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中國工商銀行股份有限公司
INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED
(a joint stock limited company incorporated in the People's Republic of China with limited liability)
Stock Code: 1398
EUR Preference Shares Stock Code: 4604
USD Preference Shares Stock Code: 4620

2021 Interim Results Announcement

The Board of Directors of Industrial and Commercial Bank of China Limited (the “Bank”) announces the unaudited interim results of the Bank and its subsidiaries for the six months ended 30 June 2021. The Board of Directors and the Audit Committee of the Board of Directors of the Bank have reviewed and confirmed the unaudited interim results. Information disclosed in accordance with the Regulation Governing Capital of Commercial Banks (Provisional) is also presented in this Announcement.

1. Corporate Information

1.1 Basic Information

	Stock name	Stock code	Stock exchange on which shares are listed
A Share	工商銀行	601398	Shanghai Stock Exchange
H Share	ICBC	1398	The Stock Exchange of Hong Kong Limited
Offshore	ICBC EURPREF1	4604	The Stock Exchange of Hong Kong Limited
Preference Share	ICBC 20USDPREF	4620	The Stock Exchange of Hong Kong Limited
Domestic	工行優 1	360011	Shanghai Stock Exchange
Preference Share	工行優 2	360036	Shanghai Stock Exchange

1.2 Contact

Board Secretary and Company Secretary

Name	Guan Xueqing
Address	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 Results Announcement are prepared in accordance with International Financial Reporting Standards (“IFRSs”) and, unless otherwise specified, are consolidated amounts of the Bank and its subsidiaries and denominated in Renminbi.)

2.1 Financial Data

	Six months ended 30 June 2021	Six months ended 30 June 2020	Six months ended 30 June 2019
Operating results (in RMB millions)			
Net interest income ⁽¹⁾	336,293	319,891	311,271
Net fee and commission income ⁽¹⁾	75,943	75,558	76,531
Operating income	426,406	402,346	394,203
Operating expenses	94,991	87,925	87,154
Impairment losses on assets	124,547	125,456	99,180
Operating profit	206,868	188,965	207,869
Profit before taxation	208,070	189,351	209,209
Net profit	164,509	149,796	168,690
Net profit attributable to equity holders of the parent company	163,473	148,790	167,931
Net cash flows from operating activities	377,546	1,873,733	907,293
Per share data (in RMB yuan)			
Basic earnings per share	0.46	0.42	0.47
Diluted earnings per share	0.46	0.42	0.47
	30 June 2021	31 December 2020	31 December 2019
Assets and liabilities (in RMB millions)			
Total assets	35,136,284	33,345,058	30,109,436
Total loans and advances to customers	19,996,767	18,624,308	16,761,319
Corporate loans	12,098,255	11,102,733	9,955,821
Personal loans	7,575,803	7,115,279	6,383,624
Discounted bills	322,709	406,296	421,874
Allowance for impairment losses on loans ⁽²⁾	590,949	531,161	478,730
Investment	8,845,650	8,591,139	7,647,117
Total liabilities	32,089,477	30,435,543	27,417,433
Due to customers	26,602,333	25,134,726	22,977,655
Corporate deposits	13,514,669	12,944,860	12,028,262
Personal deposits	12,487,160	11,660,536	10,477,744
Other deposits	290,810	261,389	234,852
Accrued interest	309,694	267,941	236,797
Due to banks and other financial institutions	2,977,531	2,784,259	2,266,573
Equity attributable to equity holders of the parent company	3,029,890	2,893,502	2,676,186
Share capital	356,407	356,407	356,407
Net asset value per share ⁽³⁾ (in RMB yuan)	7.67	7.48	6.93
Net core tier 1 capital ⁽⁴⁾	2,719,742	2,653,002	2,457,274
Net tier 1 capital ⁽⁴⁾	3,009,641	2,872,792	2,657,523
Net capital base ⁽⁴⁾	3,584,153	3,396,186	3,121,479
Risk-weighted assets ⁽⁴⁾	21,076,877	20,124,139	18,616,886
Credit rating			
S&P ⁽⁵⁾	A	A	A
Moody's ⁽⁵⁾	A1	A1	A1

- Notes: (1) According to the Notice on Strictly Implementing the Accounting Standards for Business Enterprises and Effectively Strengthening the 2020 Annual Report of Enterprises (Cai Kuai [2021] No. 2), credit card installment fee income and expenses are reclassified. The data and indicators in the comparative periods of 2020 and 2019 are adjusted accordingly.
- (2) Calculated by adding allowance for impairment losses on loans and advances to customers measured at amortised cost with allowance for impairment losses on loans and advances to customers measured at fair value through other comprehensive income.
- (3) Calculated by dividing equity attributable to equity holders of the parent company after deduction of other equity instruments at the end of the reporting period by the total number of ordinary shares at the end of the reporting period.
- (4) Calculated in accordance with the Regulation Governing Capital of Commercial Banks (Provisional).
- (5) The rating results are in the form of “long-term foreign currency deposits rating”.

2.2 Financial Indicators

	Six months ended 30 June 2021	Six months ended 30 June 2020	Six months ended 30 June 2019
Profitability (%)			
Return on average total assets ⁽¹⁾	0.96*	0.95*	1.17*
Return on weighted average equity ⁽²⁾	11.90*	11.70*	14.41*
Net interest spread ⁽³⁾	1.93*	2.02*	2.16*
Net interest margin ⁽⁴⁾	2.12*	2.20*	2.35*
Return on risk-weighted assets ⁽⁵⁾	1.60*	1.56*	1.91*
Ratio of net fee and commission income to operating income	17.81	18.78	19.41
Cost-to-income ratio ⁽⁶⁾	21.19	20.76	21.13
	30 June 2021	31 December 2020	31 December 2019
Asset quality (%)			
Non-performing loans (“NPLs”) ratio ⁽⁷⁾	1.54	1.58	1.43
Allowance to NPLs ⁽⁸⁾	191.97	180.68	199.32
Allowance to total loans ratio ⁽⁹⁾	2.96	2.85	2.86
Capital adequacy (%)			
Core tier 1 capital adequacy ratio ⁽¹⁰⁾	12.90	13.18	13.20
Tier 1 capital adequacy ratio ⁽¹⁰⁾	14.28	14.28	14.27
Capital adequacy ratio ⁽¹⁰⁾	17.01	16.88	16.77
Total equity to total assets ratio	8.67	8.73	8.94
Risk-weighted assets to total assets ratio	59.99	60.35	61.83

Notes: * indicates annualised ratios.

- (1) Calculated by dividing net profit by the average balance of total assets at the beginning and at the end of the reporting period.
- (2) Calculated in accordance with the Rules for the Compilation and Submission of Information Disclosure by Companies that Offer Securities to the Public No. 9 — Calculation and Disclosure of Return on Net Assets and Earnings per Share (Revision 2010) issued by CSRC.

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

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

In respect of the financial statements of the Bank prepared under PRC GAAP and those under IFRSs, net profit attributable to equity holders of the parent company for the six months ended 30 June 2021 and equity attributable to equity holders of the parent company as at the end of the reporting period have no differences.

3. Overview of Business Operation

This year marks the 100th anniversary of the founding of the Communist Party of China. Around this historic point of advancing from the first centenary goal to the second one, the Bank followed the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, adhered to the general principle of pursuing progress while ensuring stability, and comprehensively implemented the decisions of the CPC Central Committee and the State Council. It focused on the new development stage, acted on the new development philosophy, and served the new development paradigm, in an endeavor to promote the high-quality development. In accordance with the “48-character” guideline, the Bank took solid steps to advance the implementation of new development plan, maintaining a good momentum of steady growth in operation and delivering an interim results which were better than expected and than that of the same period of last year.

In terms of operational indicators, the foundation for stability is growing more solid. In the first half of the year, the Group's operating income reached RMB426.4 billion, indicating an increase of 6.0% compared to the same period of last year; its profit before provision hit RMB332.6 billion, representing an increase of 5.7% compared to the same period of last year; and its net profit amounted to RMB164.5 billion, an increase of 9.8% compared to the same period of last year. The Group's NPL ratio stood at 1.54%, decreasing by 0.04 percentage points from the end of last year; allowance to NPLs reached 191.97%, increasing by 11.29 percentage points from the end of last year; and capital adequacy ratio was 17.01%, increasing by 0.13 percentage points from the end of last year. Both return on average total assets and return on weighted average equity stayed higher than the same period of last year. The steady improvement in these main indicators, on the one hand, benefited from the base effect of last year, and on the other hand, resulted from continuous efforts in promoting the high-quality development.

In terms of serving the real economy, greater progress is being made. The Bank focused on serving the new development paradigm and intensified the support for ensuring stability on six key fronts and maintaining security in six key areas. It made efforts to increase the aggregate investment and financing volumes and to direct the funds towards targeted projects, and actively implemented the fee reduction and profit concession policy. In the first half of the year, new RMB loans issued by domestic branches reached RMB1.26 trillion, representing an increase of RMB164.4 billion compared to the same period of last year. Net increase in bond investment was RMB318.6 billion, and the amount of debt financing instruments issued by the Bank as the lead underwriter to non-financial enterprises ranked the top in the market. The new financing mainly went to the key areas and weak links of the real economy. Project loans saw an increase of 9.0%, which mainly flowed to the major projects in the 14th Five-Year Plan and other operations involving areas of weakness. The balance of loans to the high-tech fields under the key support of the state topped RMB1 trillion. The Bank launched the first "carbon neutrality" bond and the first loan secured by mortgages for carbon emissions rights, with the balance of green loans exceeding RMB2 trillion. The proportion of loans to manufacturing industry including medium to long-term loans kept growing. The inclusive loans to small and micro enterprises increased by 40.4% compared to the beginning of the year, of which, the number of first-time borrowers increased by more than 40% compared to the same period of last year, and the average interest rate of new inclusive loans dropped further. ICBC's "ICBC Xingnongtong" brand came into the market, and the balance of agriculture-related loans exceeded RMB2.5 trillion, demonstrating ICBC's all-out efforts in rural revitalization. Regulatory requirements have been met by stabilizing the granting of property loans and decreasing the proportion to total loans.

In terms of risk control, the good momentum continued. With a balance between development and security, the Bank advanced the construction of the enterprise risk management system with enhanced digital and intelligent controls, striving to forestall and defuse the risks of existing and new loans as well as traditional and non-traditional risks. The Bank implemented the new rules for credit approval in all domestic branches and adopted both temporary and permanent solutions to ensure the quality of credit assets. Thus, the proportion and amount of overdue loans, the price scissors and other indicators continued to improve. The Bank fully implemented the identification and accountability mechanism for risk responsibilities and strengthened internal controls and case prevention. The Bank reinforced the management and control of emerging risks such as climate and model risks, and proactively responded to fluctuations in the global financial market. By doing so, the Bank made the overall risks under control. With a solid concept to save capital, the Group's risk-weighted assets (RWA) grew slower than its loans and assets. The Bank devoted sound and meticulous efforts to pandemic prevention and control, flood protection, disaster relief, etc., with effective measures taken to maintain the safety of personnel and operations.

In terms of transformation and innovation, new stronger drivers are emerging. Following the 14th Five-Year Plan and Long-Range Objectives through the Year 2035, the Bank formulated and implemented a new round of development plan, brought out our strengths to make up for our weaknesses and laid a solid foundation, making more efforts to serve the new development pattern and promote high-quality development. New achievements have been made in personal banking, foreign exchange business, key areas, and urban-rural collaborative development strategy, with a larger number of new growth points and poles taking shape faster. The global institutional network layout saw improvements, the Panama Branch officially opened, the RMB internationalization advanced steadily and prudently, and the joint venture wealth management company obtained approval to be established. In the focused areas of data, scenarios, and ecological development, ICBC stepped up digital transformation and initiated innovative pilot programs for e-CNY business, striving to build itself into a sci-tech bank. As for the areas such as government services and people's well-being, the Bank deepened the government, business and consumption (GBC) interconnection. Focusing on people's "urgent needs, difficulties, worries and expectations", the Bank offered more convenient and favorable financial services. As at the end of June, the Bank served a total of 690 million personal customers and more than 9.20 million corporate customers. The customer system of coordinated development of micro, small, medium and large enterprises continued to improve.

4. Discussion and Analysis

4.1 Income Statement Analysis

In the first half of 2021, the Bank carried out fee reduction and profit concessions and other policy requirements, actively supported the development of the real economy, and maintained steady business overall. The Bank realized a net profit of RMB164,509 million in the first half of 2021, representing an increase of 9.8% as compared to the same period of last year. Annualised return on average total assets stood at 0.96%, and annualised return on weighted average equity was 11.90%. Operating income amounted to RMB426,406 million, recording an increase of 6.0%. Specifically, net interest income was RMB336,293 million, growing by 5.1%. Non-interest income reached RMB90,113 million, rising by 9.3%. Operating expenses amounted to RMB94,991 million, representing an increase of 8.0%, and the cost-to-income ratio was 21.19%. Impairment losses on assets were RMB124,547 million, indicating a decrease of 0.7%. Income tax expense increased by 10.1% to RMB43,561 million.

Net Interest Income

In the first half of 2021, net interest income amounted to RMB336,293 million, representing an increase of RMB16,402 million or 5.1% compared to the same period of last year, mainly because the Bank stepped up investment and financing support for the real economy, resulting in the increase in total interest-generating assets. Interest income amounted to RMB563,802 million, growing by RMB20,670 million or 3.8%, and interest expenses rose by RMB4,268 million or 1.9% to RMB227,509 million. The Bank continued to make profit concessions for the real economy, and further lower the financing costs for enterprises. Annualised net interest spread and net interest margin came at 1.93% and 2.12%, 9 basis points and 8 basis points lower than those of the same period of last year, respectively.

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

In RMB millions, except for percentages

Item	Six months ended 30 June 2021			Six months ended 30 June 2020		
	Average balance	Interest income/expense	Average yield/cost (%)	Average balance	Interest income/expense	Average yield/cost (%)
Assets						
Loans and advances to customers	19,500,822	402,959	4.17	17,407,872	382,339	4.42
Investment	7,799,336	127,855	3.31	6,776,476	118,487	3.52
Due from central banks ⁽²⁾	2,882,674	20,917	1.46	2,870,026	20,927	1.47
Due from banks and other financial institutions ⁽³⁾	1,766,713	12,071	1.38	2,239,422	21,379	1.92
Total interest-generating assets	31,949,545	563,802	3.56	29,293,796	543,132	3.73
Non-interest-generating assets	2,715,566			2,465,676		
Allowance for impairment losses on assets	(565,002)			(485,382)		
Total assets	34,100,109			31,274,090		
Liabilities						
Deposits	23,915,026	190,688	1.61	21,881,254	177,272	1.63
Due to banks and other financial institutions ⁽³⁾	3,148,297	21,838	1.40	3,284,237	29,723	1.82
Debt securities issued	1,119,835	14,983	2.70	1,018,414	16,246	3.21
Total interest-bearing liabilities	28,183,158	227,509	1.63	26,183,905	223,241	1.71
Non-interest-bearing liabilities	2,232,788			2,170,326		
Total liabilities	30,415,946			28,354,231		
Net interest income		336,293			319,891	
Net interest spread			1.93			2.02
Net interest margin			2.12			2.20

Notes: (1) The average balances of interest-generating assets and interest-bearing liabilities represent their daily average balances. The average balances of non-interest-generating assets, non-interest-bearing liabilities and the allowance for impairment losses on assets represent the average of the balances at the beginning of the period and at the end of the period.

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

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

Interest Income

◆ *Interest Income on Loans and Advances to Customers*

Interest income on loans and advances to customers was RMB402,959 million, RMB20,620 million or 5.4% higher compared to the same period of last year, as affected by the increase in loans and advances to customers.

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

In RMB millions, except for percentages

Item	Six months ended 30 June 2021			Six months ended 30 June 2020		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Short-term loans	4,006,321	69,190	3.48	3,821,335	74,451	3.92
Medium to long-term loans	15,494,501	333,769	4.34	13,586,537	307,888	4.56
Total loans and advances to customers	<u>19,500,822</u>	<u>402,959</u>	4.17	<u>17,407,872</u>	<u>382,339</u>	4.42

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

In RMB millions, except for percentages

Item	Six months ended 30 June 2021			Six months ended 30 June 2020		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Corporate loans	10,528,639	211,775	4.06	9,170,420	198,996	4.36
Discounted bills	339,632	4,722	2.80	455,433	6,254	2.76
Personal loans	7,225,440	169,404	4.73	6,400,354	153,227	4.81
Overseas business	1,407,111	17,058	2.44	1,381,665	23,862	3.47
Total loans and advances to customers	19,500,822	402,959	4.17	17,407,872	382,339	4.42

◆ *Interest Income on Investment*

Interest income on investment amounted to RMB127,855 million, representing an increase of RMB9,368 million or 7.9% as compared to the same period of last year, mainly due to the increase in investment.

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

Interest income on due from banks and other financial institutions was RMB12,071 million, representing a decrease of RMB9,308 million or 43.5% as compared to the same period of last year, principally due to the dropped lending scale and foreign currency yield as compared to the same period of last year and other factors.

Interest Expense

◆ *Interest Expense on Deposits*

Interest expense on deposits amounted to RMB190,688 million, representing an increase of RMB13,416 million or 7.6% as compared to the same period of last year, mainly due to the expansion in the size of due to customers.

ANALYSIS OF AVERAGE DEPOSIT COST BY PRODUCTS

In RMB millions, except for percentages

Item	Six months ended 30 June 2021			Six months ended 30 June 2020		
	Average balance	Interest expense	Average cost (%)	Average balance	Interest expense	Average cost (%)
Corporate deposits						
Time deposits	4,822,432	58,206	2.43	4,536,974	53,725	2.38
Demand deposits	<u>6,945,498</u>	<u>27,951</u>	<u>0.81</u>	<u>6,427,278</u>	<u>24,832</u>	<u>0.78</u>
Subtotal	<u>11,767,930</u>	<u>86,157</u>	<u>1.48</u>	<u>10,964,252</u>	<u>78,557</u>	<u>1.44</u>
Personal deposits						
Time deposits	6,136,842	90,529	2.97	5,613,283	81,222	2.91
Demand deposits	<u>5,015,748</u>	<u>8,795</u>	<u>0.35</u>	<u>4,382,010</u>	<u>8,560</u>	<u>0.39</u>
Subtotal	<u>11,152,590</u>	<u>99,324</u>	<u>1.80</u>	<u>9,995,293</u>	<u>89,782</u>	<u>1.81</u>
Overseas business	<u>994,506</u>	<u>5,207</u>	<u>1.06</u>	<u>921,709</u>	<u>8,933</u>	<u>1.95</u>
Total deposits	<u><u>23,915,026</u></u>	<u><u>190,688</u></u>	<u><u>1.61</u></u>	<u><u>21,881,254</u></u>	<u><u>177,272</u></u>	<u><u>1.63</u></u>

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

Interest expense on due to banks and other financial institutions was RMB21,838 million, representing a decrease of RMB7,885 million or 26.5% as compared to the same period of last year, principally because the borrowing cost dropped as affected by the market interest rates, product maturity and structure and other factors.

◆ *Interest Expense on Debt Securities Issued*

Interest expense on debt securities issued was RMB14,983 million, indicating a decrease of RMB1,263 million or 7.8% over the same period of last year, mainly attributable to the decrease in the interest rates of certificates of deposit, financial bonds and bills issued by overseas institutions.

Non-interest Income

In the first half of 2021, non-interest income increased by RMB7,658 million or 9.3% to RMB90,113 million, accounting for 21.1% of the Bank's operating income. Specifically, net fee and commission income grew by RMB385 million or 0.5% to RMB75,943 million, and other non-interest income increased by RMB7,273 million or 105.5% to RMB14,170 million.

NET FEE AND COMMISSION INCOME

In RMB millions, except for percentages

Item	Six months	Six months	Increase/ (decrease)	Growth rate (%)
	ended 30 June 2021	ended 30 June 2020		
Settlement, clearing business and cash management	21,949	20,216	1,733	8.6
Personal wealth management and private banking services	16,354	15,274	1,080	7.1
Investment banking business	15,117	14,796	321	2.2
Bank card business	8,020	9,957	(1,937)	(19.5)
Guarantee and commitment business	7,256	7,672	(416)	(5.4)
Corporate wealth management services	7,238	7,622	(384)	(5.0)
Asset custody business	4,512	4,020	492	12.2
Trust and agency services	1,196	1,057	139	13.2
Other	1,590	1,593	(3)	(0.2)
Fee and commission income	83,232	82,207	1,025	1.2
Less: Fee and commission expense	7,289	6,649	640	9.6
Net fee and commission income	75,943	75,558	385	0.5

In the first half of 2021, the Bank's net fee and commission income hit RMB75,943 million, representing an increase of RMB385 million or 0.5% as compared to the same period of last year. The income from settlement, clearing business and cash management recorded an increase of RMB1,733 million, as mainly benefited from the increase in third-party payment business income. The income from personal wealth management and private banking services recorded an increase of RMB1,080 million, mainly due to the increase in income from agency personal fund business, personal wealth management sales fee and investment management fee. Income from asset custody business climbed by RMB492 million, principally due to the increase in income from securities investment fund custody. Income from investment banking business increased by RMB321 million, mainly attributable to the increase in income from year-round financial advisory and securitization services. The Bank adhered to the business transformation and implemented policies like fee reduction and profit concessions. As a result, the income from bank card business, guarantee and commitment business, corporate wealth management services etc. decreased as compared to the same period of last year.

OTHER NON-INTEREST RELATED GAINS

In RMB millions, except for percentages

Item	Six months ended	Six months ended	Increase/ (decrease)	Growth rate (%)
	30 June 2021	30 June 2020		
Net trading income/(expense)	6,047	(1,635)	7,682	N/A
Net gain on financial investments	2,952	7,987	(5,035)	(63.0)
Other operating income, net	5,171	545	4,626	848.8
Total	14,170	6,897	7,273	105.5

Other non-interest related gains amounted to RMB14,170 million, representing an increase of RMB7,273 million or 105.5% as compared to the same period of last year. Among these, changes in net trading income were mainly due to the increase in proceeds from derivative contracts; the decrease in net gain on financial investments was primarily a result of the decline of income from principal-guaranteed wealth management investment; the rise in other net operating income was mainly attributable to the increase in net gain on foreign exchange and foreign exchange products.

Operating Expenses

In RMB millions, except for percentages

Item	Six months ended	Six months ended	Increase/ (decrease)	Growth rate (%)
	30 June 2021	30 June 2020		
Staff costs	60,179	54,938	5,241	9.5
Property and equipment expenses	13,179	12,574	605	4.8
Taxes and surcharges	4,646	4,406	240	5.4
Amortisation	1,267	1,171	96	8.2
Other	15,720	14,836	884	6.0
Total	94,991	87,925	7,066	8.0

Impairment Losses on Assets

In the first half of 2021, the Bank set aside the impairment losses on assets of RMB124,547 million, a decrease of RMB909 million or 0.7% as compared to the same period of last year. Specifically, the impairment losses on loans was RMB102,257 million, indicating a decrease of RMB9,448 million or 8.5%.

Income Tax Expense

Income tax expense increased by RMB4,006 million or 10.1% to RMB43,561 million as compared to the same period of last year. The effective tax rate was 20.94%.

4.2 Segment Information

SUMMARY OPERATING SEGMENT INFORMATION

In RMB millions, except for percentages

Item	Six months ended 30 June 2021		Six months ended 30 June 2020	
	Amount	Percentage (%)	Amount	Percentage (%)
Operating income	426,406	100.0	402,346	100.0
Corporate banking	205,969	48.3	200,773	49.9
Personal banking	169,370	39.7	156,888	39.0
Treasury operations	48,889	11.5	42,476	10.6
Other	2,178	0.5	2,209	0.5
Profit before taxation	208,070	100.0	189,351	100.0
Corporate banking	72,846	35.0	77,613	41.0
Personal banking	97,294	46.8	78,123	41.3
Treasury operations	37,627	18.1	34,301	18.1
Other	303	0.1	(686)	(0.4)

SUMMARY GEOGRAPHICAL SEGMENT INFORMATION

In RMB millions, except for percentages

Item	Six months ended 30 June 2021		Six months ended 30 June 2020	
	Amount	Percentage	Amount	Percentage
		(%)		(%)
Operating income	426,406	100.0	402,346	100.0
Head Office	67,251	15.8	55,780	13.9
Yangtze River Delta	68,536	16.1	66,464	16.5
Pearl River Delta	53,468	12.5	51,869	12.9
Bohai Rim	73,048	17.1	71,327	17.7
Central China	52,666	12.4	49,843	12.4
Western China	62,990	14.8	60,854	15.1
Northeastern China	14,630	3.4	15,610	3.9
Overseas and other	33,817	7.9	30,599	7.6
Profit before taxation	208,070	100.0	189,351	100.0
Head Office	19,123	9.2	19,503	10.3
Yangtze River Delta	39,772	19.1	32,900	17.4
Pearl River Delta	27,489	13.2	27,560	14.6
Bohai Rim	39,277	18.9	36,250	19.1
Central China	26,250	12.6	21,386	11.3
Western China	31,891	15.3	29,897	15.8
Northeastern China	3,128	1.5	6,150	3.2
Overseas and other	21,140	10.2	15,705	8.3

4.3 Balance Sheet Analysis

In the first half of 2021, in response to complicated and severe external development trends and business challenges, the Bank earnestly implemented China's macroeconomic and financial policies and regulatory requirements, and comprehensively applied asset and liability management tools in a high-quality development-oriented manner. The Bank coordinated the aggregate scale and distribution of assets and liabilities, and continuously promoted the dynamic balance, optimization and adjustment of asset and liability mix structure, regional structure, maturity structure and interest rate structure, further improving the resource allocation efficiency of assets and liabilities.

Assets Deployment

As at the end of June, total assets of the Bank amounted to RMB35,136,284 million, RMB1,791,226 million or 5.4% higher than that at the end of the prior year. Specifically, total loans and advances to customers (collectively referred to as "total loans") increased by RMB1,372,459 million or 7.4% to RMB19,996,767 million, investment increased by RMB254,511 million or 3.0% to RMB8,845,650 million, and cash and balances with central banks increased by RMB114,481 million or 3.2% to RMB3,652,276 million.

In RMB millions, except for percentages

Item	At 30 June 2021		At 31 December 2020	
	Amount	Percentage (%)	Amount	Percentage (%)
Total loans and advances to customers	19,996,767	—	18,624,308	—
Add: Accrued interest	45,625	—	42,320	—
Less: Allowance for impairment losses on loans and advances to customers measured at amortised cost	590,101	—	530,300	—
Net loans and advances to customers	19,452,291	55.4	18,136,328	54.4
Investment	8,845,650	25.2	8,591,139	25.8
Cash and balances with central banks	3,652,276	10.4	3,537,795	10.6
Due from banks and other financial institutions	1,018,469	2.9	1,081,897	3.2
Reverse repurchase agreements	1,014,726	2.9	739,288	2.2
Other	1,152,872	3.2	1,258,611	3.8
Total assets	35,136,284	100.0	33,345,058	100.0

Loan

The Bank steadily served the development of the real economy, actively supported the construction of “Two New and One Major”¹ projects, and continuously increased credit granting to manufacturing, strategic emerging industries, inclusive finance, green finance, rural revitalization and other key areas. As at the end of June, total loans amounted to RMB19,996,767 million, RMB1,372,459 million or 7.4% higher compared with the end of the previous year, of which RMB denominated loans of domestic branches were RMB18,065,597 million, RMB1,260,379 million or 7.5% higher than that at the end of 2020.

¹ “Two New and One Major” refers to the construction of new infrastructure, new urbanization, transportation, water conservancy and other major projects.

DISTRIBUTION OF LOANS BY BUSINESS LINE

In RMB millions, except for percentages

Item	At 30 June 2021		At 31 December 2020	
	Amount	Percentage (%)	Amount	Percentage (%)
Corporate loans	12,098,255	60.5	11,102,733	59.6
Short-term corporate loans	2,920,494	14.6	2,643,212	14.2
Medium to long-term corporate loans	9,177,761	45.9	8,459,521	45.4
Discounted bills	322,709	1.6	406,296	2.2
Personal loans	7,575,803	37.9	7,115,279	38.2
Residential mortgages	6,033,415	30.2	5,728,315	30.8
Personal consumption loans	182,189	0.9	183,716	0.9
Personal business loans	657,204	3.3	521,638	2.8
Credit card overdrafts	702,995	3.5	681,610	3.7
Total	<u>19,996,767</u>	<u>100.0</u>	<u>18,624,308</u>	<u>100.0</u>

Corporate loans rose by RMB995,522 million or 9.0% from the end of last year. Specifically, short-term corporate loans and medium to long-term corporate loans increased by RMB277,282 million and RMB718,240 million respectively. New loans were mainly granted to key projects and leading and backbone enterprises in new urbanization, transportation, manufacturing and consumption upgrading services.

Personal loans increased by RMB460,524 million or 6.5% compared with the end of last year. Specifically, residential mortgages and personal business loans grew by RMB305,100 million and RMB135,566 million, respectively. The increase of personal business loans was primarily attributable to the growth of Quick Lending for Operation, Online Revolving Loan and other online financing and loan products.

DISTRIBUTION OF LOANS BY FIVE-CATEGORY CLASSIFICATION

In RMB millions, except for percentages

Item	At 30 June 2021		At 31 December 2020	
	Amount	Percentage (%)	Amount	Percentage (%)
Pass	19,303,579	96.53	17,918,430	96.21
Special mention	385,357	1.93	411,900	2.21
NPLs	307,831	1.54	293,978	1.58
Substandard	131,667	0.66	114,438	0.61
Doubtful	144,541	0.72	149,926	0.81
Loss	31,623	0.16	29,614	0.16
Total	19,996,767	100.00	18,624,308	100.00

As at the end of June, pass loans amounted to RMB19,303,579 million, representing an increase of RMB1,385,149 million compared to the end of the previous year and accounting for 96.53% of total loans. Special mention loans amounted to RMB385,357 million, representing a decrease of RMB26,543 million and accounting for 1.93% of total loans, dropping 0.28 percentage points. NPLs amounted to RMB307,831 million, showing an increase of RMB13,853 million, and NPL ratio was 1.54%, with a decrease of 0.04 percentage points.

DISTRIBUTION OF LOANS AND NPLS

In RMB millions, except for percentages

Item	At 30 June 2021				At 31 December 2020			
	Loan	Percentage (%)	NPLs	NPL ratio (%)	Loan	Percentage (%)	NPLs	NPL ratio (%)
Corporate loans	12,098,255	60.5	270,980	2.24	11,102,733	59.6	253,815	2.29
Short-term corporate loans	2,920,494	14.6	128,823	4.41	2,643,212	14.2	130,893	4.95
Medium to long-term corporate loans	9,177,761	45.9	142,157	1.55	8,459,521	45.4	122,922	1.45
Discounted bills	322,709	1.6	622	0.19	406,296	2.2	622	0.15
Personal loans	7,575,803	37.9	36,229	0.48	7,115,279	38.2	39,541	0.56
Residential mortgages	6,033,415	30.2	14,181	0.24	5,728,315	30.8	16,207	0.28
Personal consumption loans	182,189	0.9	2,904	1.59	183,716	0.9	3,668	2.00
Personal business loans	657,204	3.3	6,453	0.98	521,638	2.8	6,760	1.30
Credit card overdrafts	702,995	3.5	12,691	1.81	681,610	3.7	12,906	1.89
Total	19,996,767	100.0	307,831	1.54	18,624,308	100.0	293,978	1.58

As at the end of June, corporate NPLs were RMB270,980 million, representing an increase of RMB17,165 million over the end of last year and an NPL ratio of 2.24%, down 0.05 percentage points. Personal NPLs stood at RMB36,229 million, dropping by RMB3,312 million, with an NPL ratio of 0.48%, down 0.08 percentage points.

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

In RMB millions, except for percentages

Item	At 30 June 2021				At 31 December 2020			
	Loan	Percentage (%)	NPLs	NPL ratio (%)	Loan	Percentage (%)	NPLs	NPL ratio (%)
Transportation, storage and postal services	2,674,058	24.9	21,853	0.82	2,467,959	25.2	20,683	0.84
Manufacturing	1,687,576	15.8	68,786	4.08	1,555,382	15.9	65,361	4.20
Leasing and commercial services	1,598,628	15.0	37,469	2.34	1,441,688	14.8	31,242	2.17
Water, environment and public utility management	1,314,155	12.3	7,506	0.57	1,154,201	11.8	8,425	0.73
Production and supply of electricity, heat, gas and water	1,024,717	9.6	4,987	0.49	995,232	10.2	3,977	0.40
Real estate	744,252	7.0	31,911	4.29	701,094	7.2	16,238	2.32
Wholesale and retail	509,049	4.8	53,024	10.42	437,283	4.5	60,272	13.78
Construction	329,262	3.1	7,852	2.38	260,667	2.7	8,636	3.31
Science, education, culture and sanitation	278,572	2.6	8,095	2.91	245,378	2.5	5,462	2.23
Mining	194,754	1.8	6,317	3.24	177,408	1.8	7,593	4.28
Lodging and catering	78,936	0.7	9,637	12.21	83,886	0.9	11,743	14.00
Other	255,865	2.4	5,770	2.26	247,866	2.5	5,495	2.22
Total	10,689,824	100.0	263,207	2.46	9,768,044	100.0	245,127	2.51

The Bank continued to improve and adjust the allocation of credits to industries, and spared no effort to provide more support to the real economy development. Specifically, loans to transportation, storage and postal services increased by RMB206,099 million or 8.4% over the end of last year, mainly for supporting major projects in fields of expressway, railway, urban railway system etc. Loans to water, environment and public utility management increased by RMB159,954 million, representing a growth rate of 13.9%, mainly for steadily meeting financing demands arising from significant projects and projects for people's livelihood in the areas of urban infrastructure, ecological environment protection and public services. Loans to leasing and commercial services increased by RMB156,940 million, representing a growth rate of 10.9%, mainly due to a growth in loans to investment and asset management and development zones. Loans to manufacturing increased by RMB132,194 million, representing a growth rate of 8.5%, mainly granted to leading companies in key fields such as 5G-related industrial chain, integrated circuit, display panel, automobile manufacturing, engineering machinery and pharmaceutical manufacturing.

DISTRIBUTION OF LOANS AND NPLS BY GEOGRAPHIC AREA

In RMB millions, except for percentages

Item	At 30 June 2021				At 31 December 2020			
	Loan	Percentage (%)	NPLs	NPL ratio (%)	Loan	Percentage (%)	NPLs	NPL ratio (%)
Head Office	794,453	4.0	19,849	2.50	772,372	4.1	21,603	2.80
Yangtze River Delta	3,927,712	19.6	48,901	1.25	3,582,682	19.2	45,304	1.26
Pearl River Delta	2,981,859	14.9	28,747	0.96	2,746,019	14.8	31,540	1.15
Bohai Rim	3,235,457	16.2	83,076	2.57	3,030,552	16.3	71,763	2.37
Central China	3,003,454	15.0	40,788	1.36	2,789,085	15.0	38,584	1.38
Western China	3,606,447	18.0	44,196	1.23	3,369,916	18.1	47,788	1.42
Northeastern China	874,830	4.4	34,150	3.90	841,595	4.5	28,411	3.38
Overseas and other	1,572,555	7.9	8,124	0.52	1,492,087	8.0	8,985	0.60
Total	19,996,767	100.0	307,831	1.54	18,624,308	100.0	293,978	1.58

MOVEMENTS OF ALLOWANCE FOR IMPAIRMENT LOSSES ON LOANS

In RMB millions

Item	Allowance for impairment losses on loans and advances to customers measured at amortised cost				Allowance for impairment losses on loans and advances to customers measured at FVTOCI			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2021	223,703	89,151	217,446	530,300	211	—	650	861
Transfer:								
to stage 1	23,820	(19,264)	(4,556)	—	—	—	—	—
to stage 2	(12,263)	20,412	(8,149)	—	—	—	—	—
to stage 3	(3,737)	(37,362)	41,099	—	—	—	—	—
Charge/(reverse)	59,375	20,392	22,500	102,267	(10)	—	—	(10)
Write-offs and transfer out	—	—	(44,901)	(44,901)	—	—	—	—
Recoveries of loans and advances previously written off	—	—	3,969	3,969	—	—	—	—
Other movements	(269)	(363)	(902)	(1,534)	(3)	—	—	(3)
Balance at 30 June 2021	290,629	72,966	226,506	590,101	198	—	650	848

At the end of June, the allowance for impairment losses on loans stood at RMB590,949 million, of which RMB590,101 million on loans measured at amortised cost, and RMB848 million on loans measured at fair value through other comprehensive income. Allowance to NPLs was 191.97%, representing an increase of 11.29 percentage points over the end of last year, and allowance to total loans ratio was 2.96%, representing an increase of 0.11 percentage points.

DISTRIBUTION OF LOANS BY COLLATERAL

In RMB millions, except for percentages

Item	At 30 June 2021		At 31 December 2020	
	Amount	Percentage (%)	Amount	Percentage (%)
Loans secured by mortgages	9,135,017	45.7	8,703,068	46.8
Pledged loans	1,493,400	7.5	1,401,565	7.5
Guaranteed loans	2,521,203	12.6	2,260,445	12.1
Unsecured loans	6,847,147	34.2	6,259,230	33.6
Total	19,996,767	100.0	18,624,308	100.0

OVERDUE LOANS

In RMB millions, except for percentages

Overdue periods	At 30 June 2021		At 31 December 2020	
	Amount	% of total loans	Amount	% of total loans
Less than 3 months	64,673	0.32	98,963	0.54
3 months to 1 year	110,158	0.55	74,820	0.40
1 to 3 years	75,745	0.38	72,467	0.39
Over 3 years	16,203	0.08	21,257	0.11
Total	266,779	1.33	267,507	1.44

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

Overdue loans stood at RMB266,779 million, representing a drop of RMB728 million from the end of the previous year. Among them, loans overdue for over 3 months amounted to RMB202,106 million, representing an increase of RMB33,562 million.

RESCHEDULED LOANS

Rescheduled loans and advances amounted to RMB17,602 million, representing an increase of RMB5,642 million as compared to the end of the previous year. Rescheduled loans and advances overdue for over 3 months amounted to RMB2,905 million, representing an increase of RMB850 million.

LOAN MIGRATION RATIO

Item	<i>In percentages</i>		
	At 30 June 2021	At 31 December 2020	At 31 December 2019
Pass	0.7	1.7	1.5
Special mention	14.4	36.4	26.1
Substandard	30.1	60.9	36.0
Doubtful	9.2	19.2	15.6

BORROWER CONCENTRATION

The total amount of loans granted by the Bank to the single largest customer and top ten single customers accounted for 3.2% and 12.7% of the Bank's net capital respectively. The total amount of loans granted to the top ten single customers was RMB454,606 million, accounting for 2.3% of the total loans.

Item	At 30 June 2021	At 31 December 2020	At 31 December 2019
	Percentage of loans to single largest customer (%)	3.2	3.5
Percentage of loans to top ten customers (%)	12.7	14.8	12.6

Investment

As at the end of June, investment amounted to RMB8,845,650 million, representing an increase of RMB254,511 million or 3.0% from the end of the previous year. Among these, bonds rose by RMB318,593 million or 4.0% to RMB8,372,786 million.

In RMB millions, except for percentages

Item	At 30 June 2021		At 31 December 2020	
	Amount	Percentage (%)	Amount	Percentage (%)
Bonds	8,372,786	94.7	8,054,193	93.8
Equity instruments	179,813	2.0	175,698	2.0
Funds and other ⁽¹⁾	186,468	2.1	262,800	3.1
Accrued interest	106,583	1.2	98,448	1.1
Total	8,845,650	100.0	8,591,139	100.0

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

DISTRIBUTION OF INVESTMENT IN BONDS BY ISSUERS

In RMB millions, except for percentages

Item	At 30 June 2021		At 31 December 2020	
	Amount	Percentage (%)	Amount	Percentage (%)
Government bonds	5,864,453	70.0	5,737,368	71.2
Central bank bonds	46,634	0.6	32,072	0.4
Policy bank bonds	756,949	9.0	725,625	9.0
Other bonds	1,704,750	20.4	1,559,128	19.4
Total	8,372,786	100.0	8,054,193	100.0

In terms of distribution by issuers, government bonds increased by RMB127,085 million or 2.2% over the end of last year; central bank bonds increased by RMB14,562 million or 45.4%; policy bank bonds went up by RMB31,324 million or 4.3%; and other bonds increased by RMB145,622 million or 9.3%.

DISTRIBUTION OF INVESTMENT IN BONDS BY CURRENCY

In RMB millions, except for percentages

Item	At 30 June 2021		At 31 December 2020	
	Amount	Percentage (%)	Amount	Percentage (%)
RMB-denominated bonds	7,622,905	91.1	7,388,349	91.8
USD-denominated bonds	505,067	6.0	436,381	5.4
Other foreign currency bonds	244,814	2.9	229,463	2.8
Total	8,372,786	100.0	8,054,193	100.0

In terms of currency structure, RMB-denominated bonds rose by RMB234,556 million or 3.2% over the end of last year. USD-denominated bonds increased by an equivalent of RMB68,686 million, up 15.7%; other foreign currency bonds increased by an equivalent of RMB15,351 million or 6.7%. During the reporting period, the Bank improved the investment portfolio structure of foreign currency bonds and properly increased the investment in bonds denominated in other currencies.

DISTRIBUTION OF INVESTMENT BY MEASURING METHOD

In RMB millions, except for percentages

Item	At 30 June 2021		At 31 December 2020	
	Amount	Percentage (%)	Amount	Percentage (%)
Financial investments measured at fair value through profit or loss	701,972	7.9	784,483	9.1
Financial investments measured at fair value through other comprehensive income	1,609,127	18.2	1,540,988	17.9
Financial investments measured at amortised cost	6,534,551	73.9	6,265,668	73.0
Total	8,845,650	100.0	8,591,139	100.0

As at the end of June, the Group held RMB1,702,970 million of financial bonds¹, including RMB756,949 million of policy bank bonds and RMB946,021 million of bonds issued by banks and non-bank financial institutions, accounting for 44.4% and 55.6% of financial bonds, respectively.

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

Reverse Repurchase Agreements

The reverse repurchase agreements were RMB1,014,726 million, an increase of RMB275,438 million or 37.3% compared to the end of last year, mainly because the Bank appropriately arranged capital operation strategy and maturity structure based on the capital changes in the first half of the year, and increased the amount of money lent to the market.

Liabilities

As at the end of June, total liabilities reached RMB32,089,477 million, an increase of RMB1,653,934 million or 5.4% compared with the end of last year.

In RMB millions, except for percentages

Item	At 30 June 2021		At 31 December 2020	
	Amount	Percentage (%)	Amount	Percentage (%)
Due to customers	26,602,333	82.9	25,134,726	82.6
Due to banks and other financial institutions	2,977,531	9.3	2,784,259	9.1
Repurchase agreements	299,476	0.9	293,434	1.0
Debt securities issued	781,671	2.4	798,127	2.6
Other	1,428,466	4.5	1,424,997	4.7
Total liabilities	<u>32,089,477</u>	<u>100.0</u>	<u>30,435,543</u>	<u>100.0</u>

Due to Customers

Due to customers is the Bank's main source of funds. As at the end of June, the balance of due to customers was RMB26,602,333 million, RMB1,467,607 million or 5.8% higher than that at the end of the previous year. In terms of customer structure, the balance of corporate deposits grew by RMB569,809 million or 4.4%; and the balance of personal deposits increased by RMB826,624 million or 7.1%. In terms of maturity structure, the balance of time deposits rose by RMB791,437 million or 6.6%, while the balance of demand deposits grew by RMB604,996 million or 4.8%. In terms of currency structure, RMB deposits stood at RMB24,853,648 million, an increase of RMB1,281,656 million or 5.4%. Foreign currency deposits were equivalent to RMB1,748,685 million, an increase of RMB185,951 million or 11.9%.

DISTRIBUTION OF DUE TO CUSTOMERS BY BUSINESS LINE

In RMB millions, except for percentages

Item	At 30 June 2021		At 31 December 2020	
	Amount	Percentage (%)	Amount	Percentage (%)
Corporate deposits				
Time deposits	5,613,136	21.1	5,489,700	21.8
Demand deposits	7,901,533	29.7	7,455,160	29.7
Subtotal	<u>13,514,669</u>	<u>50.8</u>	<u>12,944,860</u>	<u>51.5</u>
Personal deposits				
Time deposits	7,131,930	26.8	6,463,929	25.7
Demand deposits	5,355,230	20.1	5,196,607	20.7
Subtotal	<u>12,487,160</u>	<u>46.9</u>	<u>11,660,536</u>	<u>46.4</u>
Other deposits⁽¹⁾	<u>290,810</u>	<u>1.1</u>	<u>261,389</u>	<u>1.0</u>
Accrued interest	<u>309,694</u>	<u>1.2</u>	<u>267,941</u>	<u>1.1</u>
Total	<u><u>26,602,333</u></u>	<u><u>100.0</u></u>	<u><u>25,134,726</u></u>	<u><u>100.0</u></u>

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

Shareholders' Equity

As at the end of June, shareholders' equity amounted to RMB3,046,807 million in aggregate, RMB137,292 million or 4.7% higher than that at the end of the previous year. Equity attributable to equity holders of the parent company recorded an increase of RMB136,388 million or 4.7% to RMB3,029,890 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 regulatory authorities, 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.

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

In RMB millions, except for percentages

Item	At 30 June 2021		At 31 December 2020	
	Group	Parent Company	Group	Parent Company
Net core tier 1 capital	2,719,742	2,457,490	2,653,002	2,404,030
Net tier 1 capital	3,009,641	2,729,057	2,872,792	2,605,594
Net capital base	3,584,153	3,287,748	3,396,186	3,114,878
Core tier 1 capital adequacy ratio (%)	12.90	12.80	13.18	13.14
Tier 1 capital adequacy ratio (%)	14.28	14.21	14.28	14.24
Capital adequacy ratio (%)	17.01	17.12	16.88	17.02

As at the end of June, the core tier 1 capital adequacy ratio, tier 1 capital adequacy ratio and capital adequacy ratio stood at 12.90%, 14.28% and 17.01% respectively, complying with regulatory requirements.

CAPITAL ADEQUACY RATIO

In RMB millions, except for percentages

Item	At 30 June 2021	At 31 December 2020
Core tier 1 capital	2,735,240	2,669,055
Paid-in capital	356,407	356,407
Valid portion of capital reserve	148,534	148,534
Surplus reserve	322,933	322,692
General reserve	339,678	339,486
Retained profits	1,576,014	1,508,562
Valid portion of minority interests	4,028	3,552
Other	(12,354)	(10,178)
Core tier 1 capital deductions	15,498	16,053
Goodwill	7,914	8,107
Other intangible assets other than land use rights	3,796	4,582
Cash flow hedge reserve that relates to the hedging of items that are not fair valued on the balance sheet	(4,192)	(4,616)
Investments in core tier 1 capital instruments issued by financial institutions that are under control but not subject to consolidation	7,980	7,980
Net core tier 1 capital	2,719,742	2,653,002
Additional tier 1 capital	289,899	219,790
Additional tier 1 capital instruments and related premiums	289,135	219,143
Valid portion of minority interests	764	647
Net tier 1 capital	3,009,641	2,872,792
Tier 2 capital	574,512	523,394
Valid portion of tier 2 capital instruments and related premiums	361,131	351,568
Surplus provision for loan impairment	212,134	170,712
Valid portion of minority interests	1,247	1,114
Net capital base	3,584,153	3,396,186
Risk-weighted assets⁽¹⁾	21,076,877	20,124,139
Core tier 1 capital adequacy ratio (%)	12.90	13.18
Tier 1 capital adequacy ratio (%)	14.28	14.28
Capital adequacy ratio (%)	17.01	16.88

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

RISK-WEIGHTED ASSETS

Item	<i>In RMB millions</i>	
	At 30 June 2021	At 31 December 2020
Credit risk-weighted assets	19,501,281	18,535,324
Parts covered by internal ratings-based approach	13,234,336	12,279,663
Parts uncovered by internal ratings-based approach	6,266,945	6,255,661
Market risk-weighted assets	161,565	174,784
Parts covered by internal model approach	70,164	94,238
Parts uncovered by internal model approach	91,401	80,546
Operational risk-weighted assets	1,414,031	1,414,031
Total	21,076,877	20,124,139

For more information of capital measurement of the Bank, please refer to the section headed “Information Disclosed Pursuant to the Regulation Governing Capital of Commercial Banks (Provisional)”.

LEVERAGE RATIO

Item	<i>In RMB millions, except for percentages</i>			
	At 30 June 2021	At 31 March 2021	At 31 December 2020	At 30 September 2020
Net tier 1 capital	3,009,641	2,956,971	2,872,792	2,786,578
Balance of adjusted on- and off-balance sheet assets	37,370,525	36,423,221	35,300,338	35,490,453
Leverage ratio	8.05%	8.12%	8.14%	7.85%

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

◆ *Issuance of Undated Additional Tier 1 Capital Bonds*

The Bank publicly issued the undated additional tier 1 capital bonds of RMB70.0 billion in China's national inter-bank bond market in June 2021. All proceeds from this issuance, after deduction of issuance expenses, will be used to replenish the Bank's additional tier 1 capital in accordance with applicable laws and approvals by the regulatory authorities.

The Bank received a reply from CBIRC in September 2020, pursuant to which, approval was granted to the Bank to issue undated additional tier 1 capital bonds in foreign currency of an amount no more than RMB40.0 billion equivalent in the offshore market, which will be counted as the additional tier 1 capital of the Bank in accordance with relevant regulatory requirements.

◆ *Issuance Progress of Tier 2 Capital Bonds*

The Bank publicly issued a tier 2 capital bond of RMB30.0 billion in China's national inter-bank bond market in January 2021. All proceeds will be used to replenish the Bank's tier 2 capital in accordance with the applicable laws as approved by relevant regulatory authorities.

In June 2021, the Annual General Meeting for the Year 2020 of the Bank considered and approved the Proposal on the Issuance of Eligible Tier 2 Capital Instruments.

For details on the issuance of capital instruments of the Bank, please refer to the announcements published by the Bank on the website of Shanghai Stock Exchange, the "HKEXnews" website of Hong Kong Stock Exchanges and Clearing Limited and the website of the Bank.

4.5 Outlook

In the second half of 2021, China will further consolidate the achievements of epidemic prevention and control and economic recovery, ensure a steady start of the 14th Five-Year Plan with expanded production demand, overall stable employment and prices, better micro-foundation and improved market expectations. **China's economy will move from sustained recovery to regular recovery**, creating **new opportunities** for the development of the banking industry. However, uncertainties in the external environment, such as the unsynchronized pandemic prevention and control in the world, uneven economic recovery, increased expectations in monetary policy reorientation in major global economies, will also affect the **management structure and competition pattern** of China's banking sector.

Marching toward a brand new journey, large state-owned banks shoulder heavier responsibilities. ICBC will focus on the new development stage, act on the new development philosophy, and serve the new development paradigm. It will adhere to "48-character" guideline, proceed from the "big, comprehensive, stable, new, optimal and strong" orientation of development, apply the method of "Three Comparisons, Three Reviews and Three Improvements" into work, and adhere to the pattern of "bringing out our strengths to make up for our weaknesses and laying a solid foundation". Moreover, it will coordinate development and security to enhance the adaptability, competitiveness and inclusiveness of the modern financial system so as to serve the high-quality development of the country with that of its own.

First, it will better serve innovative development. The Bank will improve the internal system and mechanism of FinTech R&D and innovation and application, help science and technology enterprises over the R&D and publicity period, enhance its capabilities to serve cutting-edge science and technology, major national demands, people's lives and health and other fields so as to make a contribution to build China into a leader in science and technology.

Second, it will better serve coordinated development. Seizing the opportunity of the factor market opening-up and regional integration, the Bank will further take the advantages of development of central cities and city clusters through the leveraging role of service and investment, service interconnection, information interaction, and operation coordination. Moreover, it will build a new model of urban and rural interconnected financial services, and drive the cross-regional allocation of capital, talents, technology, knowledge and other factors with capital flow and data flow in a bid to support a wider range of common prosperity.

Third, it will better serve green and low-carbon and sustainable development. Adhering to the principle that lucid waters and lush mountains are invaluable assets, the Bank will systematically take the advantages of credit, bonds, funds, trusts, leasing and other services and comprehensively promote the formation of a green finance system. Besides, the Bank will actively make a contribution to achieve "peak carbon emission and carbon neutralization" and support the steady transition with traditional growth drivers being replaced by new ones, to improve economic, social, and ecological benefits simultaneously.

Fourth, it will better serve financial openness. Practicing the strategy of opening up more sectors of the economy in a more thorough fashion, the Bank will give full play to the advantages of reaching different countries and regions, deepen the Belt and Road Inter-bank Regular Cooperation Mechanism, actively connect two markets, make good use of two resources, safeguard national financial security so as to build a more international, market-oriented and modern financial governance system.

Fifth, it will better serve to share smooth circulation. The Bank will focus on the ecosystem of value creation, market position, risk management and capital constraint, and plan a service system that is in

line with consumption upgrading, high-quality development, high-level opening-up and market-based allocation of production factors, so as to break the breakpoints and obstacles hindering the circulation of goods and services with financial power and improve finance supply service for the dual-cycle at home and abroad.

4.6 Hot Topics in the Capital Market

Implementation Effects of Key Strategies

During the reporting period, ICBC continued to form the pattern of “bringing out our strengths to make up for our weaknesses and laying a solid foundation”. Institutional banking, corporate banking, transaction banking, and settlement as four superior business lines of the Bank continued to grow at high levels and achieved significant results in the coordinated implementation of key strategies.

The No. 1 Personal Bank Strategy was implemented at greater depth, with coordinated advantages appearing gradually. First, there were interactions among government, business and consumption (GBC). By creating closed loops of customers, funds, and information, the three ends got integrated to promote each other. ICBC made good use of its huge capital flow, continuously improving the fund retention rate. The Bank capitalized its customer reserve on the G and B ends to facilitate the downstream fund retention and the agency payroll business on the C end. During the reporting period, the C-end key scenarios won/activated about 18.00 million customers. **Second, customer base was further consolidated.** At the end of the reporting period, the personal assets under management reached RMB16.6 trillion. The total amount hit another record high and continued to maintain its leading position across the entire market. Specifically, the increment of average daily RMB savings deposits exceeded RMB800.0 billion. **Third, the fund flow demonstrated the continuously improved activity level.** By optimizing institutional functions, ICBC pooled technical resources, stepped up scenario building efforts to coordinate processes, services, operations, and channels, and put in place a science-based, normative, top-down, efficient organization structure, thus pushing forward digital transformation continuously. At the end of the reporting period, the Bank registered 443 million customers of personal mobile banking, and maintained more than 100 million active users of personal mobile banking in the month, putting the Bank in a leading position among peers.

The Urban-Rural Collaborative Development Strategy was deployed at a high level from a high starting point. First, the Bank built a new strategic layout of financial services for rural revitalization, featuring “urban + countryside”, “physical + digital” and “online + offline”. The Action Plan of ICBC for Finance-backed Rural Revitalization and the “ICBC Xingnongtong” brand were released to empower rural finance by relying on the Bank’s advantages in urban finance and FinTech. At the end of the reporting period, offline channels covered over 85% of counties nationwide, with rapid growth in personal customers there. **Second, investment and financing supply was optimized.** ICBC shored up service innovation, launching 150 financing products targeted at agriculture-related industrial chain and supply chain as well as over 60 agriculture-pro products with regional characteristics. Besides, it underwrote rural revitalization bonds worth RMB15.6 billion. At the end of June, inclusive rural household business loans and inclusive small and micro enterprise agriculture-related

loans increased by 37.4% over the beginning of the year. **Third, initial achievements have been made in technology empowerment.** A comprehensive service platform was created in the name of “Digital Village” to offer comprehensive services in government affairs, financial affairs, village affairs, Party affairs, and finance to counties, towns and villages, covering 181 prefectures of 31 provinces across China. The special zone “Agricultural Matchmaking” has been developed and put into operation to provide comprehensive matchmaking services for 50 national modern agricultural industrial parks, 50 industrial clusters with advantageous characteristics and 298 strong agricultural towns as well as 80 thousand operating entities covered by them.

Progress was made in the coordination of other key strategies. The Preferred Bank Strategy for Domestic Foreign Exchange Business was implemented at greater depth. Domestic foreign exchange business saw its customers increasing significantly and its channel & outlet network more sophisticated. The deposit, loan, and remittance indicators all showed a trend of robust growth. At the end of the reporting period, ICBC was the industry lead in foreign exchange deposits increase and foreign exchange loan balance. At the same time, the business volume of international settlement, cross-border RMB settlement, and agency foreign exchange settlement and sales all grew rapidly, with the market share going up for several consecutive quarters. **The Strategy for Sharpening Competitive Edge in Key Regions was advanced steadily.** At the end of the reporting period, ICBC posted outstanding loans of various types in five key regions (Beijing-Tianjin-Hebei region, Yangtze River Delta, Guangdong-Hong Kong-Macao Greater Bay Area, Central China, and Chengdu-Chongqing region) of over RMB13 trillion.

Development and Innovation in Wealth Management Business

ICBC actively sought to meet the diversified needs of residents for wealth allocation during the transition period to the New Rules on Asset Management, moved faster to integrate and reshape many business chains of the Group such as banking, wealth management, funds, and insurance, and provided customers with one-stop product options and professional investment advisory services, in an effort to create a competitive, sustainable wealth management business model. At the end of the reporting period, the scale of the Bank’s assets under management was RMB4.67 trillion and the scale of assets under custody was RMB20.64 trillion, thus maintaining its comparative advantage as the largest asset management financial group in China.

Balance sheet services were provided to the broadest customer base. ICBC continued to replace the concept of deposit and loan operations with the business tenet of serving customers’ balance sheet. The Bank promoted AUM management for personal customers and FPA total financing management for corporate customers. It provided a wide range of diversified, personalized wealth management services for over 690 million personal customers, 9.20 million corporate customers, 19.30 million pension customers, and 198 thousand private banking customers.

A group-wide, multi-dimensional wealth management product line took shape. Relying on the Group’s business advantages in asset management, custody services, pension funds, and other areas, ICBC interacted with integrated subsidiaries engaged in fund management, insurance, leasing, investment banking, and wealth management, among other businesses to continuously boost investment management and research capabilities, create an asset management business regime that supported the allocation of funds across the market, and create value throughout the business chain, in order to provide customers with a diversity of integrated professional services. At the end of the reporting period, ICBC Credit Suisse Asset recorded the AUMs of RMB1.55 trillion, of which public funds amounted to RMB723.5 billion; ICBC Wealth Management posted wealth management products worth RMB1.25 trillion; and other asset management platforms including asset management business segments under ICBC-AXA, ICBC Investment, and ICBC International etc. managed to scale up their AUMs rapidly.

An open wealth management platform was set up. Apart from its diversified product offering, ICBC also leveraged its significant advantages in digital and platform-based operations to create an online, one-stop, and comprehensive “Financial Supermarket” for customers and kept improving the construction of the open wealth management system. With “ICBC e Wallet”, the Bank offered 22 products and services in five categories, including account management, fund management, investment and wealth management, financing credit, and consumer payment. Through ICBC partners’ online platforms, users can have access to convenient financial services, regardless of whether they have an ICBC account. At present, they served over 35.00 million customers cumulatively. Meanwhile, the Bank selected high-quality funds to compile and launch the ICBC Wealth Fund Index that aimed at helping customers preserve and increase the value of their wealth. As of the end of June, the ICBC Hybrid Stock Fund Index under the index series had generated a cumulative return rate of 108.93% since its release, a level significantly surpassing major market indices.

Intensified efforts were made to empower wealth management with FinTech. First, the intelligent marketing system helped expand the wealth management ecosystem. ICBC drew 360° panoramic portraits of customers from multiple dimensions such as lifecycle, behavior preference, and asset/liability characteristics, providing real-time calculation and customized financial service solutions for all personal customers. The Bank integrated online and offline channels to establish a three-dimensional marketing regime, and launched an array of contact-free financial services including interactive, online “cloud outlets” and “cloud studio” account managers. It comprehensively upgraded the intelligent service Gino (Gong Xiao Zhi), which owned 84 intelligent service entries and posted the response accuracy rate of over 97%. Leveraging its industry-leading blockchain technology, ICBC provided many places including Xiongan New Area with the resettlement compensation management and other wealth management services. The Bank independently developed the first Internet of Things (IoT) financial service platform before other peers. Capable of getting people, things and fields connected with each other, the platform provides technical support for post-investment management, business operations, and collateral monitoring, to further enrich the business scenarios. **Second, an intelligent risk control system was available to guarantee wealth safety.** While comprehensively promoting the transformation of risk management from “manual control” or “computer-enabled control” to “intelligent control”, the Bank created over 2,000 risk control models and more than 4,000 risk indicators. It also pioneered an enterprise-level, cross-domain smart anti-fraud platform “ICBC e Security”, which served

more than 56 thousand corporate customers to avoid losses worth RMB16.2 billion. **Third, a new technological architecture consisting of “core business system + open ecosystem” was established to turn ICBC into a boundless bank.** Relying on the intelligent banking ecosystem “ECOS”, the Bank applied intelligent technology to the wealth management field. It ranked first across the industry in terms of API interface types, scenarios covered, number of SaaS products, and number of partners. On the premise of security and privacy protection, it relied on the impressive technical strength to give long-lasting impetus to the construction of a mega wealth management platform and the expansion of the boundless ICBC strategy in the wealth management field.

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

Capital Adequacy Ratio

◆ *Scope of Capital Adequacy Ratio Calculation*

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

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

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

Credit Risk

CREDIT RISK EXPOSURE

In RMB millions

Item	At 30 June 2021		At 31 December 2020	
	Parts covered by internal ratings-based approach	Parts uncovered by internal ratings-based approach	Parts covered by internal ratings-based approach	Parts uncovered by internal ratings-based approach
Corporate	11,929,944	1,375,582	10,942,603	1,400,916
Sovereign	—	7,218,061	—	7,019,844
Financial institution	—	3,900,121	—	3,472,859
Retail	7,438,407	553,662	6,984,921	507,002
Equity	—	172,767	—	176,993
Asset securitization	—	100,984	—	97,887
Other	—	5,435,597	—	5,359,568
Total risk exposure	19,368,351	18,756,774	17,927,524	18,035,069

Market Risk

CAPITAL REQUIREMENT FOR MARKET RISK

In RMB millions

Risk type	At 30 June	At 31 December
	2021	2020
Parts covered by internal model approach	5,613	7,539
Parts uncovered by internal model approach	7,312	6,444
Interest rate risk	3,980	3,405
Commodity risk	3,294	3,015
Option risk	38	24
Total	12,925	13,983

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

The Bank applied the Historical Simulation Method (adopting a confidence interval of 99%, holding period of 10 days and historical data of 250 days) to measure VaR for use in capital measurement by internal model approach.

VALUE AT RISK (VAR)

In RMB millions

Item	Six months ended 30 June 2021				Six months ended 30 June 2020			
	Period end	Average	Maximum	Minimum	Period end	Average	Maximum	Minimum
VaR	596	651	839	497	1,492	1,703	2,107	1,394
Interest rate risk	307	547	811	254	374	201	430	92
Currency risk	418	486	913	235	1,321	1,666	1,996	1,321
Commodity risk	197	258	503	93	142	122	261	40
Stressed VaR	1,227	900	1,396	587	1,492	1,716	2,107	1,394
Interest rate risk	747	669	811	467	374	262	430	153
Currency risk	1,019	782	1,206	394	1,329	1,752	2,082	1,329
Commodity risk	281	285	503	153	142	124	261	38

Operational Risk

The Bank adopted the standardized approach to measure capital requirement for operational risk. As at the end of June 2021, the capital requirement for operational risk was RMB113,122 million.

Interest Rate Risk in the Banking Book

Supposing that there is a parallel shift of overall market interest rates, and taking no account of possible risk management actions taken by the management to mitigate the interest rate risk, the analysis on interest rate sensitivity of the Bank categorized by major currencies at the end of June 2021 is shown in the following table:

In RMB millions

Currency	+100 basis points		-100 basis points	
	Effect on net interest income	Effect on equity	Effect on net interest income	Effect on equity
RMB	(37,398)	(31,182)	37,398	34,099
USD	(5,674)	(6,582)	5,674	6,940
HKD	(604)	(103)	604	104
Other	791	(1,877)	(791)	1,930
Total	(42,885)	(39,744)	42,885	43,073

Equity Risk in the Banking Book

In RMB millions

Equity type	At 30 June 2021			At 31 December 2020		
	Publicly-traded equity investment risk exposure ⁽¹⁾	Non-publicly-traded equity investment risk exposure ⁽¹⁾	Unrealised potential gains (losses) ⁽²⁾	Publicly-traded equity investment risk exposure ⁽¹⁾	Non-publicly-traded equity investment risk exposure ⁽¹⁾	Unrealised potential gains (losses) ⁽²⁾
Financial institution	29,057	15,756	10,673	28,675	15,423	9,025
Corporate	15,792	119,456	(3,271)	12,686	126,595	(2,709)
Total	44,849	135,212	7,402	41,361	142,018	6,316

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

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

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

Details of Securities Issuance and Listing

During the reporting period, the Bank did not issue any shares, employee shares, convertible bonds, or corporate bonds to be disclosed in accordance with Chapter II, Section 9 of the “No. 3 Standards on the Content and Format of Information Disclosure of Companies with Public Offerings — Content and Format of the Half-year Report (Revision 2021)”.

Number of Shareholders and Particulars of Shareholding

As at the end of the reporting period, the Bank had a total number of 691,002 ordinary shareholders and no holders of preference shares with voting rights restored or holders of shares with special voting rights, including 114,805 holders of H shares and 576,197 holders of A shares.

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

Unit: Share

Name of shareholder	Nature of shareholder	Class of shares	Shareholding percentage (%)	Total number of shares held	Number of pledged, marked or locked-up shares	Increase/decrease of shares during the reporting period
Central Huijin Investment Ltd.	State-owned	A Share	34.71	123,717,852,951	None	–
MOF	State-owned	A Share	31.14	110,984,806,678	None	–
HKSCC Nominees Limited ⁽³⁾	Foreign legal person	H Share	24.18	86,168,673,088	Unknown	1,071,457
National Council for Social Security Fund ⁽⁴⁾	State-owned	A Share	3.46	12,331,645,186	None	–
Ping An Life Insurance Company of China, Ltd. — Traditional — Ordinary insurance products	Other entities	A Share	1.03	3,687,330,676	None	–
China Securities Finance Co., Ltd.	State-owned legal person	A Share	0.68	2,416,131,540	None	-24
Hong Kong Securities Clearing Company Limited ⁽⁵⁾	Foreign legal person	A Share	0.36	1,276,453,015	None	90,332,762
Central Huijin Asset Management Co., Ltd. ⁽⁵⁾	State-owned legal person	A Share	0.28	1,013,921,700	None	–
China Life Insurance Company Limited — Traditional — Ordinary insurance products — 005L — CT001 Hu	Other entities	A Share	0.13	468,222,788	None	-2,126,500
Taiping Life Insurance Co., Ltd. — Traditional — Ordinary insurance products — 022L — CT001 Hu	Other entities	A Share	0.11	387,807,151	None	–

- Notes:*
- (1) The above data are based on the Bank's register of shareholders as at 30 June 2021.
 - (2) The Bank had no shares subject to restrictions on sales.
 - (3) Total number of shares held by HKSCC Nominees Limited refers to the total H shares held by it as a nominee on behalf of all institutional and individual investors registered with accounts opened with HKSCC Nominees Limited as at 30 June 2021, which included H shares of the Bank held by National Council for Social Security Fund, Ping An Asset Management Co., Ltd., Temasek Holdings (Private) Limited and China Life Insurance (Group) Company.
 - (4) According to the Notice on Comprehensively Transferring Part of State-Owned Capital to Fortify Social Security Funds (Cai Zi [2019] No. 49), MOF transferred 12,331,645,186 A shares to the state-owned capital transfer account of National Council for Social Security Fund in a lump sum in December 2019. According to the relevant requirements under the Notice of the State Council on Issuing the Implementation Plan for Transferring Part of State-Owned Capital to Fortify Social Security Funds (Guo Fa [2017] No. 49), National Council for Social Security Fund shall perform the obligation of more than 3-year lock-up period as of the date of the receipt of transferred shares. At the end of the reporting period, according to the information provided by National Council for Social Security Fund to the Bank, National Council for Social Security Fund also held 7,946,049,758 H shares of the Bank and 20,277,694,944 A and H shares in aggregate, accounting for 5.69% of the Bank's total ordinary shares.
 - (5) HKSCC Nominees Limited is a wholly-owned subsidiary of Hong Kong Securities Clearing Company Limited. Central Huijin Asset Management Co., Ltd. is a wholly-owned subsidiary of Central Huijin Investment Ltd. Save as disclosed above, the Bank is not aware of any connected relations or concert party action among the afore-mentioned shareholders.

Changes of the Controlling Shareholders and De Facto Controller

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

Interests and Short Positions Held by Substantial Shareholders and Other Persons

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

As at 30 June 2021, the Bank received notices from the following persons about their interests or short positions held in the Bank's ordinary shares and underlying shares, which were recorded in the register pursuant to Section 336 of the Securities and Futures Ordinance of Hong Kong as follows:

HOLDERS OF A SHARES

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

Notes: (1) According to the register of shareholders of the Bank as at 30 June 2021, Central Huijin Investment Ltd. held 123,717,852,951 shares in the Bank, while Central Huijin Asset Management Co., Ltd., a subsidiary of Central Huijin Investment Ltd., held 1,013,921,700 shares in the Bank.

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

HOLDERS OF H SHARES

Name of substantial shareholder	Capacity	Number of H shares held (share)	Nature of interests	Percentage of H shares ⁽⁴⁾ (%)	Percentage of total ordinary shares ⁽⁴⁾ (%)
Ping An Asset Management Co., Ltd. ⁽¹⁾	Investment manager	12,168,809,000	Long position	14.02	3.41
National Council for Social Security Fund ⁽²⁾	Beneficial owner	8,663,703,234	Long position	9.98	2.43
Temasek Holdings (Private) Limited	Interest of controlled corporations	7,317,475,731	Long position	8.43	2.05
China Life Insurance (Group) Company ⁽³⁾	Beneficial owner	205,750,000	Long position	0.24	0.06
	Interest of controlled corporations	5,005,191,000	Long position	5.77	1.40
	Total	5,210,941,000		6.00	1.46

Notes: (1) As confirmed by Ping An Asset Management Co., Ltd., such shares were held by Ping An Asset Management Co., Ltd. on behalf of certain customers (including but not limited to Ping An Life Insurance Company of China, Ltd.) in its capacity as investment manager and the interests in such shares were disclosed based on the latest disclosure of interests form filed by Ping An Asset Management Co., Ltd. for the period ended 30 June 2021 (the date of relevant event being 12 June 2019). Both Ping An Life Insurance Company of China, Ltd. and Ping An Asset Management Co., Ltd. are subsidiaries of Ping An Insurance (Group) Company of China, Ltd. As Ping An Asset Management Co., Ltd. is in a position to fully exercise the voting rights in respect of such shares on behalf of customers and independently exercise the rights of investment and business management in its capacity as investment manager, and is completely independent from Ping An Insurance (Group) Company of China, Ltd., Ping An Insurance (Group) Company of China, Ltd. is exempted from aggregating the interests in such shares as a holding company under the aggregation exemption and disclosing the holding of the same in accordance with the Securities and Futures Ordinance of Hong Kong.

(2) According to the information provided by National Council for Social Security Fund to the Bank, National Council for Social Security Fund held 7,946,049,758 H shares of the Bank as at the end of the reporting period.

(3) According to the interest disclosure by China Life Insurance (Group) Company dated 11 November 2020, China Life Insurance Company Limited is the controlled corporation of China Life Insurance (Group) Company, and it totally held the long position of 4,874,071,000 H shares, accounting for 5.62% and 1.37% of H shares and all ordinary shares of the Bank respectively.

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

Preference Shares

◆ Issuance and Listing of Preference Shares during the Reporting Period

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

◆ Number of Preference Shareholders and Particulars of Shareholding

As at the end of the reporting period, the Bank had one offshore preference shareholder (or proxy), 24 domestic preference shareholders of “工行優 1” and 34 domestic preference shareholders of “工行優 2”.

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

Unit: Share

Name of shareholder	Nature of shareholder	Class of shares	Increase/ decrease during the reporting period	Shares held at the end of the period	Shareholding percentage (%)	Number of shares subject to restrictions on sales	Number of pledged or locked-up shares
The Bank of New York Depository (Nominees) Limited	Foreign legal person	USD offshore preference shares	–	145,000,000	78.4	–	Unknown
		EUR offshore preference shares	–	40,000,000	21.6	–	Unknown

Notes: (1) The above data are based on the Bank’s register of offshore preference shareholders as at 30 June 2021.

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

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

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

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

Unit: Share

Name of shareholder	Nature of shareholder	Class of shares	Increase/ decrease during the reporting period	Shares held at the end of the period	Shareholding percentage (%)	Number of shares subject to restrictions on sales	Number of pledged or locked-up shares
China Mobile Communications Group Co., Ltd.	State-owned legal person	Domestic preference shares	–	200,000,000	44.4	–	None
China National Tobacco Corporation	Other entities	Domestic preference shares	–	50,000,000	11.1	–	None
China Life Insurance Company Limited	State-owned legal person	Domestic preference shares	–	35,000,000	7.8	–	None
Ping An Life Insurance Company of China, Ltd.	Domestic non-state-owned legal person	Domestic preference shares	–	30,000,000	6.7	–	None
BOCOM Schroders Asset Management Co., Ltd.	Domestic non-state-owned legal person	Domestic preference shares	–	18,000,000	4.0	–	None
China International Capital Corporation Limited	State-owned legal person	Domestic preference shares	3,000,000	18,000,000	4.0	–	None
CCB Trust Co., Ltd.	State-owned legal person	Domestic preference shares	–	15,000,000	3.3	–	None
BOC International (China) Co., Ltd.	State-owned legal person	Domestic preference shares	–	15,000,000	3.3	–	None
China National Tobacco Corporation Shandong Branch	Other entities	Domestic preference shares	–	10,000,000	2.2	–	None
China National Tobacco Corporation Heilongjiang Branch	Other entities	Domestic preference shares	–	10,000,000	2.2	–	None
Ping An Property & Casualty Insurance Company of China, Ltd.	Domestic non-state-owned legal person	Domestic preference shares	–	10,000,000	2.2	–	None

Notes: (1) The above data are based on the Bank’s register of domestic preference shareholders of “工行優 1” as at 30 June 2021.

(2) China National Tobacco Corporation Shandong Branch and China National Tobacco Corporation Heilongjiang Branch are both wholly-owned subsidiaries of China National Tobacco Corporation. “China Life Insurance Company Limited — Traditional — Ordinary insurance products — 005L — CT001 Hu” is managed by China Life Insurance Company Limited. “Ping An Life Insurance Company of China, Ltd. — 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. Central Huijin Investment Ltd. is the controlling shareholder of China International Capital Corporation Limited. Save as disclosed above, the Bank is not aware of any connected relations or concert party action among the afore-mentioned preference shareholders and among the afore-mentioned preference shareholders and top 10 ordinary shareholders.

(3) “Shareholding percentage” refers to the percentage of domestic preference shares of “工行優 1” held by preference shareholders in total number (450 million shares) of domestic preference shares of “工行優 1”.

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

Unit: Share

Name of shareholder	Nature of shareholder	Class of shares	Increase/ decrease during the reporting period	Shares held at the end of the period	Shareholding percentage (%)	Number of shares subject to restrictions on sales	Number of pledged or locked-up shares
China Life Insurance Company Limited	State-owned legal person	Domestic preference shares	–	120,000,000	17.1	–	None
China Mobile Communications Group Co., Ltd.	State-owned legal person	Domestic preference shares	–	100,000,000	14.3	–	None
China International Capital Corporation Limited	State-owned legal person	Domestic preference shares	99,250,000	99,250,000	14.2	–	None
BOC International (China) Co., Ltd.	State-owned legal person	Domestic preference shares	–	70,000,000	10.0	–	None
CCB Trust Co., Ltd.	State-owned legal person	Domestic preference shares	–	70,000,000	10.0	–	None
China National Tobacco Corporation	Other entities	Domestic preference shares	–	50,000,000	7.1	–	None
Shanghai Tobacco Group Co., Ltd.	Other entities	Domestic preference shares	–	30,000,000	4.3	–	None
Bosera Asset Management Co., Limited	State-owned legal person	Domestic preference shares	-120,450,000	29,550,000	4.2	–	None
Hwabao Trust Co., Ltd.	State-owned legal person	Domestic preference shares	21,200,000	21,200,000	3.0	–	None
Bank of Beijing Co., Ltd.	Domestic non-state-owned legal person	Domestic preference shares	–	20,000,000	2.9	–	None

Notes: (1) The above data are based on the Bank’s register of domestic preference shareholders of “工行優2” as at 30 June 2021.

(2) Shanghai Tobacco Group Co., Ltd., China National Tobacco Corporation Shandong Branch and China National Tobacco Corporation Heilongjiang Branch are all wholly-owned subsidiaries of China National Tobacco Corporation. “China Life Insurance Company Limited — Traditional — Ordinary insurance products — 005L — CT001 Hu” is managed by China Life Insurance Company Limited. Central Huijin Investment Ltd. is the controlling shareholder of China International Capital Corporation Limited. Save as disclosed above, the Bank is not aware of any connected relations or concert party action among the afore-mentioned preference shareholders and among the afore-mentioned preference shareholders and top 10 ordinary shareholders.

(3) “Shareholding percentage” refers to the percentage of domestic preference shares of “工行優2” held by preference shareholders in total number (700 million shares) of domestic preference shares of “工行優2”.

◆ *Dividend Distribution of Preference Shares*

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

The Bank reviewed and approved the distribution of dividends on “工行優 2” and offshore USD preference shares at the meeting of the Board of Directors on 27 August 2021, planning to distribute the dividends on “工行優 2” on 24 September 2021 at the dividend rate of 4.2% (pre-tax, and the tax payable on dividends received by holders of domestic preference shares should be borne by them in compliance with relevant laws and regulations) and the total dividends distributed will be RMB2,940 million; and planning to distribute the dividends on offshore USD preference shares on 23 September 2021 at the dividend rate of 3.58% (after-tax, namely the actual dividend rate obtained by offshore USD preference shareholders) and the dividends distributed on offshore USD preference shares will be approximately USD115.3 million including approximately USD103.8 million to be paid to preference shareholders and approximately USD11.5 million of withholding income tax.

◆ *Redemption or Conversion of Preference Shares*

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

◆ *Restoration of Voting Rights of Preference Shares*

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

◆ *Accounting Policy Adopted for Preference Shares and Rationale*

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

7. Material Assets Acquisition, Sale and Merger

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

8. Other Information

Corporate Governance Code

During the reporting period, save as disclosed below, 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).

With regard to the compliance with Article A.2.1 of the Corporate Governance Code (Appendix 14 to the Hong Kong Listing Rules), Mr. Gu Shu resigned from his position as President of the Bank on 31 December 2020. The Board of Directors of the Bank deliberated and decided that Mr. Chen Siqing, Chairman of the Board of Directors, should perform the duties of acting President from the date when Mr. Gu Shu does not perform the management duties in the Bank due to job change to the date when the new President appointed by the Board of Directors of the Bank formally takes office. On 16 March 2021, Mr. Liao Lin took office as President of the Bank, and since that date, Mr. Chen Siqing had ceased to serve as acting President.

Profits and Dividends Distribution

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

As approved at the Annual General Meeting for the Year 2020 held on 21 June 2021, the Bank distributed cash dividends of about RMB94,804 million, or RMB2.660 per ten shares (pre-tax) for the period from 1 January 2020 to 31 December 2020 to the ordinary shareholders whose names appeared on the share register after the close of market on 5 July 2021. The Bank will not declare or distribute interim dividends for 2021, nor will it convert any capital reserves to share capital.

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

Purchase, Sale and Redemption of Shares

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

Securities Transactions of Directors and Supervisors

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

Review of the Interim Report

The 2021 interim financial report prepared by the Bank in accordance with PRC GAAP and IFRSs have been reviewed by Deloitte Touche Tohmatsu Certified Public Accountants LLP and Deloitte Touche Tohmatsu in accordance with Chinese and international standards on review engagements, respectively.

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

9. Interim Financial Report

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

9.1.1 Unaudited Interim Consolidated Statement of Profit or Loss

(In RMB millions, unless otherwise stated)

	Six months ended 30 June	
	2021	2020
	(unaudited)	(unaudited)
Interest income	563,802	543,132
Interest expense	(227,509)	(223,241)
NET INTEREST INCOME	336,293	319,891
Fee and commission income	83,232	82,207
Fee and commission expense	(7,289)	(6,649)
NET FEE AND COMMISSION INCOME	75,943	75,558
Net trading income/(expense)	6,047	(1,635)
Net gain on financial investments	2,952	7,987
Other operating income, net	5,171	545
OPERATING INCOME	426,406	402,346
Operating expenses	(94,991)	(87,925)
Impairment losses on assets	(124,547)	(125,456)
OPERATING PROFIT	206,868	188,965
Share of profits of associates and joint ventures	1,202	386
PROFIT BEFORE TAXATION	208,070	189,351
Income tax expense	(43,561)	(39,555)
PROFIT FOR THE PERIOD	164,509	149,796
Profit for the period attributable to:		
Equity holders of the parent company	163,473	148,790
Non-controlling interests	1,036	1,006
PROFIT FOR THE PERIOD	164,509	149,796
EARNINGS PER SHARE		
— Basic (RMB yuan)	0.46	0.42
— Diluted (RMB yuan)	0.46	0.42

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

(In RMB millions, unless otherwise stated)

	Six months ended 30 June	
	2021	2020
	(unaudited)	(unaudited)
Profit for the period	164,509	149,796
Other comprehensive income (after tax, net):		
(a) Items that will not be reclassified to profit or loss:		
(i) Changes in fair value of equity instruments designated as at fair value through other comprehensive income	993	(222)
(ii) Other comprehensive income recognised under equity method	2	(13)
(iii) Other	1	3
(b) Items that may be reclassified subsequently to profit or loss:		
(i) Changes in fair value of debt instruments measured at fair value through other comprehensive income	(982)	2,043
(ii) Credit losses of debt instruments measured at fair value through other comprehensive income	654	1,039
(iii) Reserve from cash flow hedging instruments	899	(869)
(iv) Other comprehensive income recognised under equity method	(98)	1,075
(v) Foreign currency translation differences	(4,089)	(2,535)
(vi) Other	383	(428)
Subtotal of other comprehensive income for the period	(2,237)	93
Total comprehensive income for the period	162,272	149,889
Total comprehensive income for the period attributable to:		
Equity holders of the parent company	161,200	148,850
Non-controlling interests	1,072	1,039
	162,272	149,889

9.1.3 Unaudited Interim Consolidated Statement of Financial Position

(In RMB millions, unless otherwise stated)

	30 June 2021 (unaudited)	31 December 2020 (audited)
ASSETS		
Cash and balances with central banks	3,652,276	3,537,795
Due from banks and other financial institutions	1,018,469	1,081,897
Derivative financial assets	111,102	134,155
Reverse repurchase agreements	1,014,726	739,288
Loans and advances to customers	19,452,291	18,136,328
Financial investments	8,845,650	8,591,139
— Financial investments measured at fair value through profit or loss	701,972	784,483
— Financial investments measured at fair value through other comprehensive income	1,609,127	1,540,988
— Financial investments measured at amortised cost	6,534,551	6,265,668
Investments in associates and joint ventures	43,015	41,206
Property and equipment	283,447	286,279
Deferred income tax assets	74,926	67,713
Other assets	640,382	729,258
TOTAL ASSETS	35,136,284	33,345,058
LIABILITIES		
Due to central banks	42,668	54,974
Financial liabilities designated as at fair value through profit or loss	88,383	87,938
Derivative financial liabilities	87,505	140,973
Due to banks and other financial institutions	2,977,531	2,784,259
Repurchase agreements	299,476	293,434
Certificates of deposit	305,517	335,676
Due to customers	26,602,333	25,134,726
Income tax payable	61,253	89,785
Deferred income tax liabilities	2,999	2,881
Debt securities issued	781,671	798,127
Other liabilities	840,141	712,770
TOTAL LIABILITIES	32,089,477	30,435,543
EQUITY		
Equity attributable to equity holders of the parent company		
Share capital	356,407	356,407
Other equity instruments	295,811	225,819
Reserves	799,230	800,718
Retained earnings	1,578,442	1,510,558
	3,029,890	2,893,502
Non-controlling interests	16,917	16,013
TOTAL EQUITY	3,046,807	2,909,515
TOTAL EQUITY AND LIABILITIES	35,136,284	33,345,058

9.1.4 Unaudited Interim Consolidated Statement of Changes in Equity

(In RMB millions, unless otherwise stated)

	Attributable to equity holders of the parent company													Total equity
	Reserves										Retained earnings	Non-controlling interests		
	Share capital	Other equity instruments	Capital reserve	Surplus reserve	General reserve	Investment revaluation reserve	Foreign currency translation reserve	Cash flow hedging reserve	Other reserves	Subtotal				
Balance as at 1 January 2021	356,407	225,819	148,640	322,911	339,701	22,377	(27,882)	(4,725)	(304)	800,718	1,510,558	2,893,502	16,013	2,909,515
Profit for the period	-	-	-	-	-	-	-	-	-	-	163,473	163,473	1,036	164,509
Other comprehensive income	-	-	-	-	-	520	(3,992)	913	286	(2,273)	-	(2,273)	36	(2,237)
Total comprehensive income	-	-	-	-	-	520	(3,992)	913	286	(2,273)	163,473	161,200	1,072	162,272
Dividends — ordinary shares 2020 final	-	-	-	-	-	-	-	-	-	-	(94,804)	(94,804)	-	(94,804)
Appropriation to surplus reserve (i)	-	-	-	240	-	-	-	-	-	240	(240)	-	-	-
Appropriation to general reserve (ii)	-	-	-	-	193	-	-	-	-	193	(193)	-	-	-
Capital injection by other equity instruments holders	-	69,992	-	-	-	-	-	-	-	-	-	69,992	-	69,992
Dividends to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	-	(168)	(168)
Other comprehensive income transferred to retained earnings	-	-	-	-	-	352	-	-	-	352	(352)	-	-	-
Balance as at 30 June 2021 (unaudited)	356,407	295,811	148,640	323,151	339,894	23,249	(31,874)	(3,812)	(18)	799,230	1,578,442	3,029,890	16,917	3,046,807

(i) Includes the appropriation made by overseas branches and subsidiaries in the amounts of RMB56 million and RMB184 million, respectively.

(ii) Includes the appropriation made by overseas branches and subsidiaries in the amounts of RMB23 million and RMB170 million, respectively.

	Attributable to equity holders of the parent company													Total equity
	Reserves										Retained earnings	Non-controlling interests		
	Share capital	Other equity instruments	Capital reserve	Surplus reserve	General reserve	Investment revaluation reserve	Foreign currency translation reserve	Cash flow hedging reserve	Other reserves	Subtotal				
Balance as at 1 January 2020	356,407	206,132	149,139	292,291	305,019	23,280	(18,568)	(4,453)	(1,597)	745,111	1,368,536	2,676,186	15,817	2,692,003
Profit for the period	-	-	-	-	-	-	-	-	-	-	148,790	148,790	1,006	149,796
Other comprehensive income	-	-	-	-	-	2,809	(2,534)	(852)	637	60	-	60	33	93
Total comprehensive income	-	-	-	-	-	2,809	(2,534)	(852)	637	60	148,790	148,850	1,039	149,889
Dividends — ordinary shares 2019 final	-	-	-	-	-	-	-	-	-	-	(93,664)	(93,664)	-	(93,664)
Appropriation to surplus reserve (i)	-	-	-	477	-	-	-	-	-	477	(477)	-	-	-
Appropriation to general reserve (ii)	-	-	-	-	129	-	-	-	-	129	(129)	-	-	-
Change in shareholding in subsidiaries	-	-	(499)	-	-	-	-	-	-	(499)	-	(499)	(780)	(1,279)
Dividends to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	-	(188)	(188)
Other comprehensive income transferred to retained earnings	-	-	-	-	-	(6)	-	-	-	(6)	4	(2)	2	-
Other	-	-	-	-	-	-	-	-	(5)	(5)	-	(5)	-	(5)
Balance as at 30 June 2020 (unaudited)	356,407	206,132	148,640	292,768	305,148	26,083	(21,102)	(5,305)	(965)	745,267	1,423,060	2,730,866	15,890	2,746,756

(i) Includes the appropriation made by overseas branches and subsidiaries in the amounts of RMB67 million and RMB410 million, respectively.

(ii) Includes the appropriation made by subsidiaries in the amount of RMB129 million.

Attributable to equity holders of the parent company

	Reserves												Non-controlling interests	Total equity
	Share capital	Other equity instruments	Capital reserve	Surplus reserve	General reserve	Investment revaluation reserve	Foreign currency translation reserve	Cash flow hedging reserve	Other reserves	Subtotal	Retained earnings	Total		
Balance as at 1 January 2020	356,407	206,132	149,139	292,291	305,019	23,280	(18,568)	(4,453)	(1,597)	745,111	1,368,536	2,676,186	15,817	2,692,003
Profit for the year	-	-	-	-	-	-	-	-	-	-	315,906	315,906	1,779	317,685
Other comprehensive income	-	-	-	-	-	(672)	(15,753)	(272)	1,327	(15,370)	-	(15,370)	(469)	(15,839)
Total comprehensive income	-	-	-	-	-	(672)	(15,753)	(272)	1,327	(15,370)	315,906	300,536	1,310	301,846
Dividends — ordinary shares 2019 final	-	-	-	-	-	-	-	-	-	-	(93,664)	(93,664)	-	(93,664)
Dividends to other equity instruments holders	-	-	-	-	-	-	-	-	-	-	(8,839)	(8,839)	-	(8,839)
Appropriation to surplus reserve (i)	-	-	-	31,485	-	-	-	-	-	31,485	(31,485)	-	-	-
Appropriation to general reserve (ii)	-	-	-	-	34,682	-	-	-	-	34,682	(34,682)	-	-	-
Capital injection by other equity instruments holders	-	19,687	-	-	-	-	-	-	-	-	-	19,687	-	19,687
Change in shareholding in subsidiaries	-	-	(499)	-	-	-	-	-	-	(499)	-	(499)	(780)	(1,279)
Dividends to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	-	(337)	(337)
Other comprehensive income transferred to retained earnings	-	-	-	-	-	(221)	-	-	-	(221)	218	(3)	3	-
Other	-	-	-	(865)	-	(10)	6,439	-	(34)	5,530	(5,432)	98	-	98
Balance as at 31 December 2020 (audited)	<u>356,407</u>	<u>225,819</u>	<u>148,640</u>	<u>322,911</u>	<u>339,701</u>	<u>22,377</u>	<u>(27,882)</u>	<u>(4,725)</u>	<u>(304)</u>	<u>800,718</u>	<u>1,510,558</u>	<u>2,893,502</u>	<u>16,013</u>	<u>2,909,515</u>

- (i) Includes the appropriation made by overseas branches and subsidiaries in the amounts of RMB101 million and RMB935 million, respectively.
- (ii) Includes the appropriation made by overseas branches and subsidiaries in the amounts of RMB11 million and RMB1,435 million, respectively.

9.1.5 Unaudited Interim Consolidated Statement of Cash Flows

(In RMB millions, unless otherwise stated)

	Six months ended 30 June	
	2021	2020
	(unaudited)	(unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	208,070	189,351
Adjustments for:		
Share of profits of associates and joint ventures	(1,202)	(386)
Depreciation	13,382	13,645
Amortisation	1,267	1,171
Impairment losses on assets	124,547	125,456
Unrealised losses on foreign exchange	17,488	10,839
Interest expense on debt securities issued	13,939	13,244
Accreted interest on impaired loans	(735)	(941)
Net gain on financial investments	(9,272)	(5,869)
Interest income on financial investments	(127,855)	(120,447)
Net gain on changes in fair value	(1,329)	(6,751)
Net gain on disposal and overage of property and equipment and other assets (other than repossessed assets)	(873)	(730)
Dividend income	(1,326)	(1,054)
	236,101	217,528
Net (increase)/decrease in operating assets:		
Due from central banks	(179,968)	176,573
Due from banks and other financial institutions	177,811	23,905
Financial assets measured at fair value through profit or loss	30,416	(19,355)
Reverse repurchase agreements	(137,720)	70,931
Loans and advances to customers	(1,435,048)	(1,255,273)
Other assets	37,525	(174,316)
	(1,506,984)	(1,177,535)
Net (decrease)/increase in operating liabilities:		
Financial liabilities designated as at fair value through profit or loss	(502)	22,174
Due to central banks	(12,305)	31,427
Due to banks and other financial institutions	193,692	698,647
Repurchase agreements	6,153	(12,477)
Certificates of deposit	(29,847)	(16,537)
Due to customers	1,424,532	2,060,021
Other liabilities	145,449	133,077
	1,727,172	2,916,332
Net cash flows from operating activities before tax	456,289	1,956,325
Income tax paid	(78,743)	(82,592)
Net cash flows from operating activities	377,546	1,873,733

	Six months ended 30 June	
	2021	2020
	(unaudited)	(unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment and other assets	(9,041)	(10,769)
Proceeds from disposal of property and equipment and other assets (other than repossessed assets)	2,139	981
Purchases of financial investments	(1,635,233)	(1,631,900)
Proceeds from sale and redemption of financial investments	1,296,712	967,154
Investment returns received	129,788	114,096
Investments in associates and joint ventures	(929)	(130)
Proceeds from disposal of associates and joint ventures	–	179
	<u> </u>	<u> </u>
Net cash flows from investing activities	(216,564)	(560,389)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of other equity instruments	70,000	–
Proceeds from issuance of debt securities	417,449	441,364
Interest paid on debt securities	(11,418)	(13,772)
Repayment of debt securities	(430,449)	(449,224)
Acquisition of non-controlling interests	–	(1,279)
Dividends paid on ordinary shares	–	(70,854)
Dividends paid to non-controlling shareholders	(168)	(188)
Cash payment for other financing activities	(5,154)	(2,423)
	<u> </u>	<u> </u>
Net cash flows from financing activities	40,260	(96,376)
NET INCREASE IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at beginning of the period	1,791,122	1,450,413
Effect of exchange rate changes on cash and cash equivalents	(12,797)	9,830
	<u> </u>	<u> </u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>1,979,567</u>	<u>2,677,211</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES INCLUDE:		
Interest received	458,441	435,378
Interest paid	(173,129)	(209,678)
	<u> </u>	<u> </u>

9.2 Significant Accounting Policies

Application of amendments to IFRSs

In the current interim period, the Group has applied, for the first time, the following amendments to IFRSs issued by the IASB which are mandatorily effective for the annual periods beginning on or after 1 January 2021 for the preparation of the Group's consolidated financial statements:

Amendments to IFRS 9, IAS 39, Interest Rate Benchmark Reform — Phase 2
IFRS 7, IFRS 4 and IFRS 16

In addition, the Group has early applied the Amendment to IFRS 16 “COVID-19-Related Rent Concessions beyond 30 June 2021”. The application of this amendment has had no material impact on the Group's financial positions and performance for the current and prior periods.

Impacts and accounting policies on application of Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform — Phase 2”

Changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform

For changes in the basis for determining the contractual cash flows of a financial asset or financial liability to which the amortised cost measurement applies as a result of interest rate benchmark reform, the Group applies the practical expedient to account for these changes by updating the effective interest rate, such change in effective interest rate normally has no significant effect on the carrying amount of the relevant financial asset or financial liability.

A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if and only if, both these conditions are met:

- the change is necessary as a direct consequence of interest rate benchmark reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis (i.e. the basis immediately preceding the change).

For other changes made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Group first applies the practical expedient to the changes required by interest rate benchmark reform by updating the effective interest rate. The Group then applies the applicable requirements in IFRS 9 *Financial Instruments* on modification of a financial asset or a financial liability for additional changes to which the practical expedient does not apply.

Transition and summary of effects

The Group's business impacted by interest rate benchmark reform are mainly those linked with London Interbank Offered Rate (LIBOR), consists of loans, debt investments and derivatives etc. The Group attached great importance and made coordinated efforts in the reform, and has developed capabilities to meet the needs of the client for loan, financial market investments, etc. with the new dominated alternative benchmark. After assessment, the Group considers the application of this amendment had no material impact on the Group's financial positions and performance for the current period.

Significant accounting policies

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair values.

Other than the application of the amendments to IFRSs mentioned above, the accounting policies and methods of computation used in the consolidated financial statements for the six months ended 30 June 2021 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2020.

9.3 Notes to the Unaudited Interim Financial Report

(In RMB millions, unless otherwise stated)

9.3.1 Net Interest Income

	Six months ended 30 June	
	2021	2020
Interest income on:		
Loans and advances to customers:		
Corporate loans and advances	226,742	221,240
Personal loans	171,427	155,002
Discounted bills	4,790	6,097
Financial investments	127,855	118,487
Due from banks and other financial institutions	12,071	21,379
Due from central banks	20,917	20,927
	<u>563,802</u>	<u>543,132</u>
Interest expense on:		
Due to customers	(190,688)	(177,272)
Due to banks and other financial institutions	(21,838)	(29,723)
Debt securities issued	(14,983)	(16,246)
	<u>(227,509)</u>	<u>(223,241)</u>
Net interest income	<u><u>336,293</u></u>	<u><u>319,891</u></u>

9.3.2 Net Fee And Commission Income

	Six months ended 30 June	
	2021	2020
Settlement, clearing business and cash management	21,949	20,216
Personal wealth management and private banking services	16,354	15,274
Investment banking business	15,117	14,796
Bank card business	8,020	9,957
Guarantee and commitment business	7,256	7,672
Corporate wealth management services	7,238	7,622
Asset custody business	4,512	4,020
Trust and agency services	1,196	1,057
Other	1,590	1,593
	<u>83,232</u>	<u>82,207</u>
Fee and commission income	83,232	82,207
Fee and commission expense	(7,289)	(6,649)
	<u>(7,289)</u>	<u>(6,649)</u>
Net fee and commission income	<u><u>75,943</u></u>	<u><u>75,558</u></u>

9.3.3 Net Trading Income/(Expense)

	Six months ended 30 June	
	2021	2020
Debt securities	3,265	3,107
Equity investments	1,100	2,012
Derivatives and other	1,682	(6,754)
	<u>6,047</u>	<u>(1,635)</u>

The above amounts mainly include gains and losses arising from the buying and selling of, the interest income and expense on, and the changes in the fair value of financial assets and liabilities held for trading.

9.3.4 Net Gain on Financial Investments

	Six months ended 30 June	
	2021	2020
Dividend income from equity investments designated as at FVTOCI, including:		
Derecognised during the period	1,326	1,054
Held at the end of current period	–	–
	1,326	1,054
Gain on financial instruments measured at FVTPL, net, including:		
Loss on financial instruments designated as at FVTPL	526	5,358
	(10,391)	(1,398)
Gain on disposal of financial instruments measured at FVTOCI, net	1,124	1,504
Other	(24)	71
	<u>2,952</u>	<u>7,987</u>

9.3.5 Other Operating Income, Net

	Six months ended 30 June	
	2021	2020
Net premium income	23,479	29,933
Operating cost of insurance business	(26,227)	(32,242)
Net gain on disposal of property and equipment, repossessed assets and other	881	805
Other	7,038	2,049
	<u>5,171</u>	<u>545</u>

9.3.6 Operating Expenses

	Six months ended 30 June	
	2021	2020
Staff costs:		
Salaries and bonuses	40,186	38,692
Staff benefits	11,509	11,107
Post-employment benefits — defined contribution plans	8,484	5,139
	<u>60,179</u>	<u>54,938</u>
Property and equipment expenses:		
Depreciation charge for property and equipment	7,291	6,773
Depreciation charge for right-of-use assets and other lease related expenses	4,056	4,088
Repairs and maintenance charges	1,001	962
Utility expenses	831	751
	<u>13,179</u>	<u>12,574</u>
Amortisation	1,267	1,171
Other administrative expenses	9,553	8,748
Taxes and surcharges	4,646	4,406
Other	6,167	6,088
	<u>94,991</u>	<u>87,925</u>

9.3.7 Impairment Losses on Assets

	Six months ended 30 June	
	2021	2020
Loans and advances to customers	102,257	111,705
Other	22,290	13,751
	<u>124,547</u>	<u>125,456</u>

9.3.8 Income Tax Expense

(a) Income tax expense

	Six months ended 30 June	
	2021	2020
Current income tax expense:		
Chinese mainland	45,478	38,848
Hong Kong and Macau	998	1,103
Other overseas jurisdictions	1,263	1,795
	<u>47,739</u>	<u>41,746</u>
Deferred income tax expense	(4,178)	(2,191)
	<u>43,561</u>	<u>39,555</u>

(b) Reconciliation between income tax and accounting profit

PRC income tax has been provided at the statutory rate of 25%. Taxes on profits assessable elsewhere have been calculated at the applicable rates of tax prevailing in the countries/regions in which the Group operates. 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:

	Six months ended 30 June	
	2021	2020
Profit before taxation	<u>208,070</u>	<u>189,351</u>
Tax at the PRC statutory income tax rate	52,018	47,338
Effects of different applicable rates of tax prevailing in other countries/regions	(983)	(952)
Effects of non-deductible expenses	15,867	13,387
Effects of non-taxable income	(22,958)	(20,015)
Effects of profits attributable to associates and joint ventures	(301)	(96)
Effects of other	(82)	(107)
Income tax expense	<u>43,561</u>	<u>39,555</u>

9.3.9 Dividends

	Six months ended 30 June	
	2021	2020
Dividends on ordinary shares declared and paid or proposed:		
Final dividend on ordinary shares for 2020:		
RMB0.2660 per share (2019: RMB0.2628 per share)	<u>94,804</u>	<u>93,664</u>

9.3.10 Earnings Per Share

	Six months ended 30 June	
	2021	2020
Earnings:		
Profit for the period attributable to ordinary equity holders of the parent company	<u>163,473</u>	<u>148,790</u>
Shares:		
Weighted average number of ordinary shares in issue (in million shares)	<u>356,407</u>	<u>356,407</u>
Basic earnings per share (RMB yuan)	<u>0.46</u>	<u>0.42</u>
Diluted earnings per share (RMB yuan)	<u>0.46</u>	<u>0.42</u>

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

9.3.11 *Derivative Financial Instruments*

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

The notional amount of a derivative represents the amount of the specific financial instruments mentioned above. 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 an orderly transaction between market participants at measurement date.

In accordance with the Group's accounting policies, certain derivative financial assets and derivative financial liabilities which meet the criteria for offsetting are presented net in the financial statements. As at 30 June 2021, derivative financial assets and derivative financial liabilities which meet the criteria for offsetting were RMB45,072 million (31 December 2020: RMB48,896 million) and RMB47,027 million (31 December 2020: RMB51,690 million) respectively; and the net derivative financial assets and net derivative financial liabilities after offsetting was RMB29,847 million (31 December 2020: RMB37,045 million) and RMB31,802 million (31 December 2020: RMB39,839 million) respectively.

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

	30 June 2021			31 December 2020		
	Notional amounts	Fair values		Notional amounts	Fair values	
		Assets	Liabilities		Assets	Liabilities
Exchange rate contracts	5,750,543	62,541	(51,966)	5,779,609	95,260	(91,559)
Interest rate contracts	1,887,446	17,352	(17,633)	2,199,849	23,002	(25,248)
Commodity derivatives and other	1,048,964	31,209	(17,906)	804,987	15,893	(24,166)
	<u>8,686,953</u>	<u>111,102</u>	<u>(87,505)</u>	<u>8,784,445</u>	<u>134,155</u>	<u>(140,973)</u>

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.

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

	30 June 2021						
	Notional amounts with remaining life of					Fair values	
	Within three months	Over three months but within one year	Over one year but within five years	Over five years	Total	Assets	Liabilities
Interest rate swap contracts	287	5,185	7,864	240	13,576	6	(324)
Currency swap contracts	42,989	62,934	1,368	–	107,291	1,341	(952)
Equity derivatives	19	28	54	6	107	–	(17)
	<u>43,295</u>	<u>68,147</u>	<u>9,286</u>	<u>246</u>	<u>120,974</u>	<u>1,347</u>	<u>(1,293)</u>
	31 December 2020						
	Notional amounts with remaining life of					Fair values	
	Within three months	Over three months but within one year	Over one year but within five years	Over five years	Total	Assets	Liabilities
Interest rate swap contracts	209	15,909	8,730	239	25,087	61	(546)
Currency swap contracts	71,490	77,779	1,211	–	150,480	4,150	(1,243)
Equity derivatives	29	3	33	3	68	–	(15)
	<u>71,728</u>	<u>93,691</u>	<u>9,974</u>	<u>242</u>	<u>175,635</u>	<u>4,211</u>	<u>(1,804)</u>

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

	30 June 2021				Line items in the consolidated statement of financial position
	Carrying amount of hedged items		Hedging instruments		
	Assets	Liabilities	Effect on other comprehensive income during the current period	Accumulated effect on other comprehensive income	
Bonds	47,180	(83,841)	(121)	(152)	Financial investments measured at FVTOCI/ Financial investments measured at amortised cost/ Debt securities issued
Loans	5,030	-	89	7	Loans and advances to customers
Other	10,003	(34,961)	443	(4,081)	Due from banks and other financial institutions/ Other assets/ Due to banks and other financial institutions/ Certificates of deposit/ Due to customers/ Other liabilities
	<u>62,213</u>	<u>(118,802)</u>	<u>411</u>	<u>(4,226)</u>	

31 December 2020

	Carrying amount of hedged items		Hedging instruments		Line items in the consolidated statement of financial position
	Assets	Liabilities	Effect on other comprehensive income during the year	Accumulated effect on other comprehensive income	
	Bonds	58,998	(14,779)	(62)	
Loans	2,278	–	(65)	(82)	Loans and advances to customers
Other	58,190	(308,298)	(19)	(4,524)	Due from banks and other financial institutions/ Other assets/ Due to banks and other financial institutions/ Certificates of deposit/ Due to customers/ Other liabilities
	<u>119,466</u>	<u>(323,077)</u>	<u>(146)</u>	<u>(4,637)</u>	

There was no ineffectiveness recognised in profit or loss that arises from the cash flow hedges during the six months ended 30 June 2021 and 30 June 2020.

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 mainly used by the Group as hedging instruments to hedge the interest risk of financial assets and financial liabilities, respectively.

The Group assesses the effectiveness of hedges for the reporting period by monitoring changes in fair value of the hedging instruments and net gain or loss arising from the hedged risk relating to the hedged items:

	Six months ended 30 June	
	2021	2020
Gain/(loss) arising from fair value hedges, net:		
Hedging instruments	1,361	(2,661)
Hedged items relating to the hedged risk	(1,341)	2,623
	20	(38)

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

	30 June 2021					Fair values	
	Notional amounts with remaining life of					Fair values	
	Within three months	Over three months but within one year	Over one year but within five years	Over five years	Total	Assets	Liabilities
Interest rate swap contracts	<u>3,532</u>	<u>26,422</u>	<u>40,056</u>	<u>19,503</u>	<u>89,513</u>	<u>378</u>	<u>(1,763)</u>

	31 December 2020					Fair values	
	Notional amounts with remaining life of					Fair values	
	Within three months	Over three months but within one year	Over one year but within five years	Over five years	Total	Assets	Liabilities
Interest rate swap contracts	<u>3,074</u>	<u>31,267</u>	<u>38,119</u>	<u>24,984</u>	<u>97,444</u>	<u>277</u>	<u>(3,119)</u>

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

	30 June 2021				Line items in the consolidated statement of financial position
	Carrying amount of hedged items		Accumulated adjustments to the fair value of hedged items		
	Assets	Liabilities	Assets	Liabilities	
Bonds	56,162	(2,404)	4,617	(19)	Financial investments measured at FVTOCI/ Financial investments measured at amortised cost/ Debt securities issued
Loans	4,273	-	1,147	-	Loans and advances to customers
Other	13,036	(12,904)	74	37	Reverse repurchase agreements/ Due to banks and other financial institutions/ Repurchase agreements/ Certificates of deposit
	<u>73,471</u>	<u>(15,308)</u>	<u>5,838</u>	<u>18</u>	
	31 December 2020				
	Carrying amount of hedged items		Accumulated adjustments to the fair value of hedged items		Line items in the consolidated statement of financial position
	Assets	Liabilities	Assets	Liabilities	
Bonds	58,827	(5,062)	6,908	(237)	Financial investments measured at FVTOCI/ Financial investments measured at amortised cost/ Debt securities issued
Loans	5,435	-	1,462	-	Loans and advances to customers
Other	13,289	(10,028)	166	68	Reverse repurchase agreements/ Due to banks and other financial institutions/ Repurchase agreements/ Certificates of deposit
	<u>77,551</u>	<u>(15,090)</u>	<u>8,536</u>	<u>(169)</u>	

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 investments in foreign operations.

As at 30 June 2021, an accumulated net gain from the hedging instrument of RMB1,224 million was recognised in "Other comprehensive income" on net investment hedges (31 December 2020: accumulated net gain of RMB889 million). As at 30 June 2021, there was no ineffectiveness in profit or loss that arises from the net investment hedges (31 December 2020: Nil).

Counterparty credit risk-weighted assets of derivative financial instruments

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

	30 June 2021	31 December 2020
Counterparty credit default risk-weighted assets	151,634	147,747
<i>Including: Non-netting settled credit default risk-weighted assets</i>	73,754	76,703
<i>Netting settled credit default risk-weighted assets</i>	77,880	71,044
Credit value adjustment risk-weighted assets	40,156	48,366
Central counterparties credit risk-weighted assets	3,102	2,351
	<u>194,892</u>	<u>198,464</u>

The credit risk-weighted assets of derivative financial instruments were calculated with reference to Regulation Governing Capital of Commercial Banks (Provisional) issued by the CBIRC.

9.3.12 Financial Investments

	30 June 2021	31 December 2020
Financial investments measured at FVTPL	701,972	784,483
Financial investments measured at FVTOCI	1,609,127	1,540,988
Financial investments measured at amortised cost	6,534,551	6,265,668
	<u>8,845,650</u>	<u>8,591,139</u>

9.3.13 Other Comprehensive Income

	Six months ended 30 June	
	2021	2020
(a) Items that will not be reclassified to profit or loss:		
(i) Changes in fair value of equity instruments designated as at FVTOCI	993	(222)
(ii) Other comprehensive income recognised under equity method	2	(13)
(iii) Other	1	3
(b) Items that may be reclassified subsequently to profit or loss:		
(i) Changes in fair value of debt instruments measured at FVTOCI	(3)	3,434
Less: Amount transferred to profit or loss from other comprehensive income	(1,124)	(293)
Income tax effect	145	(1,098)
	<u>(982)</u>	<u>2,043</u>
(ii) Credit losses of debt instruments measured at FVTOCI	654	1,039
(iii) Reserve from cash flow hedging instruments		
Gain/(losses) during the period	411	(553)
Less: Income tax effect	488	(316)
	<u>899</u>	<u>(869)</u>
(iv) Other comprehensive income recognised under equity method	(98)	1,075
(v) Foreign currency translation differences	(4,089)	(2,535)
(vi) Other	383	(428)
	<u>(2,237)</u>	<u>93</u>

9.3.14 *Commitments and Contingent Liabilities*

(a) *Capital commitments*

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

	30 June 2021	31 December 2020
Contracted but not provided for	<u>47,221</u>	<u>42,797</u>

(b) *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.

	30 June 2021	31 December 2020
Bank acceptances	399,816	343,233
Guarantees issued		
— Financing letters of guarantees	67,067	54,361
— Non-financing letters of guarantees	432,683	446,460
Sight letters of credit	65,791	51,517
Usance letters of credit and other commitments	137,670	129,015
Loan commitments		
— With an original maturity of under one year	81,946	91,410
— With an original maturity of one year or over	569,231	574,420
Undrawn credit card limit	1,106,123	1,021,038
	<u>2,860,327</u>	<u>2,711,454</u>
	30 June 2021	31 December 2020
Credit risk-weighted assets of credit commitments	<u>1,110,298</u>	<u>1,106,377</u>

(c) Operating leases

At the end of the reporting period, the Group leased certain aircrafts 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:

	30 June 2021	31 December 2020
Within one year	15,488	17,218
Over one year but within five years	58,356	67,210
Over five years	58,656	73,626
Total	<u>132,500</u>	<u>158,054</u>

(d) Legal proceedings

The Group has been involved in lawsuits during its normal course of operations. As at 30 June 2021, there were a number of legal proceedings and arbitrations outstanding against the Bank and/or its subsidiaries with a total claimed amount of RMB5,913 million (31 December 2020: RMB4,928 million).

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

(e) Redemption commitments of government bonds

As an underwriting agent of the MOF, the Bank underwrites certain PRC government bonds and sells the bonds to the general public. The Bank is obliged to redeem these bonds at the discretion of the holders at any time prior to maturity. The redemption price for the bonds is based on the nominal value of the bonds plus any interest accrued up to the redemption date. The MOF will not provide funding for the early redemption of these PRC government bonds on a back-to-back basis but is obliged to repay the principal and the respective interest upon maturity. The redemption obligations, which represent the nominal value of government bonds underwritten and sold by the Group, but not yet matured as at 30 June 2021 were RMB77,950 million (31 December 2020: RMB81,112 million). Management expects that the redemption obligation of these PRC government bonds by the Bank prior to maturity will not be material.

(f) Underwriting obligations

As at 30 June 2021, the Group had no unexpired security-underwriting obligations (31 December 2020: Nil).

9.3.15 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 organisation 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.

Other

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

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

	Six months ended 30 June 2021				
	Corporate banking	Personal banking	Treasury operations	Other	Total
External net interest income	142,390	72,344	121,559	–	336,293
Internal net interest income/(expense)	10,308	70,280	(80,588)	–	–
Net fee and commission income	47,114	28,030	799	–	75,943
Other income/(expense), net (i)	6,157	(1,284)	7,119	2,178	14,170
Operating income	205,969	169,370	48,889	2,178	426,406
Operating expenses	(36,928)	(47,624)	(7,554)	(2,885)	(94,991)
Impairment losses on assets	(96,195)	(24,452)	(3,708)	(192)	(124,547)
Operating profit/(loss)	72,846	97,294	37,627	(899)	206,868
Share of profits of associates and joint ventures	–	–	–	1,202	1,202
Profit before taxation	72,846	97,294	37,627	303	208,070
Income tax expense					(43,561)
Profit for the period					<u>164,509</u>
Other segment information:					
Depreciation	4,071	5,588	1,066	116	10,841
Amortisation	588	488	167	38	1,281
Capital expenditure	5,202	6,965	1,352	158	13,677

	30 June 2021				
	Corporate banking	Personal banking	Treasury operations	Other	Total
Segment assets	<u>12,175,880</u>	<u>7,989,937</u>	<u>14,726,417</u>	<u>244,050</u>	<u>35,136,284</u>
Including:					
Investments in associates and joint ventures	–	–	–	43,015	43,015
Property and equipment	94,014	129,534	24,756	35,143	283,447
Other non-current assets (ii)	44,102	21,127	5,363	11,711	82,303
Segment liabilities	<u>16,249,456</u>	<u>11,147,902</u>	<u>4,383,160</u>	<u>308,959</u>	<u>32,089,477</u>
Other segment information:					
Credit commitments	<u>1,782,322</u>	<u>1,078,005</u>	<u>–</u>	<u>–</u>	<u>2,860,327</u>

(i) Includes net trading income/(expense), net gain on financial investments and other net operating income.

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

	Six months ended 30 June 2020				
	Corporate banking	Personal banking	Treasury operations	Other	Total
External net interest income	144,725	60,090	115,076	–	319,891
Internal net interest income/(expense)	316	77,460	(77,776)	–	–
Net fee and commission income	52,823	21,692	1,043	–	75,558
Other income/(expense), net (i)	2,909	(2,354)	4,133	2,209	6,897
Operating income	200,773	156,888	42,476	2,209	402,346
Operating expenses	(39,059)	(38,453)	(7,174)	(3,239)	(87,925)
Impairment losses on assets	(84,101)	(40,312)	(1,001)	(42)	(125,456)
Operating profit/(loss)	77,613	78,123	34,301	(1,072)	188,965
Share of profits of associates and joint ventures	–	–	–	386	386
Profit before taxation	77,613	78,123	34,301	(686)	189,351
Income tax expense					(39,555)
Profit for the period					<u>149,796</u>
Other segment information:					
Depreciation	4,894	3,889	1,277	114	10,174
Amortisation	625	379	187	7	1,198
Capital expenditure	10,324	7,989	2,728	229	21,270

	31 December 2020				
	Corporate banking	Personal banking	Treasury operations	Other	Total
Segment assets	<u>11,339,394</u>	<u>7,454,567</u>	<u>14,366,145</u>	<u>184,952</u>	<u>33,345,058</u>
Including:					
Investments in associates and joint ventures	–	–	–	41,206	41,206
Property and equipment	110,846	101,573	37,244	36,616	286,279
Other non-current assets (ii)	42,553	18,012	6,601	15,357	82,523
Segment liabilities	<u>13,766,666</u>	<u>12,167,001</u>	<u>4,391,690</u>	<u>110,186</u>	<u>30,435,543</u>
Other segment information:					
Credit commitments	<u>1,716,094</u>	<u>995,360</u>	<u>–</u>	<u>–</u>	<u>2,711,454</u>

(i) Includes net trading income/(expense), net gain on financial investments and other net operating income.

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

(b) Geographical information

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

Chinese mainland (Head Office and domestic branches)

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

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

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

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

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

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

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

Overseas and other

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

Six months ended 30 June 2021

	Chinese mainland (HO and domestic branches)								Eliminations	Total
	Head Office	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central China	Western China	Northeastern China	Overseas and other		
External net interest income	129,164	38,894	40,993	12,774	38,008	51,483	6,136	18,841	-	336,293
Internal net interest (expense)/income	(95,315)	18,667	5,128	49,900	9,261	6,016	7,258	(915)	-	-
Net fee and commission income	21,706	13,469	8,923	11,785	6,305	7,278	1,440	5,905	(868)	75,943
Other income/(expense), net (i)	11,746	(2,494)	(1,576)	(1,411)	(908)	(1,787)	(204)	9,986	818	14,170
Operating income	67,301	68,536	53,468	73,048	52,666	62,990	14,630	33,817	(50)	426,406
Operating expenses	(13,777)	(13,072)	(10,624)	(15,073)	(12,833)	(14,689)	(4,674)	(10,299)	50	(94,991)
Impairment losses on assets	(34,401)	(15,692)	(15,355)	(18,698)	(13,583)	(16,410)	(6,828)	(3,580)	-	(124,547)
Operating profit	19,123	39,772	27,489	39,277	26,250	31,891	3,128	19,938	-	206,868
Share of profits of associates and joint ventures	-	-	-	-	-	-	-	1,202	-	1,202
Profit before taxation	19,123	39,772	27,489	39,277	26,250	31,891	3,128	21,140	-	208,070
Income tax expense										(43,561)
Profit for the period										<u>164,509</u>
Other segment information:										
Depreciation	1,605	1,533	1,163	1,749	1,448	1,748	633	962	-	10,841
Amortisation	251	142	114	178	190	180	75	151	-	1,281
Capital expenditure	1,028	1,260	772	1,506	1,115	1,234	354	6,408	-	13,677

30 June 2021

	Chinese mainland (HO and domestic branches)								Eliminations	Total
	Head Office	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central China	Western China	Northeastern China	Overseas and other		
Assets by geographical areas	10,439,814	7,206,165	5,314,761	5,287,217	3,652,410	4,655,882	1,342,627	4,004,400	(6,841,918)	35,061,358
Including: Investments in associates and joint ventures	-	-	-	-	-	-	-	43,015	-	43,015
Property and equipment	12,501	32,493	12,375	20,713	18,005	22,461	8,729	156,170	-	283,447
Other non-current assets (ii)	15,048	7,897	5,983	7,515	8,389	9,723	2,716	25,032	-	82,303
Unallocated assets										74,926
Total assets										<u>35,136,284</u>
Liabilities by geographical areas	7,492,845	8,643,917	5,314,334	7,567,268	3,464,595	4,066,152	1,490,355	827,677	(6,841,918)	32,025,225
Unallocated liabilities										64,252
Total liabilities										<u>32,089,477</u>
Other segment information:										
Credit commitments	1,140,567	1,091,108	748,305	909,853	388,113	587,720	173,383	658,110	(2,836,832)	2,860,327

- (i) Includes net trading income/(expense), net gain on financial investments and other net operating income.
- (ii) Includes long-term receivables, intangible assets, goodwill, long-term deferred expenses, right-of-use assets and other non-current assets.

Six months ended 30 June 2020

	Chinese mainland (HO and domestic branches)							Overseas and other	Eliminations	Total
	Head Office	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central China	Western China	Northeastern China			
External net interest income	129,638	35,113	36,622	11,702	34,864	47,253	7,710	16,989	-	319,891
Internal net interest (expense)/income	(101,540)	18,796	6,367	53,023	9,531	6,762	6,068	993	-	-
Net fee and commission income	20,706	14,579	9,733	9,423	6,542	8,283	1,540	5,593	(841)	75,558
Other income/(expense), net (i)	7,025	(2,024)	(853)	(2,821)	(1,094)	(1,444)	292	7,024	792	6,897
Operating income	55,829	66,464	51,869	71,327	49,843	60,854	15,610	30,599	(49)	402,346
Operating expenses	(10,396)	(12,377)	(10,082)	(14,104)	(12,264)	(13,897)	(4,673)	(10,187)	55	(87,925)
Impairment losses on assets	(25,936)	(21,187)	(14,227)	(20,973)	(16,193)	(17,060)	(4,787)	(5,093)	-	(125,456)
Operating profit	19,497	32,900	27,560	36,250	21,386	29,897	6,150	15,319	6	188,965
Share of profits of associates and joint ventures	-	-	-	-	-	-	-	386	-	386
Profit before taxation	19,497	32,900	27,560	36,250	21,386	29,897	6,150	15,705	6	189,351
Income tax expense										(39,555)
Profit for the period										149,796
Other segment information:										
Depreciation	1,030	1,430	1,140	1,711	1,467	1,719	649	1,028	-	10,174
Amortisation	350	125	103	142	161	157	52	108	-	1,198
Capital expenditure	1,063	1,671	1,375	3,408	1,382	1,780	587	10,004	-	21,270

31 December 2020

	Chinese mainland (HO and domestic branches)							Overseas and other	Eliminations	Total
	Head Office	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central China	Western China	Northeastern China			
Assets by geographical areas	9,665,936	7,183,515	4,935,763	4,994,061	3,334,445	4,249,027	1,246,742	4,024,527	(6,356,671)	33,277,345
Including: Investments in associates and joint ventures	-	-	-	-	-	-	-	41,206	-	41,206
Property and equipment	13,929	32,725	12,791	21,477	18,374	23,164	9,088	154,731	-	286,279
Other non-current assets (ii)	14,352	7,817	6,065	7,534	8,580	9,950	2,256	25,969	-	82,523
Unallocated assets										67,713
Total assets										33,345,058
Liabilities by geographical areas	7,250,493	7,840,257	4,886,621	7,507,515	3,203,936	3,811,490	1,360,916	838,331	(6,356,682)	30,342,877
Unallocated liabilities										92,666
Total liabilities										30,435,543
Other segment information:										
Credit commitments	1,077,366	999,018	683,005	785,796	371,823	565,802	145,460	675,725	(2,592,541)	2,711,454

(i) Includes net trading income/(expense), net gain on financial investments and other net operating income.

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

10. Unaudited Supplementary Information to the Consolidated Financial Statements

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

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

(i) Capital composition

Item	30 June 2021	31 December 2020	Reference	
Core Tier 1 capital:				
1	Paid-in capital	356,407	356,407	X18
2	Retained earnings	2,238,625	2,170,740	
2a	Surplus reserve	322,933	322,692	X21
2b	General reserve	339,678	339,486	X22
2c	Retained profits	1,576,014	1,508,562	X23
3	Accumulated other comprehensive income (and other public reserve)	136,180	138,356	
3a	Capital reserve	148,534	148,534	X19
3b	Other	(12,354)	(10,178)	X24
4	Valid portion to core Tier 1 capital during the transition period (only applicable to non- joint stock companies. Fill in 0 for joint stock banks)	–	–	
5	Valid portion of minority interests	4,028	3,552	X25
6	Core Tier 1 capital before regulatory adjustments	2,735,240	2,669,055	
Core Tier 1 capital: Regulatory adjustments				
7	Prudential valuation adjustments	–	–	
8	Goodwill (net of deferred tax liabilities)	7,914	8,107	X16
9	Other intangible assets other than land use rights (net of deferred tax liabilities)	3,796	4,582	X14-X15
10	Deferred tax assets that rely on future profits excluding those arising from temporary differences (net of deferred tax liabilities)	–	–	
11	Cash flow hedge reserve that relates to the hedging of items that are not fair-valued on the balance sheet	(4,192)	(4,616)	X20
12	Shortfall of provision for loan impairment	–	–	
13	Gain on sales related to asset securitisation	–	–	

Item	30 June 2021	31 December 2020	Reference	
14	Unrealised gains and losses due to changes in own credit risks on fair-valued liabilities	–	–	
15	Defined-benefit pension fund net assets (net of deferred tax liabilities)	–	–	
16	Direct or indirect investments in own ordinary shares	–	–	
17	Reciprocal cross-holdings in core Tier 1 capital between banks, or between banks and other financial institutions	–	–	
18	Deductible amount of non-significant minority investments in core Tier 1 capital instruments issued by financial institutions that are not subject to consolidation	–	–	
19	Deductible amount of significant minority investments in core Tier 1 capital instruments issued by financial institutions that are not subject to consolidation	–	–	
20	Mortgage servicing rights	N/A	N/A	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of deferred tax liabilities)	–	–	
22	Deductible amount exceeding the 15% threshold for significant minority capital investments in 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)	–	–	
23	Including: Deductible amount of significant minority investments in core Tier 1 capital instruments issued by financial institutions	–	–	
24	Including: Deductible amount of mortgage servicing rights	N/A	N/A	
25	Including: Deductible amount in deferred tax assets arising from temporary differences	–	–	
26a	Investments in core Tier 1 capital instruments issued by financial institutions that are under control but not subject to consolidation	7,980	7,980	X11

Item	30 June 2021	31 December 2020	Reference
26b	–	–	
Shortfall in core Tier 1 capital instruments issued by financial institutions that are under control but not subject to consolidation			
26c	–	–	
Other that should be deducted from core Tier 1 capital			
27	–	–	
Undeducted shortfall that should be deducted from additional Tier 1 capital and Tier 2 capital			
28	15,498	16,053	
Total regulatory adjustments to core Tier 1 capital			
29	2,719,742	2,653,002	
Core Tier 1 capital			
Additional Tier 1 capital:			
30	289,135	219,143	
Additional Tier 1 capital instruments and related premiums			
31	289,135	219,143	X28+X32
Including: Portion classified as equity			
32	–	–	
Including: Portion classified as liabilities			
33	–	–	
Invalid instruments to additional tier 1 capital after the transition period			
34	764	647	X26
Valid portion of minority interests			
35	–	–	
Including: Invalid portion to additional Tier 1 capital after the transition period			
36	289,899	219,790	
Additional Tier 1 capital before regulatory adjustments			
Additional Tier 1 capital: Regulatory adjustments			
37	–	–	
Direct or indirect investments in own additional Tier 1 instruments			
38	–	–	
Reciprocal cross-holdings in additional Tier 1 capital between banks, or between banks and other financial institutions			
39	–	–	
Deductible amount of non-significant minority investments in additional Tier 1 capital instruments issued by financial institutions that are not subject to consolidation			
40	–	–	
Significant minority investments in additional Tier 1 capital instruments issued by financial institutions that are not subject to consolidation			
41a	–	–	
Investments in additional Tier 1 capital instruments issued by financial institutions that are under control but not subject to consolidation			

Item	30 June 2021	31 December 2020	Reference
41b	–	–	
Shortfall in additional Tier 1 capital instruments issued by financial institutions that are under control but not subject to consolidation			
41c	–	–	
Other that should be deducted from additional Tier 1 capital			
42	–	–	
Undeducted shortfall that should be deducted from Tier 2 capital			
43	–	–	
Total regulatory adjustments to additional Tier 1 capital			
44	289,899	219,790	
Additional Tier 1 capital			
45	3,009,641	2,872,792	
Tier 1 capital (core Tier 1 capital + additional Tier 1 capital)			
Tier 2 capital:			
46	361,131	351,568	X17
Tier 2 capital instruments and related premiums			
47	20,285	40,570	
Invalid instruments to Tier 2 capital after the transition period			
48	1,247	1,114	X27
Valid portion of minority interests			
49	–	–	
Including: Invalid portion to tier 2 capital after the transition period			
50	212,134	170,712	X02+X04
Valid portion of surplus provision for loan impairment			
51	574,512	523,394	
Tier 2 capital before regulatory adjustments			
Tier 2 capital: Regulatory adjustments			
52	–	–	
Direct or indirect investments in own Tier 2 instruments			
53	–	–	
Reciprocal cross-holdings in Tier 2 capital between banks, or between banks and other financial institutions			
54	–	–	
Deductible portion of non-significant minority investments in Tier 2 capital instruments issued by financial institutions that are not subject to consolidation			
55	–	–	X31
Significant minority investments in Tier 2 capital instruments issued by financial institutions that are not subject to consolidation			
56a	–	–	
Investments in Tier 2 capital instruments issued by financial institutions that are under control but not subject to consolidation			

Item	30 June 2021	31 December 2020	Reference
56b	–	–	
56c	–	–	
57	–	–	
58	574,512	523,394	
59	3,584,153	3,396,186	
60	21,076,877	20,124,139	

Requirements for capital adequacy ratio and reserve capital

61	Core Tier 1 capital adequacy ratio	12.90%	13.18%
62	Tier 1 capital adequacy ratio	14.28%	14.28%
63	Capital adequacy ratio	17.01%	16.88%
64	Institution specific buffer requirements	4.0%	4.0%
65	Including: Capital conservation buffer requirements	2.5%	2.5%
66	Including: Countercyclical buffer requirements	–	–
67	Including: G-SIB buffer requirements	1.5%	1.5%
68	Percentage of core Tier 1 capital meeting buffers to risk-weighted assets	7.90%	8.18%

Domestic minima for regulatory capital

69	Core Tier 1 capital adequacy ratio	5.0%	5.0%
70	Tier 1 capital adequacy ratio	6.0%	6.0%
71	Capital adequacy ratio	8.0%	8.0%

Amounts below the thresholds for deduction

72	Undeducted portion of non-significant minority investments in capital instruments issued by financial institutions that are not subject to consolidation	143,876	138,247	X05+X07 +X08+X09 +X12+X29 +X30
73	Undeducted portion of significant minority investments in capital instruments issued by financial institutions that are not subject to consolidation	30,217	32,452	X06+X10 +X13
74	Mortgage servicing rights (net of deferred tax liabilities)	N/A	N/A	
75	Deferred tax assets arising from temporary differences (net of deferred tax liabilities)	72,711	65,719	

Item	30 June 2021	31 December 2020	Reference	
Valid caps of surplus provision for loan impairment in Tier 2 capital				
76	Provision for loan impairment under the weighted approach	23,751	23,204	X01
77	Valid cap of surplus provision for loan impairment in Tier 2 capital under the weighted approach	15,004	7,802	X02
78	Surplus provision for loan impairment under the internal ratings-based approach	566,350	507,096	X03
79	Valid cap of surplus provision for loan impairment in Tier 2 capital under the internal ratings-based approach	197,130	162,910	X04
Capital instruments subject to phase-out arrangements				
80	Valid cap to core Tier 1 capital instruments for the current period due to phase-out arrangements	–	–	
81	Excluded from core Tier 1 capital due to cap	–	–	
82	Valid cap to additional Tier 1 capital instruments for the current period due to phase-out arrangements	–	–	
83	Excluded from additional Tier 1 capital due to cap	–	–	
84	Valid cap to Tier 2 capital instruments for the current period due to phase-out arrangements	20,285	40,570	
85	Excluded from Tier 2 capital for the current period due to cap	87,748	67,463	

(ii) Consolidated financial statements

	30 June 2021 Consolidated balance sheet as in published financial statements*	30 June 2021 Balance sheet under regulatory scope of consolidation*	31 December 2020 Consolidated balance sheet as in published financial statements*	31 December 2020 Balance sheet under regulatory scope of consolidation*
Assets				
Cash and balances with central banks	3,652,276	3,652,276	3,537,795	3,537,795
Due from banks and other financial institutions	439,636	400,026	522,913	489,231
Precious metals	274,998	274,998	277,705	277,705
Placements with banks and other financial institutions	578,833	578,833	558,984	558,984
Derivative financial assets	111,102	111,102	134,155	134,155
Reverse repurchase agreements	1,014,726	1,014,174	739,288	738,958
Loans and advances to customers	19,452,291	19,450,672	18,136,328	18,134,777
Financial investments	8,845,650	8,669,720	8,591,139	8,429,328
— Financial investments measured at FVTPL	701,972	647,159	784,483	732,478
— Financial investments measured at FVOCI	1,609,127	1,557,602	1,540,988	1,498,008
— Financial investments measured at amortised cost	6,534,551	6,464,959	6,265,668	6,198,842
Long-term equity investments	43,015	50,995	41,206	49,186
Fixed assets	248,984	248,924	249,067	249,008
Construction in progress	32,487	32,475	35,173	35,166
Deferred income tax assets	74,926	74,926	67,713	67,713
Other assets	367,360	353,325	453,592	440,548
Total assets	<u>35,136,284</u>	<u>34,912,446</u>	<u>33,345,058</u>	<u>33,142,554</u>

(*) Prepared in accordance with PRC GAAP.

	30 June 2021 Consolidated balance sheet as in published financial statements*	30 June 2021 Balance sheet under regulatory scope of consolidation*	31 December 2020 Consolidated balance sheet as in published financial statements*	31 December 2020 Balance sheet under regulatory scope of consolidation*
Liabilities				
Due to central banks	42,668	42,668	54,974	54,974
Due to banks and other financial institutions	2,451,878	2,451,878	2,315,643	2,315,643
Placements from banks and other financial institutions	525,653	525,653	468,616	468,616
Financial liabilities measured at FVTPL	88,383	88,383	87,938	87,938
Derivative financial liabilities	87,505	87,505	140,973	140,973
Repurchase agreements	299,476	291,077	293,434	282,458
Certificates of deposit	305,517	305,517	335,676	335,676
Due to customers	26,602,333	26,602,333	25,134,726	25,134,726
Employee benefits payable	27,415	27,110	32,460	32,073
Taxes payable	77,463	77,437	105,380	105,356
Debt securities issued	781,671	781,671	798,127	798,127
Deferred income tax liabilities	2,999	2,214	2,881	1,994
Other liabilities	796,516	592,372	664,715	483,519
Total liabilities	32,089,477	31,875,818	30,435,543	30,242,073
Equity				
Share capital	356,407	356,407	356,407	356,407
Other equity instruments	295,811	295,811	225,819	225,819
Capital reserve	148,534	148,534	148,534	148,534
Other comprehensive income	(12,349)	(12,354)	(10,428)	(10,178)
Surplus reserve	323,151	322,933	322,911	322,692
General reserve	339,894	339,678	339,701	339,486
Retained profits	1,578,442	1,576,014	1,510,558	1,508,562
Equity attributable to equity holders of the parent company	3,029,890	3,027,023	2,893,502	2,891,322
Minority interests	16,917	9,605	16,013	9,159
Total equity	3,046,807	3,036,628	2,909,515	2,900,481

(*) Prepared in accordance with PRC GAAP.

(iii) Description of related items

Item	30 June 2021 Balance sheet under regulatory scope of consolidation	Reference
Loans and advances to customers	19,450,672	
Total loans and advances to customers	20,040,773	
Less: Provision for loan impairment under the weighted approach	23,751	X01
Including: Valid cap of surplus provision for loan impairment in Tier 2 capital under the weighted approach	15,004	X02
Less: Provision for loan impairment under the internal ratings-based approach	566,350	X03
Including: Valid cap of surplus provision for loan impairment in Tier 2 capital under the internal ratings-based approach	197,130	X04
Financial investments		
Financial investments measured at FVTPL	647,159	
Including: Non-significant minority investments in core Tier 1 capital instruments issued by financial institutions that are not subject to consolidation	223	X05
Including: Significant minority investments in core Tier 1 capital instruments issued by financial institutions that are not subject to consolidation	4	X06
Including: Non-significant minority investments in additional Tier 1 capital instruments issued by financial institutions that are not subject to consolidation	–	X07
Including: Non-significant minority investments in Tier 2 capital instruments issued by financial institutions that are not subject to consolidation	128,079	X08
Financial investments measured at FVTOCI	1,557,602	
Including: Non-significant minority investments in core Tier 1 capital instruments issued by financial institutions that are not subject to consolidation	13,731	X09
Including: Significant minority investments in core Tier 1 capital instruments issued by financial institutions that are not subject to consolidation	2,131	X10
Including: Non-significant minority investments in Tier 2 capital instruments issued by financial institutions that are not subject to consolidation	–	X29

Item	30 June 2021 Balance sheet under regulatory scope of consolidation	Reference
Financial investments measured at amortised cost	6,464,959	
Including: Non-significant minority investments in Tier 2 capital instruments issued by financial institutions that are not subject to consolidation	200	X30
Including: Significant minority investments in Tier 2 capital instruments issued by financial institutions that are not subject to consolidation	–	X31
Long-term equity investments	50,995	
Including: Investments in core Tier 1 capital instruments issued by financial institutions that are under control but not subject to consolidation	7,980	X11
Including: Undeducted portion of non-significant minority investments in capital instruments issued by financial institutions that are not subject to consolidation	1,643	X12
Including: Undeducted portion of significant minority investments in capital instruments issued by financial institutions that are not subject to consolidation	28,082	X13
Other asset	353,325	
Interest receivable	1,685	
Intangible assets	19,575	X14
Including: Land use rights	15,779	X15
Other receivables	253,686	
Goodwill	7,914	X16
Long-term deferred expenses	5,278	
Repossessed assets	5,143	
Other	60,044	
Debt securities issued	781,671	
Including: Valid portion of Tier 2 capital instruments and their premiums	361,131	X17
Share capital	356,407	X18
Other equity instruments	295,811	
Including: Preference shares	139,156	X28
Including: Perpetual bonds	149,979	X32
Capital reserve	148,534	X19

Item	30 June 2021 Balance sheet under regulatory scope of consolidation	Reference
Other comprehensive income	(12,354)	X24
Reserve for changes in fair value of financial assets	23,341	
Reserve for cash flow hedging	(3,812)	
Including: Cash flow hedge reserve that relates to the hedging of items that are not fair-valued on the balance sheet	(4,192)	X20
Changes in share of other owners' equity of associates and joint ventures	(1,465)	
Foreign currency translation reserve	(31,522)	
Other	1,104	
Surplus reserve	322,933	X21
General reserve	339,678	X22
Retained profits	1,576,014	X23
Minority interests	9,605	
Including: Valid portion to core Tier 1 capital	4,028	X25
Including: Valid portion to additional Tier 1 capital	764	X26
Including: Valid portion to Tier 2 capital	1,247	X27

(iv) Main features of eligible capital instruments

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

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

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

Main features of regulatory capital instrument	Preference shares (Offshore)	Preference shares (Offshore)	Undated additional Tier 1 capital bonds (Domestic)	Undated additional Tier 1 capital bonds (Domestic)
Issuer	The Bank	The Bank	The Bank	The Bank
Unique identifier	4604	4620	1928018	2128021
Governing law(s) of the instrument	The creation and issue of the Offshore Preference Shares and the rights and obligations (including non-contractual rights and obligations) attached to them are governed by, and shall be construed in accordance with, PRC law	The creation and issue of the Offshore Preference Shares and the rights and obligations (including non-contractual rights and obligations) attached to them are governed by, and shall be construed in accordance with, PRC law	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in National Interbank Bond Market, as well as other applicable laws, regulations and normative documents/ China	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in National Interbank Bond Market, as well as other applicable laws, regulations and normative documents/ China
Regulatory treatment				
Including: Transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Additional Tier 1 capital	Additional Tier 1 capital	Additional Tier 1 capital	Additional Tier 1 capital
Including: Post-transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Additional Tier 1 capital	Additional Tier 1 capital	Additional Tier 1 capital	Additional Tier 1 capital
Including: Eligible to the parent company/ group level	Parent company/Group	Parent company/Group	Parent company/Group	Parent company/Group
Instrument type	Additional Tier 1 capital instrument	Additional Tier 1 capital instrument	Additional Tier 1 capital instrument	Additional Tier 1 capital instrument
Amount recognised in regulatory capital (in millions, as at the latest reporting date)	RMB equivalent 4,542	RMB equivalent 19,687	RMB79,987	RMB69,992
Par value of instrument (in millions)	EUR600	USD2,900	RMB80,000	RMB70,000
Accounting treatment	Other equity	Other equity	Other equity	Other equity
Original date of issuance	10 December 2014	23 September 2020	26 July 2019	4 June 2021
Perpetual or dated	Perpetual	Perpetual	Perpetual	Perpetual
Including: Original maturity date	No maturity date	No maturity date	No maturity date	No maturity date

Main features of regulatory capital instrument	Preference shares (Offshore)	Preference shares (Offshore)	Undated additional Tier 1 capital bonds (Domestic)	Undated additional Tier 1 capital bonds (Domestic)
Issuer call (subject to prior supervisory approval)	Yes	Yes	Yes	Yes
Including: Optional call date, contingent call dates and redemption amount	The First Redemption Date is 10 December 2021, in full or partial amount	The First Redemption Date is 23 September 2025, in full or partial amount	The First Redemption Date is 30 July 2024, in full or partial amount	The First Redemption Date is 8 June 2026, in full or partial amount
Including: Subsequent call dates, if applicable	10 December in each year after the First Redemption Date	23 September in each year after the First Redemption Date	Redemption of present bonds in full or in part on each Interest Date since the First Redemption Date (30 July 2024). The Issuer has the right to redeem the present bonds in full rather than in part if the present bonds are no longer included in additional Tier 1 capital after they are issued due to unpredictable changes in regulatory rules	Redemption of present bonds in full or in part on each Interest Date since the First Redemption Date (8 June 2026). The Issuer has the right to redeem the present bonds in full rather than in part if the present bonds are no longer included in additional Tier 1 capital after they are issued due to unpredictable changes in regulatory rules
Coupons/dividends				
Including: Fixed or floating dividend/coupon	Fixed to floating	Fixed to floating	Fixed to floating	Fixed to floating
Including: Coupon rate and any related index	6% (dividend rate) before 10 December 2021	3.58% (dividend rate) before 23 September 2025	4.45% (interest rate) before 30 July 2024	4.04% (interest rate) before 8 June 2026
Including: Existence of a dividend stopper	Yes	Yes	Yes	Yes
Including: Fully discretionary, partially discretionary or mandatory cancellation of coupons/dividends	Partially discretionary	Partially discretionary	Partially discretionary	Partially discretionary
Including: Redemption incentive mechanism	No	No	No	No
Including: Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible or non-convertible	Yes	Yes	No	No
Including: If convertible, conversion trigger(s)	Additional Tier 1 Capital Trigger Event or Tier 2 Capital Trigger Event	Non-Viability Trigger Event	N/A	N/A
Including: If convertible, fully or partially	Fully or partially convertible when an Additional Tier 1 Capital Trigger Event occurs; fully convertible when a Tier 2 Capital Trigger Event occurs	Fully or partially convertible when an Non-Viability Trigger Event occurs	N/A	N/A

Main features of regulatory capital instrument	Preference shares (Offshore)	Preference shares (Offshore)	Undated additional Tier 1 capital bonds (Domestic)	Undated additional Tier 1 capital bonds (Domestic)
Including: If convertible, conversion rate	The initial conversion price is equal to the average trading price of the H shares of the Bank for the 20 trading days preceding 25 July 2014, the date of publication of the Board resolution in respect of the issuance plan	The initial conversion price is equal to the average trading price of the H shares of the Bank for the 20 trading days preceding 30 August 2018, the date of publication of the Board resolution in respect of the issuance plan	N/A	N/A
Including: If convertible, mandatory or optional conversion	Mandatory	Mandatory	N/A	N/A
Including: If convertible, specify instrument type convertible into	Core Tier 1 capital	Core Tier 1 capital	N/A	N/A
Including: If convertible, specify issuer of instrument it converts into	The Bank	The Bank	N/A	N/A
Write-down feature	No	No	Yes	Yes
Including: If write-down, write-down trigger(s)	N/A	N/A	Additional Tier 1 Capital Trigger Event or Tier 2 Capital Trigger Event	Non-Viability Trigger Event
Including: If write-down, fully or partially	N/A	N/A	Fully or partially write-down when an Additional Tier 1 Capital Trigger Event occurs; fully write down when a Tier 2 Capital Trigger Event occurs	Fully or partially write-down when an Non-Viability Trigger Event occurs
Including: If write-down, permanent or temporary	N/A	N/A	Permanent write-down	Permanent write-down
Including: If temporary write-down, description of write-up mechanism	N/A	N/A	N/A	N/A
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinated to deposits, general debts, subordinated debts, Tier 2 capital bonds and undated additional Tier 1 capital bonds	Subordinated to deposits, general debts, subordinated debts, Tier 2 capital bonds and undated additional Tier 1 capital bonds	Subordinated to deposits, general debts, subordinated debts and Tier 2 capital bonds	Subordinated to deposits, general debts, subordinated debts and Tier 2 capital bonds
Non-compliant transitioned features	No	No	No	No
Including: If yes, specify non-compliant features	N/A	N/A	N/A	N/A

Main features of regulatory capital instrument	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds
Issuer	The Bank	The Bank	The Bank	The Bank
Unique identifier	Rule 144A ISIN: US455881AD47 Regulation S ISIN: USY39656AC06	1728021	1728022	1928006
Governing law(s) of the instrument	The Notes and the Fiscal Agency Agreement shall be governed by, and shall be construed in accordance with, New York law, except that the provisions of the Notes relating to subordination shall be governed by, and construed in accordance with, PRC law	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in National Interbank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in National Interbank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in National Interbank Bond Market, as well as other applicable laws, regulations and normative documents
Regulatory treatment				
Including: Transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
Including: Post-transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
Including: Eligible to the parent company/group level	Parent company/Group	Parent company/Group	Parent company/Group	Parent company/Group
Instrument type	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument
Amount recognised in regulatory capital (in millions, as at the latest reporting date)	RMB equivalent 12,846	RMB44,000	RMB44,000	RMB45,000
Par value of instrument (in millions)	USD2,000	RMB44,000	RMB44,000	RMB45,000
Accounting treatment	Debt securities issued	Debt securities issued	Debt securities issued	Debt securities issued
Original date of issuance	21 September 2015	6 November 2017	20 November 2017	21 March 2019
Perpetual or dated	Dated	Dated	Dated	Dated
Including: Original maturity date	21 September 2025	8 November 2027	22 November 2027	25 March 2029
Issuer call (subject to prior supervisory approval)	No	Yes	Yes	Yes
Including: Optional call date, contingent call dates and redemption amount	N/A	8 November 2022, in full amount	22 November 2022, in full amount	25 March 2024, in full amount
Including: Subsequent call dates, if applicable	N/A	N/A	N/A	N/A

Main features of regulatory capital instrument	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds
Coupons/dividends				
Including: Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed
Including: Coupon rate and any related index	4.875%	4.45%	4.45%	4.26%
Including: Existence of a dividend stopper	No	No	No	No
Including: Fully discretionary, partially discretionary or mandatory cancellation of coupons/dividends	Mandatory	Mandatory	Mandatory	Mandatory
Including: Redemption incentive mechanism	No	No	No	No
Including: Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible or non-convertible	No	No	No	No
Including: If convertible, conversion trigger(s)	N/A	N/A	N/A	N/A
Including: If convertible, fully or partially	N/A	N/A	N/A	N/A
Including: If convertible, conversion rate	N/A	N/A	N/A	N/A
Including: If convertible, mandatory or optional conversion	N/A	N/A	N/A	N/A
Including: If convertible, specify instrument type convertible into	N/A	N/A	N/A	N/A
Including: If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A	N/A
Write-down feature	Yes	Yes	Yes	Yes
Including: If write-down, write-down trigger(s)	Whichever occurs earlier: (i) CBIRC having decided that a write-down is necessary, without which the Issuer would become non-viable; or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable	Whichever occurs earlier: (i) CBIRC having decided that a write-down is necessary, without which the Issuer would become non-viable; or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable	Whichever occurs earlier: (i) CBIRC having decided that a write-down is necessary, without which the Issuer would become non-viable; or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable	Whichever occurs earlier: (i) CBIRC having decided that a write-down is necessary, without which the Issuer would become non-viable; or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable

Main features of regulatory capital instrument	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds
Including: If write-down, fully or partially Including: If write-down, permanent or temporary Including: If temporary write-down, description of write-up mechanism	Partially or fully write-down Permanent write-down	Partially or fully write-down Permanent write-down	Partially or fully write-down Permanent write-down	Partially or fully write-down Permanent write-down
	N/A	N/A	N/A	N/A
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinated to depositors and general creditors, pari passu with other subordinated debts	Subordinated to depositors and general creditors, but senior to equity capital, other Tier 1 capital instruments and hybrid capital bonds; pari passu with other subordinated debts that have been issued by the Issuer and are pari passu with the present bonds; and pari passu with other Tier 2 capital instruments that will possibly be issued in the future and are pari passu with the present bonds	Subordinated to depositors and general creditors, but senior to equity capital, other Tier 1 capital instruments and hybrid capital bonds; pari passu with other subordinated debts that have been issued by the Issuer and are pari passu with the present bonds; and pari passu with other Tier 2 capital instruments that will possibly be issued in the future and are pari passu with the present bonds	Subordinated to depositors and general creditors, but senior to equity capital, other Tier 1 capital instruments and hybrid capital bonds; pari passu with other subordinated debts that have been issued by the Issuer and are pari passu with the present bonds; and pari passu with other Tier 2 capital instruments that will possibly be issued in the future and are pari passu with the present bonds
Non-compliant transitioned features	No	No	No	No
Including: If yes, specify non-compliant features	N/A	N/A	N/A	N/A

Main features of regulatory capital instrument	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds
Issuer	The Bank	The Bank	The Bank	The Bank
Unique identifier	1928007	1928011	1928012	2028041
Governing law(s) of the instrument	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in National Interbank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in National Interbank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in National Interbank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in National Interbank Bond Market, as well as other applicable laws, regulations and normative documents
Regulatory treatment				
Including: Transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
Including: Post-transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
Including: Eligible to the parent company/group level	Parent company/Group	Parent company/Group	Parent company/Group	Parent company/Group
Instrument type	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument
Amount recognised in regulatory capital (in millions, as at the latest reporting date)	RMB10,000	RMB45,000	RMB10,000	RMB60,000
Par value of instrument (in millions)	RMB10,000	RMB45,000	RMB10,000	RMB60,000
Accounting treatment	Debt securities issued	Debt securities issued	Debt securities issued	Debt securities issued
Original date of issuance	21 March 2019	24 April 2019	24 April 2019	22 September 2020
Perpetual or dated	Dated	Dated	Dated	Dated
Including: Original maturity date	25 March 2034	26 April 2029	26 April 2034	24 September 2030
Issuer call (subject to prior supervisory approval)	Yes	Yes	Yes	Yes
Including: Optional call date, contingent call dates and redemption amount	25 March 2029, in full amount	26 April 2024, in full amount	26 April 2029, in full amount	24 September 2025, in full amount
Including: Subsequent call dates, if applicable	N/A	N/A	N/A	N/A

Main features of regulatory capital instrument	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds
Coupons/dividends				
Including: Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed
Including: Coupon rate and any related index	4.51%	4.40%	4.69%	4.20%
Including: Existence of a dividend stopper	No	No	No	No
Including: Fully discretionary, partially discretionary or mandatory cancellation of coupons/dividends	Mandatory	Mandatory	Mandatory	Mandatory
Including: Redemption incentive mechanism	No	No	No	No
Including: Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible or non-convertible	No	No	No	No
Including: If convertible, conversion trigger(s)	N/A	N/A	N/A	N/A
Including: If convertible, fully or partially	N/A	N/A	N/A	N/A
Including: If convertible, conversion rate	N/A	N/A	N/A	N/A
Including: If convertible, mandatory or optional conversion	N/A	N/A	N/A	N/A
Including: If convertible, specify instrument type convertible into	N/A	N/A	N/A	N/A
Including: If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A	N/A
Write-down feature	Yes	Yes	Yes	Yes
Including: If write-down, write-down trigger(s)	Whichever occurs earlier: (i) CBIRC having decided that a write-down is necessary, without which the Issuer would become non-viable; or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable	Whichever occurs earlier: (i) CBIRC having decided that a write-down is necessary, without which the Issuer would become non-viable; or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable	Whichever occurs earlier: (i) CBIRC having decided that a write-down is necessary, without which the Issuer would become non-viable; or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable	Whichever occurs earlier: (i) CBIRC having decided that a write-down is necessary, without which the Issuer would become non-viable; or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable
Including: If write-down, fully or partially	Partially or fully write-down	Partially or fully write-down	Partially or fully write-down	Partially or fully write-down
Including: If write-down, permanent or temporary	Permanent write-down	Permanent write-down	Permanent write-down	Permanent write-down
Including: If temporary write-down, description of write-up mechanism	N/A	N/A	N/A	N/A

Main features of regulatory capital instrument

	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinated to depositors and general creditors, but senior to equity capital, other Tier 1 capital instruments and hybrid capital bonds; pari passu with other subordinated debts that have been issued by the Issuer and are pari passu with the present bonds; and pari passu with other Tier 2 capital instruments that will possibly be issued in the future and are pari passu with the present bonds	Subordinated to depositors and general creditors, but senior to equity capital, other Tier 1 capital instruments and hybrid capital bonds; pari passu with other subordinated debts that have been issued by the Issuer and are pari passu with the present bonds; and pari passu with other Tier 2 capital instruments that will possibly be issued in the future and are pari passu with the present bonds	Subordinated to depositors and general creditors, but senior to equity capital, other Tier 1 capital instruments and hybrid capital bonds; pari passu with other subordinated debts that have been issued by the Issuer and are pari passu with the present bonds; and pari passu with other Tier 2 capital instruments that will possibly be issued in the future and are pari passu with the present bonds	Subordinated to depositors and general creditors, but senior to equity capital, other Tier 1 capital instruments and hybrid capital bonds; pari passu with other subordinated debts that have been issued by the Issuer and are pari passu with the present bonds; and pari passu with other Tier 2 capital instruments that will possibly be issued in the future and are pari passu with the present bonds
Non-compliant transitioned features	No	No	No	No
Including: If yes, specify non-compliant features	N/A	N/A	N/A	N/A

Main features of regulatory capital instrument	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds
Issuer	The Bank	The Bank	The Bank
Unique identifier	2028049	2028050	2128002
Governing law(s) of the instrument	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in National Interbank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in National Interbank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in National Interbank Bond Market, as well as other applicable laws, regulations and normative documents
Regulatory treatment			
Including: Transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Tier 2 capital	Tier 2 capital	Tier 2 capital
Including: Post-transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Tier 2 capital	Tier 2 capital	Tier 2 capital
Including: Eligible to the parent company/group level	Parent company/Group	Parent company/Group	Parent company/Group
Instrument type	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument
Amount recognised in regulatory capital (in millions, as at the latest reporting date)	RMB30,000	RMB10,000	RMB30,000
Par value of instrument (in millions)	RMB30,000	RMB10,000	RMB30,000
Accounting treatment	Debt securities issued	Debt securities issued	Debt securities issued
Original date of issuance	12 November 2020	12 November 2020	19 January 2021

Main features of regulatory capital instrument	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds
Perpetual or dated Including: Original maturity date	Dated 16 November 2030	Dated 16 November 2035	Dated 21 January 2031
Issuer call (subject to prior supervisory approval) Including: Optional call date, contingent call dates and redemption amount Including: Subsequent call dates, if applicable	Yes 16 November 2025, in full amount N/A	Yes 16 November 2030, in full amount N/A	Yes 21 January 2026, in full amount N/A
Coupons/dividends Including: Fixed or floating dividend/coupon Including: Coupon rate and any related index Including: Existence of a dividend stopper Including: Fully discretionary, partially discretionary or mandatory cancellation of coupons/dividends Including: Redemption incentive mechanism Including: Non-cumulative or cumulative	Fixed 4.15% No Mandatory No Non-cumulative	Fixed 4.45% No Mandatory No Non-cumulative	Fixed 4.15% No Mandatory No Non-cumulative
Convertible or non-convertible Including: If convertible, conversion trigger(s) Including: If convertible, fully or partially Including: If convertible, conversion rate Including: If convertible, mandatory or optional conversion Including: If convertible, specify instrument type convertible into Including: If convertible, specify issuer of instrument it converts into	No N/A N/A N/A N/A N/A N/A	No N/A N/A N/A N/A N/A N/A	No N/A N/A N/A N/A N/A N/A

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

10.2 Disclosure of Leverage Ratio

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

Comparison of Regulatory Leverage Ratio Items and Accounting Items

S/N	Item	30 June 2021	31 December 2020
1	Total consolidated assets as per published financial statements	35,136,284	33,345,058
2	Consolidated adjustments for accounting purposes but outside the scope of regulatory consolidation	(223,838)	(202,504)
3	Adjustments for fiduciary assets	–	–
4	Adjustments for derivative financial instruments	59,908	85,324
5	Adjustment for securities financing transactions	38,045	29,188
6	Adjustment for off-balance sheet items	2,375,624	2,059,325
7	Other adjustments	(15,498)	(16,053)
8	Balance of adjusted on- and off-balance sheet assets	37,370,525	35,300,338

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

S/N	Item	30 June 2021	31 December 2020
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	34,046,575	32,598,277
2	Less: Asset amounts deducted in determining Basel III Tier 1 capital	(15,498)	(16,053)
3	Balance of adjusted on-balance sheet assets (excluding derivatives and SFTs)	34,031,077	32,582,224
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	110,836	146,069
5	Add-on amounts for PFE associated with all derivatives transactions	67,626	67,843
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	–	–
7	Less: Deductions of receivables assets for cash variation margin provided in derivatives transactions	–	–
8	Less: Exempted CCP leg of client-cleared trade exposures	(22,162)	(12,330)
9	Effective notional amount of written credit derivatives	37,281	42,669
10	Less: Adjusted effective notional deductions for written credit derivatives	(22,570)	(12,858)
11	Total derivative exposures	171,011	231,393
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	754,768	398,208
13	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	–	–
14	CCR exposure for SFT assets	38,045	29,188
15	Agent transaction exposures	–	–
16	Total securities financing transaction exposures	792,813	427,396
17	Off-balance sheet exposure at gross notional amount	6,406,505	5,727,987
18	Less: Adjustments for conversion to credit equivalent amounts	(4,030,881)	(3,668,662)
19	Balance of adjusted off-balance sheet assets	2,375,624	2,059,325
20	Net Tier 1 capital	3,009,641	2,872,792
21	Balance of adjusted on- and off-balance sheet assets	37,370,525	35,300,338
22	Leverage ratio	8.05%	8.14%

10.3 Quantitative Information Disclosure of Liquidity Coverage Ratio Using Advanced Capital Management Approaches

S/N	Item	Second-quarter 2021	
		Total unweighted value	Total weighted value
High-quality liquid assets			
1	Total high-quality liquid assets (HQLA)		5,580,325
Cash outflows			
2	Retail deposits and deposits from small business customers of which:	12,973,382	1,291,547
3	Stable deposits	88,116	3,020
4	Less stable deposits	12,885,266	1,288,527
5	Unsecured wholesale funding, of which:	14,353,382	4,693,820
6	Operational deposits (excluding those generated from correspondent banking activities)	8,697,869	2,114,995
7	Non-operational deposits (all counterparties)	5,577,990	2,501,302
8	Unsecured debt	77,523	77,523
9	Secured funding		9,043
10	Additional requirements, of which:	3,273,486	1,444,286
11	Outflows related to derivative exposures and other collateral requirements	1,292,394	1,292,394
12	Outflows related to loss of funding on debt products	–	–
13	Credit and liquidity facilities	1,981,092	151,892
14	Other contractual funding obligations	69,897	69,888
15	Other contingent funding obligations	5,237,414	118,659
16	Total cash outflows		7,627,243
Cash inflows			
17	Secured lending (including reverse repos and securities borrowing)	526,378	299,170
18	Inflows from fully performing exposures	1,597,392	1,126,981
19	Other cash inflows	1,291,993	1,288,697
20	Total cash inflows	3,415,763	2,714,848
		Total adjusted Value	
21	Total HQLA		5,580,325
22	Total net cash outflows		4,912,395
23	Liquidity coverage ratio (%)		113.67%

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

10.4 Quantitative Information Disclosure of Net Stable Funding Ratio (NSFR) Using Advanced Capital Management Approaches

		30 June 2021				
		Unweighted value				
No.	Item	No maturity	< 6 months	6 months to < 1 year	≥ 1 year	Weighted value
Available stable funding (ASF) item						
1	Capital:	3,240,761	–	–	361,132	3,601,893
2	Regulatory capital	3,240,761	–	–	361,132	3,601,893
3	Other capital instruments	–	–	–	–	–
4	Retail deposits and deposits from small business customers:	6,401,821	7,143,259	24,989	9,735	12,227,973
5	Stable deposits	38,812	51,111	13,584	6,825	105,157
6	Less stable deposits	6,363,009	7,092,148	11,405	2,910	12,122,816
7	Wholesale funding:	9,133,997	6,387,011	371,261	207,325	7,692,925
8	Operational deposits	8,801,760	639,451	38,835	4,681	4,744,704
9	Other wholesale funding	332,237	5,747,560	332,426	202,644	2,948,221
10	Liabilities with matching interdependent assets	–	–	–	–	–
11	Other liabilities:	10,161	862,246	8,813	738,586	687,588
12	NSFR derivative liabilities				65,566	
13	All other liabilities and equities not included in the above categories	10,161	862,246	8,813	673,020	687,588
14	Total ASF					24,210,379
Required stable funding (RSF) item						
15	Total NSFR high-quality liquid assets (HQLA)					911,360
16	Deposits held at other financial institutions for operational purposes	160,210	5,936	477	872	84,417
17	Loans and securities:	1,327	4,192,934	2,884,720	16,115,315	16,581,962
18	Loans to financial institutions secured by Level 1 HQLA	–	664,025	–	–	98,098
19	Loans to financial institutions secured by non-Level 1 HQLA and unsecured loans to financial institutions	–	1,039,754	354,359	176,412	509,606
20	Loans to retail and small business customers, non-financial institutions, sovereigns, central banks and PSEs, of which:	–	2,132,157	2,343,383	9,270,006	10,034,552

30 June 2021

No.	Item	Unweighted value				Weighted value
		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	
21	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	–	363,864	373,824	267,723	534,082
22	Residential mortgages, of which:	–	1,762	2,721	6,018,621	5,115,902
23	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	–	416	412	15,953	11,806
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	1,327	355,236	184,257	650,276	823,804
25	Assets with matching interdependent liabilities	–	–	–	–	–
26	Other assets:	337,930	503,000	38,377	133,321	853,990
27	Physical traded commodities, including gold	46,346				39,394
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs				35,455	30,137
29	NSFR derivative assets				88,903	23,338
30	NSFR derivative liabilities with additional variation margin posted				71,076*	14,215
31	All other assets not included in the above categories	291,584	503,000	38,377	8,963	746,906
32	Off-balance sheet items				7,651,503	234,760
33	Total RSF					18,666,489
34	Net Stable Funding Ratio (%)					129.70%

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

31 March 2021

No. Item	Unweighted value				Weighted value	
	No maturity	< 6 months	6 months to < 1 year	≥ 1 year		
Available stable funding (ASF) item						
1	Capital:	3,157,865	–	–	361,317	3,519,182
2	Regulatory capital	3,157,865	–	–	361,317	3,519,182
3	Other capital instruments	–	–	–	–	–
4	Retail deposits and deposits from small business customers:	6,440,190	6,897,688	30,118	9,570	12,046,357
5	Stable deposits	39,324	52,114	20,401	6,423	112,669
6	Less stable deposits	6,400,866	6,845,574	9,717	3,147	11,933,688
7	Wholesale funding:	8,595,514	6,506,637	331,445	281,642	7,546,276
8	Operational deposits	8,309,312	542,327	49,740	7,112	4,457,801
9	Other wholesale funding	286,202	5,964,310	281,705	274,530	3,088,475
10	Liabilities with matching interdependent assets	–	–	–	–	–
11	Other liabilities:	10,314	996,551	21,735	498,561	441,123
12	NSFR derivative liabilities				78,620	
13	All other liabilities and equities not included in the above categories	10,314	996,551	21,735	419,941	441,123
14	Total ASF					23,552,938
Required stable funding (RSF) item						
15	Total NSFR high-quality liquid assets (HQLA)					879,265
16	Deposits held at other financial institutions for operational purposes	181,720	5,256	1,296	1,871	96,229
17	Loans and securities:	2,037	4,121,632	2,695,655	15,789,119	16,234,834
18	Loans to financial institutions secured by Level 1 HQLA	–	631,624	–	–	93,374
19	Loans to financial institutions secured by non-Level 1 HQLA and unsecured loans to financial institutions	–	938,884	290,741	187,653	473,857
20	Loans to retail and small business customers, non-financial institutions, sovereigns, central banks and PSEs, of which:	–	2,204,700	2,252,269	8,917,126	9,735,903

31 March 2021

No.	Item	Unweighted value				Weighted value
		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	
21	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	–	385,412	357,950	275,674	542,396
22	Residential mortgages, of which:	–	2,009	2,565	5,872,455	4,991,776
23	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	–	649	423	15,861	11,920
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	2,037	344,415	150,080	811,885	939,924
25	Assets with matching interdependent liabilities	–	–	–	–	–
26	Other assets:	398,147	471,861	31,472	156,491	901,908
27	Physical traded commodities, including gold	55,026				46,772
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs				36,730	31,221
29	NSFR derivative assets				111,144	32,524
30	NSFR derivative liabilities with additional variation margin posted				86,034*	17,207
31	All other assets not included in the above categories	343,121	471,861	31,472	8,617	774,184
32	Off-balance sheet items				7,623,164	243,268
33	Total RSF					18,355,504
34	Net Stable Funding Ratio (%)					128.32%

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

11. Issue of Results Announcement and Interim Report

This Announcement will be released on the “HKEXnews” website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the website of the Bank (www.icbc-ltd.com) simultaneously. The 2021 Interim Report prepared in accordance with IFRSs will be released on the “HKEXnews” website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the website of the Bank (www.icbc-ltd.com) and will be dispatched to the shareholders of H shares of the Bank. The 2021 Interim Report and its abstract prepared in accordance with PRC GAAP will be released simultaneously on the websites of Shanghai Stock Exchange (www.sse.com.cn) and the Bank (www.icbc-ltd.com).

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

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

27 August 2021

As at the date of this announcement, the Board of Directors comprises Mr. CHEN Siqing and Mr. LIAO Lin as executive directors, Mr. LU Yongzhen, Mr. ZHENG Fuqing, Mr. FENG Weidong, Ms. CAO Liqun and Ms. CHEN Yifang as non-executive directors, Mr. Anthony Francis NEOH, Mr. YANG Siu Shun, Mr. SHEN Si, Mr. Nout WELLINK and Mr. Fred Zuluu HU as independent non-executive directors.