td>958,599</td>
</tr>
<tr>
<td></td>
<td></td>
<td>488,036</td>
</tr>
<tr>
<td>18</td>
<td>Inflows from fully performing exposures</td>
<td>1,457,392</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1,035,013</td>
</tr>
<tr>
<td>19</td>
<td>Other cash inflows</td>
<td>1,222,330</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1,216,322</td>
</tr>
<tr>
<td>20</td>
<td>Total cash inflows</td>
<td>3,638,321</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2,739,371</td>
</tr>
<tr>
<td></td>
<td>Total adjusted value</td>
<td></td>
</tr>
<tr>
<td>21</td>
<td>Total HQLA</td>
<td>4,921,335</td>
</tr>
<tr>
<td>22</td>
<td>Total net cash outflows</td>
<td>3,886,173</td>
</tr>
<tr>
<td>23</td>
<td>Liquidity coverage ratio (%)</td>
<td>126.66%</td>
</tr>
</tbody>
</table>

Data of the above table are all the simple arithmetic means of the 92 natural days’ figures of the recent quarter.
8.4 Net Stable Funding Ratio (NSFR)

As at 31 December 2018, the NSFR of the Group was 126.62%, the available stable finding (ASF) was RMB18,647,495 million and the required stable finding (RSF) was RMB14,726,640 million.

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

9.1 Capital Adequacy Ratio

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

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

- **Results of Capital Adequacy Ratio Measurement**

  \[
  \text{In RMB millions, except for percentages}
  \]

<table>
<thead>
<tr>
<th>Item</th>
<th>At 31 December 2018 Parent Group</th>
<th>At 31 December 2018 Company</th>
<th>At 31 December 2017 Parent Group</th>
<th>At 31 December 2017 Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>Calculated in accordance with the Regulation Governing Capital of Commercial Banks (Provisional):</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net core tier 1 capital</td>
<td>2,232,033</td>
<td>2,040,396</td>
<td>2,030,108</td>
<td>1,856,054</td>
</tr>
<tr>
<td>Net tier 1 capital</td>
<td>2,312,143</td>
<td>2,102,348</td>
<td>2,110,060</td>
<td>1,935,429</td>
</tr>
<tr>
<td>Net capital base</td>
<td>2,644,885</td>
<td>2,419,120</td>
<td>2,406,920</td>
<td>2,216,707</td>
</tr>
<tr>
<td>Core tier 1 capital adequacy ratio</td>
<td>12.98%</td>
<td>13.23%</td>
<td>12.77%</td>
<td>12.88%</td>
</tr>
<tr>
<td>Tier 1 capital adequacy ratio</td>
<td>13.45%</td>
<td>13.63%</td>
<td>13.27%</td>
<td>13.44%</td>
</tr>
<tr>
<td>Capital adequacy ratio</td>
<td>15.39%</td>
<td>15.68%</td>
<td>15.14%</td>
<td>15.39%</td>
</tr>
</tbody>
</table>

  | Calculated in accordance with the Regulation Governing Capital Adequacy of Commercial Banks and related regulations: |                                  |                             |                                  |                             |
  | Core capital adequacy ratio         | 11.54%                           | 11.89%                      | 11.65%                           | 11.96%                      |
  | Capital adequacy ratio              | 14.11%                           | 14.34%                      | 14.56%                           | 14.67%                      |

Please refer to the section headed “Discussion and Analysis — Capital Adequacy Ratio and Leverage Ratio” for details on the capital adequacy ratio calculation at the end of 2018.
• Measurement of Risk-Weighted Assets

<table>
<thead>
<tr>
<th>Item</th>
<th>At 31 December 2018</th>
<th>At 31 December 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credit risk-weighted assets</td>
<td>15,558,010</td>
<td>14,332,051</td>
</tr>
<tr>
<td>Parts covered by internal ratings-based approach</td>
<td>10,373,820</td>
<td>9,789,156</td>
</tr>
<tr>
<td>Parts uncovered by internal ratings-based approach</td>
<td>5,184,190</td>
<td>4,542,895</td>
</tr>
<tr>
<td>Market risk-weighted assets</td>
<td>368,580</td>
<td>347,665</td>
</tr>
<tr>
<td>Parts covered by internal model approach</td>
<td>308,425</td>
<td>268,963</td>
</tr>
<tr>
<td>Parts uncovered by internal model approach</td>
<td>60,155</td>
<td>78,702</td>
</tr>
<tr>
<td>Operational risk-weighted assets</td>
<td>1,264,402</td>
<td>1,223,085</td>
</tr>
<tr>
<td>Total</td>
<td>17,190,992</td>
<td>15,902,801</td>
</tr>
</tbody>
</table>

9.2 Credit Risk

• Credit Risk Exposure

<table>
<thead>
<tr>
<th>Item</th>
<th>At 31 December 2018</th>
<th>At 31 December 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payments covered by internal ratings-based approach</td>
<td>Payments uncovered by internal ratings-based approach</td>
<td></td>
</tr>
<tr>
<td>Corporate</td>
<td>9,509,057</td>
<td>1,500,505</td>
</tr>
<tr>
<td>Sovereign</td>
<td>–</td>
<td>5,391,809</td>
</tr>
<tr>
<td>Financial institution</td>
<td>–</td>
<td>3,225,894</td>
</tr>
<tr>
<td>Retail</td>
<td>5,479,175</td>
<td>469,137</td>
</tr>
<tr>
<td>Equity</td>
<td>–</td>
<td>85,409</td>
</tr>
<tr>
<td>Asset securitization</td>
<td>–</td>
<td>79,182</td>
</tr>
<tr>
<td>Others</td>
<td>–</td>
<td>5,444,366</td>
</tr>
<tr>
<td>Total risk exposure</td>
<td>14,988,232</td>
<td>16,196,302</td>
</tr>
<tr>
<td></td>
<td></td>
<td>13,856,890</td>
</tr>
<tr>
<td></td>
<td></td>
<td>15,711,737</td>
</tr>
</tbody>
</table>
### Measurement Results of Internal Ratings-Based Approach

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

*In RMB millions, except for percentages*

#### At 31 December 2018

<table>
<thead>
<tr>
<th>PD level</th>
<th>Exposure at default</th>
<th>Weighted average PD</th>
<th>Weighted average LGD</th>
<th>Risk-weighted assets</th>
<th>Average risk weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level 1</td>
<td>1,028,554</td>
<td>0.09%</td>
<td>44.82%</td>
<td>295,902</td>
<td>28.77%</td>
</tr>
<tr>
<td>Level 2</td>
<td>1,241,539</td>
<td>0.21%</td>
<td>43.07%</td>
<td>568,046</td>
<td>45.75%</td>
</tr>
<tr>
<td>Level 3</td>
<td>1,927,918</td>
<td>0.65%</td>
<td>42.91%</td>
<td>1,417,249</td>
<td>73.51%</td>
</tr>
<tr>
<td>Level 4</td>
<td>2,237,164</td>
<td>1.61%</td>
<td>42.98%</td>
<td>2,145,184</td>
<td>95.89%</td>
</tr>
<tr>
<td>Level 5</td>
<td>1,628,203</td>
<td>2.54%</td>
<td>42.37%</td>
<td>1,696,971</td>
<td>104.22%</td>
</tr>
<tr>
<td>Level 6</td>
<td>634,196</td>
<td>3.72%</td>
<td>42.17%</td>
<td>724,280</td>
<td>114.20%</td>
</tr>
<tr>
<td>Level 7</td>
<td>255,674</td>
<td>5.28%</td>
<td>41.72%</td>
<td>320,157</td>
<td>125.22%</td>
</tr>
<tr>
<td>Level 8</td>
<td>111,927</td>
<td>7.20%</td>
<td>42.07%</td>
<td>162,405</td>
<td>145.10%</td>
</tr>
<tr>
<td>Level 9</td>
<td>99,847</td>
<td>9.60%</td>
<td>42.76%</td>
<td>168,379</td>
<td>168.64%</td>
</tr>
<tr>
<td>Level 10</td>
<td>37,199</td>
<td>18.00%</td>
<td>41.75%</td>
<td>74,602</td>
<td>200.55%</td>
</tr>
<tr>
<td>Level 11</td>
<td>113,740</td>
<td>56.00%</td>
<td>42.88%</td>
<td>210,507</td>
<td>185.08%</td>
</tr>
<tr>
<td>Level 12</td>
<td>193,096</td>
<td>100.00%</td>
<td>44.01%</td>
<td>56,599</td>
<td>29.31%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>9,509,057</strong></td>
<td>—</td>
<td>—</td>
<td><strong>7,840,281</strong></td>
<td><strong>82.45%</strong></td>
</tr>
</tbody>
</table>

#### At 31 December 2017

<table>
<thead>
<tr>
<th>PD level</th>
<th>Exposure at default</th>
<th>Weighted average PD</th>
<th>Weighted average LGD</th>
<th>Risk-weighted assets</th>
<th>Average risk weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level 1</td>
<td>1,082,413</td>
<td>0.10%</td>
<td>44.83%</td>
<td>323,409</td>
<td>29.88%</td>
</tr>
<tr>
<td>Level 2</td>
<td>1,131,860</td>
<td>0.22%</td>
<td>43.47%</td>
<td>545,264</td>
<td>48.17%</td>
</tr>
<tr>
<td>Level 3</td>
<td>1,584,233</td>
<td>0.66%</td>
<td>43.15%</td>
<td>1,169,187</td>
<td>73.80%</td>
</tr>
<tr>
<td>Level 4</td>
<td>2,400,421</td>
<td>1.64%</td>
<td>42.77%</td>
<td>2,300,607</td>
<td>95.84%</td>
</tr>
<tr>
<td>Level 5</td>
<td>1,416,786</td>
<td>2.59%</td>
<td>42.04%</td>
<td>1,468,810</td>
<td>103.67%</td>
</tr>
<tr>
<td>Level 6</td>
<td>594,603</td>
<td>3.72%</td>
<td>42.19%</td>
<td>686,814</td>
<td>115.51%</td>
</tr>
<tr>
<td>Level 7</td>
<td>235,013</td>
<td>5.28%</td>
<td>41.61%</td>
<td>292,979</td>
<td>124.66%</td>
</tr>
<tr>
<td>Level 8</td>
<td>74,325</td>
<td>7.20%</td>
<td>41.80%</td>
<td>106,656</td>
<td>143.50%</td>
</tr>
<tr>
<td>Level 9</td>
<td>97,639</td>
<td>9.60%</td>
<td>42.07%</td>
<td>163,955</td>
<td>167.92%</td>
</tr>
<tr>
<td>Level 10</td>
<td>69,107</td>
<td>18.00%</td>
<td>41.96%</td>
<td>131,773</td>
<td>190.68%</td>
</tr>
<tr>
<td>Level 11</td>
<td>146,487</td>
<td>56.00%</td>
<td>42.87%</td>
<td>274,188</td>
<td>187.18%</td>
</tr>
<tr>
<td>Level 12</td>
<td>223,148</td>
<td>100.00%</td>
<td>43.76%</td>
<td>454,736</td>
<td>203.78%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>9,056,035</strong></td>
<td>—</td>
<td>—</td>
<td><strong>7,918,378</strong></td>
<td><strong>87.44%</strong></td>
</tr>
</tbody>
</table>
**MEASUREMENT RESULTS OF RETAIL CREDIT RISK UNDER IRB APPROACH**

*In RMB millions, except for percentages*

### At 31 December 2018

<table>
<thead>
<tr>
<th>Type of risk exposure</th>
<th>Exposure at default</th>
<th>Weighted average PD</th>
<th>Weighted average LGD</th>
<th>Risk-weighted assets</th>
<th>Average risk weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential mortgages</td>
<td>4,523,389</td>
<td>1.27%</td>
<td>29.51%</td>
<td>1,034,874</td>
<td>22.88%</td>
</tr>
<tr>
<td>Qualifying revolving retail exposure</td>
<td>591,952</td>
<td>3.72%</td>
<td>54.41%</td>
<td>147,188</td>
<td>24.86%</td>
</tr>
<tr>
<td>Other retail exposures</td>
<td>363,834</td>
<td>7.68%</td>
<td>47.46%</td>
<td>215,541</td>
<td>59.24%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>5,479,175</strong></td>
<td>—</td>
<td>—</td>
<td><strong>1,397,603</strong></td>
<td><strong>25.51%</strong></td>
</tr>
</tbody>
</table>

### At 31 December 2017

<table>
<thead>
<tr>
<th>Type of risk exposure</th>
<th>Exposure at default</th>
<th>Weighted average PD</th>
<th>Weighted average LGD</th>
<th>Risk-weighted assets</th>
<th>Average risk weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential mortgages</td>
<td>3,884,415</td>
<td>1.49%</td>
<td>26.46%</td>
<td>848,821</td>
<td>21.85%</td>
</tr>
<tr>
<td>Qualifying revolving retail exposure</td>
<td>491,901</td>
<td>4.03%</td>
<td>50.78%</td>
<td>126,576</td>
<td>25.73%</td>
</tr>
<tr>
<td>Other retail exposures</td>
<td>424,539</td>
<td>9.68%</td>
<td>44.35%</td>
<td>245,677</td>
<td>57.87%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4,800,855</strong></td>
<td>—</td>
<td>—</td>
<td><strong>1,221,074</strong></td>
<td><strong>25.43%</strong></td>
</tr>
</tbody>
</table>
9.3 Market Risk

CAPITAL REQUIREMENT FOR MARKET RISK

<table>
<thead>
<tr>
<th>Risk type</th>
<th>At 31 December 2018</th>
<th>At 31 December 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parts covered by internal model approach</td>
<td>24,674</td>
<td>21,517</td>
</tr>
<tr>
<td>Parts uncovered by internal model approach</td>
<td>4,812</td>
<td>6,296</td>
</tr>
<tr>
<td>Interest rate risk</td>
<td>2,220</td>
<td>3,012</td>
</tr>
<tr>
<td>Commodity risk</td>
<td>2,534</td>
<td>3,201</td>
</tr>
<tr>
<td>Stock risk</td>
<td>16</td>
<td>39</td>
</tr>
<tr>
<td>Option risk</td>
<td>42</td>
<td>44</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>29,486</strong></td>
<td><strong>27,813</strong></td>
</tr>
</tbody>
</table>

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

The Bank applied the Historical Simulation Method (adopting a confidence interval of 99%, holding period of ten days and historical data of 250 days) to measure the VaR, which is then used for capital measurement under the internal model approach.

VALUE AT RISK (VAR)

<table>
<thead>
<tr>
<th>Item</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>VaR</td>
<td>Period end</td>
</tr>
<tr>
<td>Interest rate risk</td>
<td>118</td>
</tr>
<tr>
<td>Currency risk</td>
<td>3,510</td>
</tr>
<tr>
<td>Commodity risk</td>
<td>26</td>
</tr>
<tr>
<td>Stressed VaR</td>
<td>Period end</td>
</tr>
<tr>
<td>Interest rate risk</td>
<td>140</td>
</tr>
<tr>
<td>Currency risk</td>
<td>3,868</td>
</tr>
<tr>
<td>Commodity risk</td>
<td>38</td>
</tr>
</tbody>
</table>
### 9.4 Interest Rate Risk in the Banking Book

Supposing that there is parallel shift of overall market interest rates, and taking no account of possible risk management actions taken by the management to mitigate the interest rate risk, the analysis on interest rate sensitivity of the Bank categorized by major currencies in 2018 is shown in the following table:

<table>
<thead>
<tr>
<th>Currency</th>
<th>Effect on net interest income</th>
<th>Effect on equity</th>
<th>Effect on net interest income</th>
<th>Effect on equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>RMB</td>
<td>(3,281)</td>
<td>(30,513)</td>
<td>3,281</td>
<td>33,093</td>
</tr>
<tr>
<td>USD</td>
<td>(1,645)</td>
<td>(5,679)</td>
<td>1,645</td>
<td>5,683</td>
</tr>
<tr>
<td>HKD</td>
<td>936</td>
<td>–</td>
<td>(936)</td>
<td>–</td>
</tr>
<tr>
<td>Others</td>
<td>(59)</td>
<td>(690)</td>
<td>59</td>
<td>691</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>(4,049)</strong></td>
<td><strong>(36,882)</strong></td>
<td><strong>4,049</strong></td>
<td><strong>39,467</strong></td>
</tr>
</tbody>
</table>

### 9.5 Operational Risk

The Bank adopts the standardized approach to measure capital requirement for operational risk. As at the end of 2018, the capital requirement for operational risk was RMB101,152 million.
### 9.6 Equity Risk in the Banking Book

**In RMB millions**

<table>
<thead>
<tr>
<th>Equity type</th>
<th>At 31 December 2018</th>
<th>At 31 December 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Publicly-traded equity investment risk exposure⁽¹⁾</td>
<td>Non-publicly-traded equity investment risk exposure⁽¹⁾</td>
</tr>
<tr>
<td>Financial institution</td>
<td>31,385</td>
<td>11,948</td>
</tr>
<tr>
<td>Corporate</td>
<td>1,939</td>
<td>40,137</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>33,324</strong></td>
<td><strong>52,085</strong></td>
</tr>
</tbody>
</table>

**Notes:**

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

(2) Unrealised potential gains (losses) refer to unrealised gains or losses recognized on the balance sheet but not recognized on the income statement.
10. Issue of Results Announcement, Annual Report and Capital Adequacy Ratio Report

This Results Announcement will be released on HKEXnews website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the website of the Bank (www.icbc-ltd.com) simultaneously. The 2018 Annual Report prepared in accordance with IFRSs and the 2018 Capital Adequacy Ratio Report disclosed in accordance with the Regulation Governing Capital of Commercial Banks (Provisional) will be released on the HKEXnews website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the website of the Bank (www.icbc-ltd.com). Specifically, the 2018 Annual Report prepared in accordance with IFRSs will be dispatched to the shareholders of H shares of the Bank. The 2018 Annual Report and its abstract prepared in accordance with PRC GAAP and the 2018 Capital Adequacy Ratio Report will be released simultaneously on the websites of the Shanghai Stock Exchange (www.sse.com.cn) and the Bank (www.icbc-ltd.com).

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

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

28 March 2019

As at the date of this announcement, the Board of Directors comprises Mr. GU Shu as executive director, Mr. CHENG Fengchao, Mr. ZHENG Fuqing, Ms. MEI Yingchun, Mr. DONG Shi and Mr. YE Donghai as non-executive directors, Mr. HONG Yongmiao, Mr. Anthony Francis NEOH, Mr. YANG Siu Shun, Ms. Sheila Colleen BAIR, Mr. SHEN Si and Mr. Nout WELLINK as independent non-executive directors.