ICBC

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

2021

Capital Adequacy Ratio Report

CONTENTS

This report is prepared in both Chinese and English. In the case of discrepancy between the two versions, the Chinese version shall prevail.

Introduction

Company Profile

Industrial and Commercial Bank of China was established on 1 January 1984. On 28 October 2005, the Bank was wholly restructured to a joint-stock limited company. On 27 October 2006, the Bank was successfully listed on both Shanghai Stock Exchange and The Stock Exchange of Hong Kong Limited.

Through its continuous endeavor and stable development, the Bank has developed into the leading bank in the world, possessing an excellent customer base, a diversified business structure, strong innovation capabilities and market competitiveness. The Bank regards service as the very foundation to seek further development and adheres to creating value through services while providing a comprehensive range of financial products and services to over 9.691 million corporate customers and 704 million personal customers. The Bank has been consciously integrating the social responsibilities with its development strategy and operation and management activities, and gaining wide recognition in the aspects of supporting pandemic containment, promoting inclusive finance, backing rural revitalization, developing green finance and participating in public welfare undertakings.

The Bank always keeps in mind its underlying mission of serving the real economy with its principal business, and along with the real economy it prospers, suffers and grows. Taking a risk-based approach and never overstepping the bottom line, it constantly enhances its capability of controlling and mitigating risks. Besides, the Bank remains steadfast in understanding and following the business rules of commercial banks to strive to be a century-old bank. It also stays committed to seeking progress with innovation while maintaining stability, continuously enhances the key development strategies, actively develops the FinTech and accelerates the digital transformation. The Bank unswervingly delivers specialized services, and pioneers a specialized business model, thus making it "a craftsman in large banking".

The Bank was ranked the 1st place among the Top 1000 World Banks by *The Banker*, the 1st place in the Global 2000 by *Forbes*, and the 1st place in the list of commercial banks of the Global 500 in *Fortune* for the ninth consecutive year, and took the 1st place among the Top 500 Banking Brands of *Brand Finance* for the sixth consecutive year.

Disclosure Basis

This report is prepared and disclosed in accordance with the Capital Regulation and related regulations.

Disclosure Statement

The report contains forward-looking statements on the Bank's financial positions, business performance and development. The statements are made based on existing plans, estimates and forecasts, and bear upon future external events or the Group's future finance, business or performance in other aspects, and may involve future plans which do not constitute substantive commitment to investors. Hence, investors and persons concerned shall be fully aware of the risks and understand the differences between plans, estimates and commitments.

Scope of Calculation of Capital Adequacy Ratio

Investees' Consolidation Treatment under Capital Adequacy Ratio Calculation

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

TREATMENT OF DIFFERENT TYPES OF INVESTEES FOR THE CALCULATION OF CONSOLIDATED CAPITAL ADEQUACY RATIO

S/N	Type of investee	Treatment for the calculation of consolidated capital adequacy ratio
1	Financial institutions with majority voting rights or controlling interest (excluding insurance companies)	Included in the calculation of consolidated capital adequacy ratio
2	Insurance companies with majority voting rights or controlling interest	Excluded from the calculation of consolidated capital adequacy ratio, deducted corresponding capital investment from capital at all tiers; deducted the corresponding capital shortfall, if any
3	Significant minority investments in capital instruments issued by financial institutions	Excluded from the calculation of consolidated capital adequacy ratio, deducted the part of core tier 1 capital investments exceeding 10% of the Bank's core tier 1 capital and deducted all of additional tier 1 and tier 2 capital investments from corresponding tiers of capital. The part failing to reach the deduction threshold shall be calculated as risk-weighted assets
4	Non-significant minority investments in capital instruments issued by financial institutions	Excluded from the calculation of consolidated capital adequacy ratio and deducted the part of total investments exceeding 10% of the Bank's core tier 1 capital from corresponding tiers of regulatory capital. The part failing to reach the deduction threshold shall be calculated as risk-weighted assets
5	Minority investments in the equity of commercial entities	Excluded from the calculation of consolidated capital adequacy ratio and calculated as risk-weighted assets

At the end of 2021, the difference between the scope of the calculation of consolidated capital adequacy ratio and the scope of financial reporting consolidation is ICBC-AXA. Pursuant to the Capital Regulation, ICBC-AXA was excluded from the calculation of consolidated capital adequacy ratio.

Major Investees Included in and Deducted from the Calculation of Consolidated Capital Adequacy Ratio

TOP 10 INVESTEES INCLUDED IN THE CALCULATION OF CONSOLIDATED CAPITAL ADEQUACY RATIO

In RMB millions, except for percentages

S/N	Name of investee	Balance of investment	Shareholding percentage (%)	Place of incorporation	Principal activity
1	ICBC (Asia)	47,621	100.00	Hong Kong, China	Commercial banking
2	ICBC Investment	27,000	100.00	Nanjing, China	Financial assets investment
3	ICBC Wealth Management	16,000	100.00	Beijing, China	Wealth management
4	ICBC Leasing	11,000	100.00	Tianjin, China	Leasing
5	ICBC (Macau)	10,316	89.33	Macau, China	Commercial banking
6	ICBC (Argentina)	5,782	100.00	Buenos Aires, Argentina	Commercial banking
7	ICBC Standard Bank	5,348	60.00	London, UK	Banking
8	ICBC International	4,966	100.00	Hong Kong, China	Investment banking
9	ICBC (Thai)	4,898	97.86	Bangkok, Thailand	Commercial banking
10	ICBC (Europe)	3,294	100.00	Luxembourg	Commercial banking

INVESTEES DEDUCTED FROM THE CALCULATION OF CONSOLIDATED CAPITAL ADEQUACY RATIO

In RMB millions, except for percentages

S/N	Name of investee	Balance of investment	Shareholding percentage (%)	Place of incorporation	Principal activity
1	ICBC-AXA	7,980	60.00	Shanghai, China	Insurance

Capital Deficiencies and Restrictions on Capital Transfer

As at the end of 2021, there is no capital deficiency in the financial institutions in which the majority or controlling interests is held by the Bank as measured in accordance with local regulatory requirements. During the reporting period, there is no material restriction on the fund transfer within the Group.

Capital and Capital Adequacy Ratio

Implementation of Advanced Capital Management Approaches

According to the scope of implementing the advanced capital management approaches as approved by the regulatory authorities, the Bank adopted the foundation internal ratings-based ("IRB") approach for corporate credit risk, the IRB approach for retail credit risk, the internal model approach ("IMA") for market risk, and the standardized approach for operational risk meeting regulatory requirements. The weighted approach was adopted for credit risk uncovered by the IRB approach and the standardized approach was adopted for market risk uncovered by the IMA.

Capital Adequacy Ratio

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

In RMB millions, except for percentages

	At 31 December 2021		At 31 December 2020	
Item	Group	Parent Company	Group	Parent Company
Net core tier 1 capital	2,886,378	2,614,392	2,653,002	2,404,030
Net tier 1 capital	3,241,364	2,944,636	2,872,792	2,605,594
Net capital base	3,909,669	3,600,883	3,396,186	3,114,878
Core tier 1 capital adequacy ratio (%)	13.31	13.29	13.18	13.14
Tier 1 capital adequacy ratio (%)	14.94	14.97	14.28	14.24
Capital adequacy ratio (%)	18.02	18.30	16.88	17.02

Capital Composition

As at the end of 2021, the core tier 1 capital adequacy ratio, tier 1 capital adequacy ratio and capital adequacy ratio calculated by the Bank in accordance with the Capital Regulation stood at 13.31%, 14.94% and 18.02%, respectively, complying with regulatory requirements.

CAPITAL ADEQUACY RATIO OF THE GROUP CALCULATED IN ACCORDANCE WITH THE CAPITAL REGULATION

In RMB millions, except for percentages

Item	At 31 December 2021	At 31 December 2020
Core tier 1 capital	**2,903,516**	**2,669,055**
Paid-in capital	356,407	356,407
Valid portion of capital reserve	148,597	148,534
Surplus reserve	356,849	322,692
General reserve	438,640	339,486
Retained profits	1,618,142	1,508,562
Valid portion of minority interests	3,539	3,552
Other	(18,658)	(10,178)
Core tier 1 capital deductions	**17,138**	**16,053**
Goodwill	7,691	8,107
Other intangible assets other than land use rights	5,669	4,582
Cash flow hedge reserve that relates to the hedging of items that are not fair-valued on the balance sheet	(4,202)	(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	**2,886,378**	**2,653,002**
Additional tier 1 capital	**354,986**	**219,790**
Additional tier 1 capital instruments and related premiums	354,331	219,143
Valid portion of minority interests	655	647
Net tier 1 capital	**3,241,364**	**2,872,792**
Tier 2 capital	**668,305**	**523,394**
Valid portion of tier 2 capital instruments and related premiums	418,415	351,568
Surplus provision for loan impairment	248,774	170,712
Valid portion of minority interests	1,116	1,114
Net capital base	**3,909,669**	**3,396,186**
Risk-weighted assets(1)	**21,690,349**	**20,124,139**
Core tier 1 capital adequacy ratio (%)	**13.31**	**13.18**
Tier 1 capital adequacy ratio (%)	**14.94**	**14.28**
Capital adequacy ratio (%)	**18.02**	**16.88**

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

For information disclosed in accordance with the Notice on Enhancing Disclosure Requirements for Composition of Capital, Appendix 2 to the Notice on Issuing Regulatory Documents on Capital Regulation for Commercial Banks, please refer to the Appendixes of this report, including Capital Composition, Balance Sheet at the Group's level (financial consolidation and regulatory consolidation), Illustrated Balance Sheet, Mapped Components of Balance Sheet to Capital Item as well as Main Features of Eligible Capital Instruments.

CAPS IN THE CAPITAL CALCULATION

In RMB millions

Item	At 31 December 2021	At 31 December 2020
I. Valid caps of surplus provision for loan impairment to tier 2 capital		
Parts covered by internal ratings-based approach		
Provision for loan impairment	579,219	507,096
Expected loss	245,004	241,738
Surplus provision for loan impairment	334,215	265,358
Valid cap of surplus provision for loan impairment in tier 2 capital irrespective of adjustment during the parallel period	80,836	73,678
Valid portion of surplus provisions for loan impairment in tier 2 capital higher than 150% of allowance to non-performing loans ("NPL") giving consideration to adjustment during the parallel period	152,029	89,232
Valid cap of surplus provisions for loan impairment in tier 2 capital giving consideration to adjustment during the parallel period	232,865	162,910
Valid portion of surplus provision for loan impairment in tier 2 capital during the parallel period	232,865	162,910
Parts uncovered by internal ratings-based approach		
Provision for loan impairment	24,545	23,204
Minimum requirement on provision for loan impairment	8,636	15,402
Surplus provision for loan impairment	15,909	7,802
Valid caps of surplus provision for loan impairment in tier 2 capital	81,929	78,098
Valid portion of surplus provision for loan impairment in tier 2 capital	15,909	7,802
II. Deduction cap for items applicable to thresholds deduction		
Non-significant minority investments in capital instruments issued by financial institutions that are not subject to consolidation	155,815	138,247
Relevant cap	288,638	265,300
Deductible portion	–	–
Significant minority investments in core tier 1 capital instruments issued by financial institutions that are not subject to consolidation	28,773	32,452
Relevant cap	288,638	265,300
Deductible portion	–	–
Deferred tax assets arising from temporary differences	74,611	65,719
Relevant cap	288,638	265,300
Deductible portion	–	–
Significant minority investments in core tier 1 capital instruments issued by financial institutions that are not subject to consolidation and deferred tax assets arising from temporary differences	103,384	98,171
Relevant cap	432,957	397,950
Deductible portion	–	–

For changes in share capital of the Bank during the reporting period, please refer to "Details of Changes in Share Capital and Shareholding of Substantial Shareholders" in the 2021 Annual Report. For material capital investment activities of the Bank during the reporting period, please refer to "Significant Events" in the 2021 Annual Report.

Risk-Weighted Assets

In RMB millions

Item	At 31 December 2021	At 31 December 2020
Credit risk-weighted assets	20,042,955	18,535,324
Parts covered by internal ratings-based approach	13,472,715	12,279,663
Parts uncovered by internal ratings-based approach	6,570,240	6,255,661
Market risk-weighted assets	153,686	174,784
Parts covered by internal model approach	51,014	94,238
Parts uncovered by internal model approach	102,672	80,546
Operational risk-weighted assets	1,493,708	1,414,031
Total	**21,690,349**	**20,124,139**

Internal Capital Adequacy Assessment

The Bank's internal capital adequacy assessment comprises the risk identification, risk assessment, capital adequacy forecast and enterprise risk stress testing. The risk identification is to make a judgment on all the major risks the Bank is exposed to. The risk assessment system provides an assessment on all major risks of the Bank and conducts a comprehensive analysis on the risk profile and management status of various major risks to compute the target capital adequacy ratio of the Bank. The capital adequacy forecast is to forecast changes in risk-weighted assets and capital, taking into account the Bank's business planning and financial planning so as to further predict the capital adequacy levels in the following years. The enterprise risk stress testing is to set stress scenarios reflecting business operation, asset-liability portfolio and risk features of the Bank under the premise of analysis on future macroeconomic trends to work out changes in indicators such as capital adequacy ratios of the Bank under the stress scenarios.

Capital Planning and Management Plan for Capital Adequacy Ratios

The Board of Directors and the Shareholders' General Meeting of the Bank reviewed and approved the 2021–2023 Capital Planning of ICBC in response to the new economic and financial trends and regulatory requirements. Comprehensively taking into account domestic and overseas regulatory requirements and the needs for sustainable development and shareholder return, the Planning defined the capital management objectives and specific measures to be undertaken. During the planning period, the Bank will endeavor to ensure that capital adequacy ratios at all tiers comply with regulatory requirements and maintain a safety margin and buffer, so as to support its strategic development. Moreover, the Bank will continue to strengthen capital replenishment and coordinated management on capital use, further improve capital management mechanism and constantly deepen the reform on economic capital management to increase capital use efficiency. The Bank's capital adequacy ratios at all tiers had reached the regulatory standard during the reporting period and will continue to fulfill the regulatory requirements.

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

The Bank publicly issued two tranches of undated additional tier 1 capital bonds of RMB70.0 billion and RMB30.0 billion in China's national inter-bank bond market in June and November 2021 respectively. All proceeds from these issuances, after deduction of issuance expenses, were used to replenish the Bank's additional tier 1 capital in accordance with applicable laws and approvals by the regulatory authorities.

The Bank issued undated additional tier 1 capital bonds of USD6.16 billion in the offshore market in September 2021. All proceeds from this issuance, after deduction of issuance expenses, were used to replenish the Bank's additional tier 1 capital in accordance with applicable laws and approvals by the regulatory authorities.

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

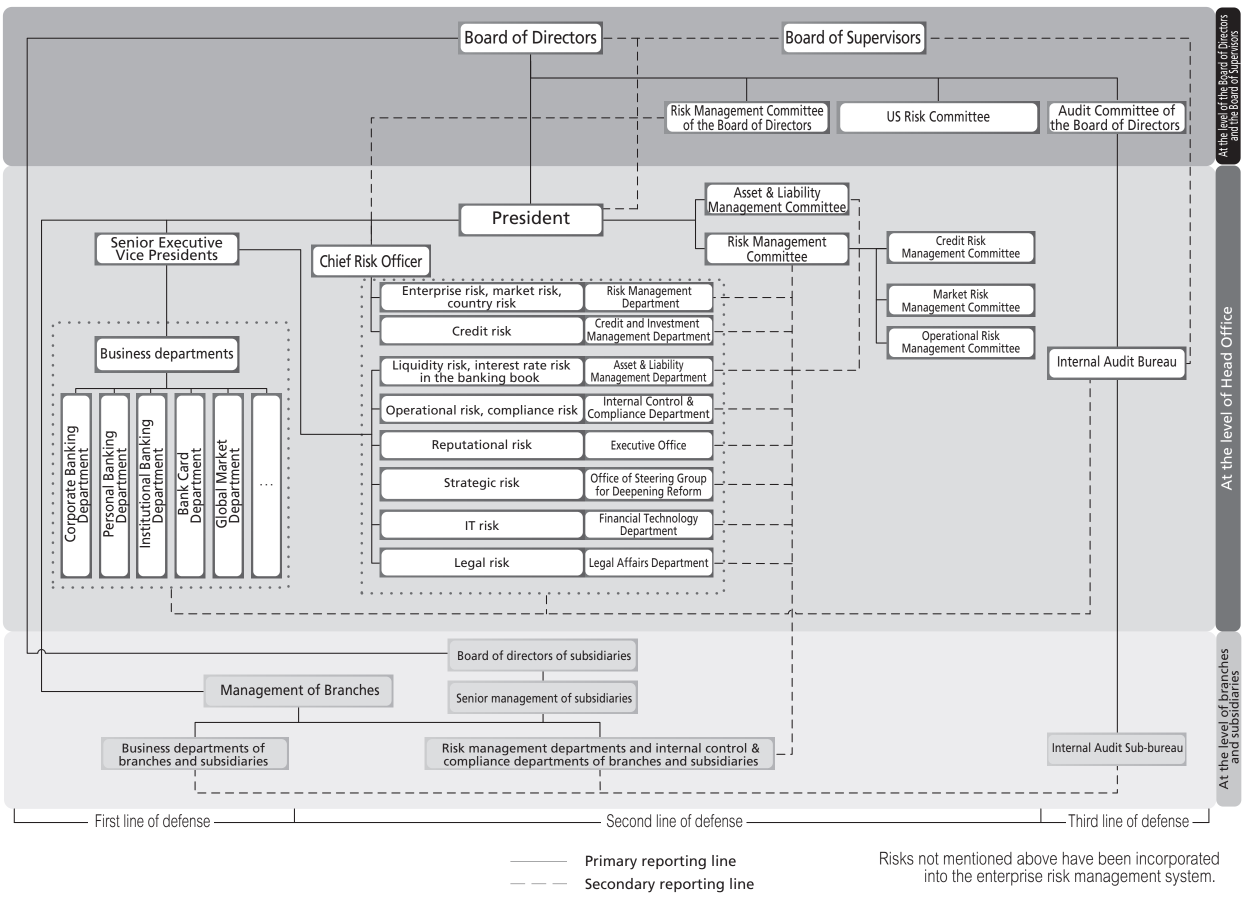
In 2021, the Bank received the approvals from CBIRC and PBC respectively, for the Bank to publicly issue tier 2 capital bonds of no more than RMB190.0 billion in China's national inter-bank bond market. In December 2021 and January 2022, the Bank issued two tranches of tier 2 capital bonds of RMB60.0 billion and RMB40.0 billion in the national inter-bank bond market, respectively. All proceeds were used to replenish the Bank's tier 2 capital in accordance with the applicable laws as approved by relevant regulatory authorities.

The Second Extraordinary General Meeting of 2021 of the Bank reviewed and approved the Proposal on the Issuance of Eligible Tier 2 Capital Instruments, which approved the Bank's issuance of eligible tier 2 capital instruments in domestic and offshore markets to replenish the Bank's tier 2 capital. The issuance plan of the eligible tier 2 capital instruments is still subject to the approval of relevant regulatory authorities.

Enterprise Risk Management

Enterprise risk management is a process to effectively identify, assess, measure, monitor, control or mitigate and report risks in order to ensure the realization of the Group's operating and strategic objectives by setting up effective and balanced risk governance structure, fostering robust and prudent risk culture, formulating unified risk management strategies and risk appetite, and implementing the risk limit and risk management policies. The principles of enterprise risk management of the Bank include full coverage, matching, independence, perspectiveness and effectiveness, etc.

The Bank's organizational structure of risk management comprises the Board of Directors and its special committees, the Board of Supervisors, the Senior Management and its special committees, the risk management departments, the internal audit departments, etc. The risk management organizational structure is illustrated below:



In 2021, the Bank adhered to the risk management path of "active prevention, smart control and comprehensive management", promoted the implementation of key measures for "management of personnel, assets, defense lines and bottom lines" and improved enterprise risk management results. The Bank developed and implemented a three-year plan for risk management, perfected the risk management system, reinforced three lines of defense for risk management, and carried out risk management responsibilities. The Bank strengthened risk appetite and limit management, intensified risk monitoring and early warning, and made risk prevention and control more proactive and foresighted. Relying on intelligent platforms such as ICBC e Shield, the Bank accelerated the digital and intelligent transformation of risk management. The Bank strengthened risk management in emerging fields, incorporated climate risk into the enterprise risk management system, established a climate risk governance framework, stepped up climate risk identification and management, and carried out climate risk stress testing.

Credit Risk

Credit risk is the risk where loss is caused to the banking business when the borrower or counterparty fails to meet its contractual obligations. The Bank's credit risks mainly originate from loans, treasury operations (including deposits with banks and other financial institutions, placements with banks and other financial institutions, reverse repurchase agreements, corporate bonds and financial bonds investment), receivables and off-balance sheet credit business (including guarantees, commitments and financial derivatives trading).

Credit Risk Management

The Bank strictly adheres to regulatory requirements regarding credit risk management, diligently fulfills established strategies and objectives under the leadership of the Board of Directors and the Senior Management, and implements an independent, centralized and vertical credit risk management mode. The Board of Directors assumes the ultimate responsibility for the effectiveness of credit risk management. The Senior Management is responsible for executing the strategies, overall policy and system regarding credit risk management approved by the Board of Directors. The Credit Risk Management Committee of the Senior Management is the reviewing and decision-making organ of the Bank in respect of credit risk management, is responsible for reviewing material and important affairs of credit risk management, and performs its duty in accordance with the Charters of the Credit Risk Management Committee. The credit and investment management departments at different levels undertake the responsibility of coordinating credit risk management at respective levels, and the business departments implement credit risk management policies and standards for their respective business areas in accordance with their functions.

According to the regulatory requirement on loan risk classification, the Bank implemented five-category classification management in relation to loan quality and classified loans into five categories: pass, special mention, substandard, doubtful and loss, based on the possibility of collecting the principal and interest of loans. In order to implement sophisticated management of credit asset quality and improve risk management, the Bank implemented the twelve-category internal classification system for corporate loans. The Bank applied five-category classification management to personal credit assets and ascertained the category of the loans based on the number of months in default, expected loss ratio, credit rating, collateral and other quantitative and qualitative factors.

The Bank accurately grasped the layout and direction of investment and financing business and strengthened credit risk management. The Bank continued to strengthen the construction of credit policy system, optimized credit product rules, and continuously consolidated the foundation of non-standard agency investment policies. The Bank highlighted support for key industries, key regions, key customers, key projects and other "four key and one major" quality credit markets. The Bank actively supported the consumption upgrading service sectors such as "New infrastructure, New urbanization initiatives and Major projects", high-quality development of manufacturing industry, medical care, education and senior care. The Bank provided key support for strategic emerging industries, inclusive finance, green finance, rural revitalization, etc. The Bank actively implemented the development strategies of five key regions (namely, Beijing-Tianjin-Hebei region, Yangtze River Delta, Guangdong-Hong Kong-Macao Greater Bay Area, central China and Chengdu-Chongqing economic circle), kept improving differentiated region credit policies, and actively supported the financing needs of relevant industries boosting domestic and international circulations and improving the global supply chain in the Chinese market. The Bank constantly promoted "mobile, digital, intelligent and specialized" credit risk management of personal loans, continued to strengthen the application of "smart brain" to empower personal loan credit risk management, improved the comprehensive risk monitoring system of personal loans, enhanced the credit risk management capability of key business links, and stepped up efforts in the risk prevention and control of important risk points such as customer access and mortgage projects.

The Bank imposed stringent control over risks in fields of local government debt, real estate, high polluting, high energy-consuming industries, etc. The Bank strictly implemented the national laws and regulations and regulatory policies on local debt management and financing platforms, continued with credit access management and monitoring, firmly held the bottom line for regional systemic risks, and actively studied and prevented operation risks in commercial construction. The Bank steadily cooperated with local governments and financing platform companies to resolve the risks in existing financing due, and devoted great efforts in debt risk mitigation and financing monitoring & analysis. The Bank strictly implemented the national policy guidance for real estate, steadily carried out the prudential management requirements for real estate, continued to implement limit management for commercial real estate investment and financing, paid close attention to the changes of real estate market risks in various regions, strictly guarded against the risks of real estate group customers engaging high-leverage expansion, and improved refined management. The Bank implemented the concept of green development, further strengthened the investment and financing control over the high polluting, high energy-consuming industries, and strengthened the adjustment of investment and financing structure and risk prevention & control in a forward-looking manner, to promote the "low-carbon transformation" of high-carbon industries.

Credit Risk Exposure

In RMB millions

Item	At 31 December 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	11,784,229	1,579,671	10,942,603	1,400,916
Sovereign	—	7,788,462	—	7,019,844
Financial institution	—	3,234,577	—	3,472,859
Retail	7,803,147	558,255	6,984,921	507,002
Equity	—	186,061	—	176,993
Asset securitization	—	109,803	—	97,887
Other	—	4,855,985	—	5,359,568
Total risk exposure	**19,587,376**	**18,312,814**	**17,927,524**	**18,035,069**

Internal Ratings-based Approach

Governance Structure of Internal Rating System

The Board of Directors assumes the ultimate responsibility for the internal rating system of the Bank, supervises and ensures formulation and implementation by the Senior Management of necessary internal rating policies and procedures, and approves major policies, rules and implementation plans regarding the internal rating system. The Senior Management is responsible for implementation of IRB system across the Bank. The Risk Management Department of the Head Office is responsible for design, development, implementation, monitoring and promotion of the IRB management. The Credit Approval Department of the Head Office is responsible for management of corporate customer rating of the Bank. Relevant departments of the Head Office including the Credit and Investment Management Department, the Personal Banking Department, the Bank Card Department, the Asset & Liability Management Department and the Finance & Accounting Department are responsible for application of the internal rating results. The Internal Audit Bureau is responsible for internal audit of the internal rating system. Risk management departments of the branches are responsible for monitoring, application, analysis and reporting of the internal rating system. Relevant customer management departments of the branches are responsible for investigation, implementation and rating application regarding the internal rating system.

Non-retail Business

The Bank adopts the foundation IRB approach to measure non-retail credit risk satisfying regulatory requirements with rating models established based on quantitative technologies as well as experts' judgmental experience. The models assess debt-paying ability and willingness of customers based on financial indicators, competitiveness, management quality and operation status of the customers from quantitative and qualitative aspects. Customer's rating is determined by rating score and their probability of default ("PD") is mapped via the master scale uniformly set.

The Bank measures risk parameters of the internal rating models in strict accordance with relevant regulatory requirements. Under the non-retail credit risk foundation IRB approach, obligor PD is determined by referring to past 10 years or more defaults of corporate customers of the Bank as well as the long-term default tendency of different asset portfolios. The internal rating parameters, maintained according to the rules regarding management of internal rating parameters of the Bank, are monitored and validated on a regular basis.

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

In RMB millions, except for percentages

	At 31 December 2021				
PD level	Exposure at default	Weighted average PD (%)	Weighted average LGD (%)	Risk-weighted assets	Average risk weight (%)
Level 1	1,189,661	0.09	44.71	347,327	29.20
Level 2	1,935,468	0.21	42.51	893,244	46.15
Level 3	2,236,190	0.64	43.31	1,625,358	72.68
Level 4	3,027,170	1.62	43.26	2,878,514	95.09
Level 5	1,735,751	2.56	42.12	1,712,171	98.64
Level 6	662,023	3.72	42.40	730,133	110.29
Level 7	391,316	5.28	41.99	480,058	122.68
Level 8	145,476	7.20	42.23	202,938	139.50
Level 9	135,605	9.60	41.44	207,749	153.20
Level 10	45,286	18.00	40.29	84,781	187.21
Level 11	68,751	56.00	41.50	117,549	170.98
Level 12	211,532	100.00	43.82	13,843	6.54
Total	**11,784,229**	**—**	**—**	**9,293,665**	**78.87**

PD level	At 31 December 2020 Exposure at default	Weighted average PD (%)	Weighted average LGD (%)	Risk-weighted assets	Average risk weight (%)
Level 1	1,232,593	0.09	44.77	356,363	28.91
Level 2	1,544,923	0.21	42.09	707,669	45.81
Level 3	2,155,413	0.65	43.06	1,574,946	73.07
Level 4	2,716,833	1.63	42.84	2,601,332	95.75
Level 5	1,771,130	2.57	42.70	1,847,214	104.30
Level 6	611,791	3.72	42.34	683,964	111.80
Level 7	331,289	5.28	41.86	415,447	125.40
Level 8	103,425	7.20	41.24	143,729	138.97
Level 9	108,298	9.60	40.76	166,971	154.18
Level 10	49,953	18.00	41.79	100,137	200.46
Level 11	94,723	56.00	42.72	171,688	181.25
Level 12	222,232	100.00	43.80	36,481	16.42
Total	**10,942,603**	**—**	**—**	**8,805,941**	**80.47**

Retail Business

The Bank adopts IRB approach to measure retail credit risk pursuant to regulatory requirements, establishes the internal grading models covering entire life cycle of all types of retail products and asset pool classification and risk parameter measurement models covering all risk exposures of retail credit assets by utilizing the historical data accumulated in a long term with the help of modeling methods and expert management experience, and realizes quantitative management of retail credit risk models.

The Bank conducts comprehensive analysis of loan repayment ability and willingness of customers by using modern mathematical statistics technologies to mine, analyze and extract data of customers, assets, debts and transactions, and develops the credit score model system including application score, behavior score and collection score models and realizing the coverage of entire life cycle of retail business.

According to relevant IRB approach requirements, the Bank has put in place asset pool classification procedures and technologies suited for the actual retail business, developed the asset pool classification system applied to measurement of all risk parameters and accordingly realized measurement of risk parameters for retail credit assets like probability of default ("PD"), loss given default ("LGD") and exposure at default, etc.

MEASUREMENT RESULTS OF RETAIL CREDIT RISK UNDER IRB APPROACH

In RMB millions, except for percentages

	At 31 December 2021				
Type of risk exposure	Exposure at default	Weighted average PD (%)	Weighted average LGD (%)	Risk-weighted assets	Average risk weight (%)
Residential mortgages	6,266,438	1.20	30.64	1,274,977	20.35
Qualifying revolving retail exposure	718,968	3.71	50.22	177,483	24.69
Other retail exposures	817,741	3.71	55.46	508,237	62.15
Total	**7,803,147**	—	—	**1,960,697**	**25.13**

	At 31 December 2020				
Type of risk exposure	Exposure at default	Weighted average PD (%)	Weighted average LGD (%)	Risk-weighted assets	Average risk weight (%)
Residential mortgages	5,637,631	1.22	27.87	1,136,677	20.16
Qualifying revolving retail exposure	709,742	2.85	42.65	124,405	17.53
Other retail exposures	637,548	4.32	47.53	361,786	56.75
Total	**6,984,921**	—	—	**1,622,868**	**23.23**

Application of Internal Rating Results

The internal rating results of the Bank are widely used throughout the whole credit risk management process including the credit risk strategy and credit policy formulation, customer access, credit approval, loan pricing, post-lending management, capital measurement, risk limit management, allowance management and performance assessment. While complying with the regulatory requirements, the Bank also takes into account the internal rating result as an important base for decision-making over credit risk management and credit business.

Weighted Approach

The Bank adopts weighted approach to measure credit risk exposures uncovered by the IRB approach.

RISK EXPOSURE UNCOVERED BY IRB APPROACH BY WEIGHT

In RMB millions

Risk weight	At 31 December 2021		At 31 December 2020	
	Risk exposure	Unmitigated risk exposure	Risk exposure	Unmitigated risk exposure
0%	5,617,025	5,617,025	6,072,406	6,071,002
2%	305,107	38,963	237,156	55,756
20%	5,476,063	5,346,678	4,744,264	4,698,028
25%	1,602,222	1,555,703	2,022,522	1,917,209
50%	190,028	187,337	165,739	164,245
75%	539,186	535,638	767,592	765,825
100%	4,183,016	3,507,071	3,652,796	3,038,413
150%	27,320	27,319	39,124	25,735
250%	136,029	135,909	119,989	119,867
400%	149,077	149,077	139,686	139,686
1250%	87,741	87,741	73,795	73,795
Total	**18,312,814**	**17,188,461**	**18,035,069**	**17,069,561**

Note: The weights adopted in the weighted approach-based measurement of credit risk by the Bank were in strict compliance with the relevant provisions of the Capital Regulation.

RISK EXPOSURE OF CAPITAL INSTRUMENTS ISSUED BY OTHER COMMERCIAL BANKS HELD BY THE BANK, EQUITY INVESTMENT IN COMMERCIAL ENTITIES AND REAL ESTATE FOR NON-SELF USE

In RMB millions

Item	At 31 December 2021	At 31 December 2020
Ordinary shares issued by other commercial banks	26,315	29,258
Long-term subordinated bonds issued by other commercial banks	108,732	94,140
Preference shares issued by other commercial banks	–	217
Equity investment in commercial entities	160,042	134,417
Total	**295,089**	**258,032**

Credit Risk Mitigation

The Bank generally transfers or lowers credit risk through collateral and guarantees. The credit risk mitigation instruments effectively cover credit risk exposure of borrowers. The Bank reviews its risk mitigation instruments in handling the credit business to ensure their credit risk mitigation capability.

The Bank monitors the market value of collateral and pledges and the solvency of a guarantor regularly or irregularly if special circumstances warrant. Collateral mainly includes real estate, land and the right of construction land use, and the management right of contracted land, and pledges mainly include document of title and marketable securities, etc. Collateral and pledges valuation procedures are divided into basic procedures and direct identification procedures.

Basic procedures include investigation, review and examination, and approval; direct identification procedures include investigation and approval. For initial value appraisal of collateral, the Bank shall consider the characteristics of different types of collateral and employ proper appraisal methods to determine collateral value in consideration of market price, difficulty degree of liquidation and existence of flaws and other factors affecting the asset disposal price, thereby reasonably identifying the amount of collateral that can be guaranteed. Revaluation cycle of collateral and pledges is determined according to regulatory requirements, changes of market and other risk factors, and revaluation shall be completed before the revaluation cycle expires. The Bank shall reassess the collateral and pledge value irregularly upon discovering conditions which may possibly result in an impairment of the collateral and pledge or obvious adverse changes happening to the customer.

The Bank analyzes concentration risk of mitigation regularly or according to changes in internal and external environment, and takes appropriate countermeasures. Through the Bank's efforts in adjusting credit structure, the Bank continues to improve the structure of collateral and pledges.

COVERAGE OF ELIGIBLE RISK MITIGATION INSTRUMENTS COVERED BY IRB APPROACH

In RMB millions

	At 31 December 2021				At 31 December 2020			
Type of risk exposure	Eligible financial pledge	Other eligible collateral	Guarantee	Total	Eligible financial pledge	Other eligible collateral	Guarantee	Total
Non-retail business								
Corporate loans	309,170	983,101	920,802	2,213,073	295,294	982,488	827,620	2,105,402
Subtotal	**309,170**	**983,101**	**920,802**	**2,213,073**	**295,294**	**982,488**	**827,620**	**2,105,402**
Retail business								
Residential mortgages	–	6,266,438	–	6,266,438	–	5,637,631	–	5,637,631
Other retail exposures	12,975	669,510	4,514	686,999	7,670	515,244	4,413	527,327
Subtotal	**12,975**	**6,935,948**	**4,514**	**6,953,437**	**7,670**	**6,152,875**	**4,413**	**6,164,958**
Total	**322,145**	**7,919,049**	**925,316**	**9,166,510**	**302,964**	**7,135,363**	**832,033**	**8,270,360**

COVERAGE OF ELIGIBLE RISK MITIGATION INSTRUMENTS UNCOVERED BY IRB APPROACH

In RMB millions

	At 31 December 2021				At 31 December 2020			
Type of risk exposure	Netting settlement	Mortgage & pledge and guarantee	Other	Total	Netting settlement	Mortgage & pledge and guarantee	Other	Total
On-balance sheet credit risk	–	470,356	–	470,356	–	384,272	–	384,272
Off-balance sheet credit risk	–	74,772	–	74,772	–	54,796	–	54,796
Counterparty credit risk	9,364	–	569,861	579,225	11,523	–	514,917	526,440
Total	**9,364**	**545,128**	**569,861**	**1,124,353**	**11,523**	**439,068**	**514,917**	**965,508**

Loan Quality and Allowance for Impairment Losses on Loans

DISTRIBUTION OF LOANS BY FIVE-CATEGORY CLASSIFICATION

In RMB millions, except for percentages

Item	At 31 December 2021 Amount	At 31 December 2021 Percentage (%)	At 31 December 2020 Amount	At 31 December 2020 Percentage (%)
Pass	19,961,778	96.59	17,918,430	96.21
Special mention	412,038	1.99	411,900	2.21
NPLs	293,429	1.42	293,978	1.58
Substandard	134,895	0.66	114,438	0.61
Doubtful	128,983	0.62	149,926	0.81
Loss	29,551	0.14	29,614	0.16
Total	**20,667,245**	**100.00**	**18,624,308**	**100.00**

OVERDUE LOANS

In RMB millions, except for percentages

Overdue periods	At 31 December 2021 Amount	At 31 December 2021 % of total loans	At 31 December 2020 Amount	At 31 December 2020 % of total loans
Less than 3 months	72,444	0.35	98,963	0.54
3 months to 1 year	70,057	0.34	74,820	0.40
1 to 3 years	93,247	0.45	72,467	0.39
Over 3 years	19,153	0.09	21,257	0.11
Total	**254,901**	**1.23**	**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 loans is deemed overdue if part of the installments is overdue.

MOVEMENTS OF ALLOWANCE FOR IMPAIRMENT LOSSES ON LOANS

In RMB millions

Item	Movements of allowance for impairment losses on loans and advances to customers measured at amortised cost				Movements of allowance for impairment losses on loans and advances to customers measured at FVTOCI			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2021	**223,703**	**89,151**	**217,446**	**530,300**	**211**	**–**	**650**	**861**
Transfer:								
to stage 1	17,860	(15,581)	(2,279)	–	–	–	–	–
to stage 2	(9,856)	14,056	(4,200)	–	–	–	–	–
to stage 3	(3,534)	(35,319)	38,853	–	–	–	–	–
Charge/(reverse)	41,831	58,906	67,614	168,351	(13)	–	(71)	(84)
Write-offs and transfer out	–	–	(100,447)	(100,447)	–	–	(551)	(551)
Recoveries of loans and advances previously written off	–	–	9,020	9,020	–	–	–	–
Other movements	(628)	(564)	(2,268)	(3,460)	(7)	–	–	(7)
Balance at 31 December 2021	**269,376**	**110,649**	**223,739**	**603,764**	**191**	**–**	**28**	**219**

For provisioning method of allowance for impairment losses on loans, please refer to the Significant Accounting Policies and Estimates in the Notes to the Financial Statements of the 2021 Annual Report of the Bank.

Counterparty Credit Risk

Counterparty credit risk is the risk that economic loss is caused when the counterparty fails to perform its contractual obligations. The Bank is exposed to counterparty credit risk mainly as a result of over-the-counter ("OTC") derivatives trading and securities financing trading.

The counterparty shall meet relevant requirements on customer access standards before conducting derivatives trading with the Bank. The Bank assesses credit status, risk management level and capital strength of the counterparty, approves and regularly reviews special credit limit for derivatives trading. Before trading, the Bank will first enquire whether the credit limit of the counterparty is adequate.

For OTC derivatives trading, the Bank concludes the Credit Support Appendix ("CSA") under the ISDA master agreement with certain counterparty in accordance with the requirements of both sides' regulatory authorities. Where the counterparty's credit rating is downgraded, it shall be set based on the agreement provisions as to whether the downgraded party has to provide extra collateral to its counterparty. In case that there is no relevant expression in the agreement, such downgrading will not affect both sides' collateral exchange; and if there is relevant expression in the agreement, the quantity of collateral will be adjusted as per the agreement. For institutions that have not signed the CSA agreement, the signing strategy will be adjusted in a timely manner in accordance with changes in compliance requirements of domestic and overseas regulatory authorities.

COUNTERPARTY CREDIT RISK EXPOSURE OF DERIVATIVES TRADING

In RMB millions

Item	At 31 December 2021	At 31 December 2020
Risk exposure at default of parts covered by netting settlement	30,790	122,362
Risk exposure at default of parts uncovered by netting settlement	140,255	103,253
Total of counterparty credit risk exposure of derivatives trading before mitigation	**171,045**	**225,615**
Counterparty credit risk mitigation	–	–
Total of counterparty credit risk exposure of derivatives trading	**171,045**	**225,615**

NOMINAL PRINCIPAL OF CREDIT DERIVATIVES

In RMB millions

	At 31 December 2021		At 31 December 2020	
Item	Credit derivatives bought	Credit derivatives sold	Credit derivatives bought	Credit derivatives sold
Nominal principal of credit derivatives as credit portfolios of the Bank	**1,247**	**3,092**	**1,569**	**5,251**
Credit default swap	1,247	1,514	1,569	1,949
Total return swap	–	1,578	–	3,302
Nominal principal of credit derivatives where the Bank acts as intermediary	**5,032**	**5,032**	**6,847**	**6,847**
Credit default swap	1,260	1,260	1,870	1,870
Total return swap	3,772	3,772	4,977	4,977

Asset Securitization

Credit asset securitization refers to structured financing activities where the originator trusts credit assets to the trustee, and the trustee issues beneficiary securities in the form of asset-backed securities to institutional investors, and the cash flow from the credit assets is used to pay income of asset-backed securities. All securitization originated by the Bank is traditional securitization, and the Bank has not initiated credit asset securitization products with early amortization clause arrangement and underlying assets with revolving feature.

Asset Securitization Business

The Bank participates in the asset securitization business mainly by acting as originator of asset securitization business, lending services provider, lead underwriter and institutional investor.

◆ *As originator and lending services provider*

The Bank continued to stimulate the development of asset securitization business and effectively supported disposal of non-performing loans, revitalization of stock assets and optimization of credit structure. In 2021, the Bank issued a total of 19 asset securitization projects, for which rating services are provided by qualified external rating agencies such as China Bond Rating Co., Ltd. and China Lianhe Credit Rating Co., Ltd. As at the end of 2021, some underlying assets of the asset securitization projects originated by the Bank were still retained, and the project operation remained steady. As the originator, the Bank held part of asset-backed securities which the Bank issued in line with the regulatory authority's risk self-retention requirement, and took corresponding credit risk and market risk for the part the risk of which was self-retained. At the end of 2021, assets continued to be involved amounted to RMB74,121 million.

CREDIT ASSET SECURITIZATION BUSINESS ORIGINATED BY THE GROUP AND NOT SETTLED AT THE END OF THE REPORTING PERIOD

In RMB millions

Type of underlying assets	Balance of underlying assets	Balance of non-performing assets	Balance of overdue assets
Corporate loans	712	477	477
Personal loans	418,717	46,051	44,777
Total	**419,429**	**46,528**	**45,254**

◆ *As lead underwriter*

The Bank performs obligations that are set forth in relevant requirements and agreements, works diligently, and carries out the sales and distribution of asset-backed securities in strict compliance with laws and regulations, as well as codes of conducts and professional ethics.

◆ *As institutional investor*

The Bank invests in the asset-backed securities which the Bank issues and retains, and the asset-backed securities which the other institutions issue, most of which are senior AAA-rated. The Bank undertakes credit risk and market risk of the asset securitization products invested.

For accounting policies regarding asset securitization, please refer to the Significant Accounting Policies and Estimates in the Notes to the Financial Statements of the 2021 Annual Report of the Bank.

Asset Securitization Risk Exposure and Capital Requirement

The Bank measures asset securitization risk exposure and capital requirement according to the Capital Regulation. At the end of 2021, risk-weighted assets for asset securitization stood at RMB198,910 million and capital requirement RMB15,913 million.

ASSET SECURITIZATION RISK EXPOSURE

In RMB millions

Type of risk exposure	At 31 December 2021	At 31 December 2020
As originator		
Asset-backed securities	73,528	65,056
As investor		
Asset-backed securities	34,466	32,513
Total	**107,994**	**97,569**

Market Risk

Market risk is defined as the risk of loss to the Bank's on- and off-balance sheet activities caused by adverse movements in market rates (including interest rates, exchange rates, stock prices and commodity prices). The Bank is primarily exposed to interest rate risk and currency risk (including gold). Market risk management is the process of identifying, measuring, monitoring, controlling and reporting market risk. The objective of market risk management is to control market risk exposures within a tolerable level and maximize risk-adjusted return according to the Bank's risk appetite.

Market Risk Management

The Bank strictly complies with regulatory requirements on market risk management, has implemented an independent, centralized and coordinated market risk management model, and formed a management organizational structure featuring the segregation of the front, the middle and the back offices in the financial market business. The Board of Directors assumes the ultimate responsibility for monitoring market risk management. The Senior Management is responsible for executing the strategies, overall policy and system concerning market risk management approved by the Board of Directors. The Market Risk Management Committee of the Senior Management is the reviewing and decision-making organ of the Bank in respect of market risk management, is responsible for reviewing material affairs of market risk management, and performs its duty in accordance with the Working Regulations for the Market Risk Management Committee. The risk management departments at different levels undertake the responsibility of coordinating market risk management at respective levels, and the business departments implement market risk management policies and standards for their respective business areas in accordance with their functions.

In 2021, the Bank continued to deepen the Group's market risk management, tightened the Group's market risk limit control, and verified and issued the Group's market risk limit plan for 2021. A forward-looking analysis of interest rate, exchange rate and commodity risks was conducted in a timely manner. It continuously conducted global financial market monitoring and perfected the fast risk reporting mechanism. Empowered by technologies, the market risk management system was more intelligent. It continuously promoted the extended application of Global Market Risk Management ("GMRM") system to overseas institutions and steadily pushed forward the implementation of the standardised market risk approach of Basel III Final Reform Package issued by Basel Committee.

Market Risk Measurement

CAPITAL REQUIREMENT FOR MARKET RISK

In RMB millions

Risk type	At 31 December 2021	At 31 December 2020
Parts covered by internal model approach	**4,081**	**7,539**
Parts uncovered by internal model approach	**8,214**	**6,444**
Interest rate risk	4,456	3,405
Commodity risk	3,707	3,015
Option risk	42	24
Specific risk exposures of asset securitization in trading book	9	–
Total	**12,295**	**13,983**

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

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

VALUE AT RISK (VAR)

In RMB millions

Item	2021				2020			
	Period end	Average	Maximum	Minimum	Period end	Average	Maximum	Minimum
VaR	**468**	**535**	**839**	**288**	**696**	**1,487**	**2,107**	**597**
Interest rate risk	273	398	811	189	451	247	711	92
Currency risk	249	369	913	115	846	1,483	1,996	767
Commodity risk	71	173	503	22	142	169	536	40
Stressed VaR	**1,028**	**900**	**1,396**	**587**	**696**	**1,544**	**2,107**	**696**
Interest rate risk	596	617	811	384	451	278	711	153
Currency risk	632	706	1,275	301	846	1,529	2,082	767
Commodity risk	140	219	503	54	142	170	536	38

The Bank carries out daily back-testing to verify the accuracy of VaR models. During the past 250 trading days before the end of the reporting period, the number of back-testing exceptions of the Group lied in the green zone demarcated by CBIRC. The market risk measurement models of the Bank captured the financial market fluctuations timely and produced objective pictures of market risk faced by the Bank.

The Bank conducted the stress tests of market risk at different levels and of different trading portfolios on a regular basis or from time to time by using the Global Market Risk Management ("GMRM") system, consistent with the regulatory requirements and the Group's internal management needs. The Bank kept widening the application of stress testing management of market risk and continued to ameliorate the Group's market risk stress testing level.

Interest Rate Risk in the Banking Book

Interest rate risk in the banking book is defined as the risk of loss in the economic value and overall profit of the banking book arising from adverse movements in interest rate and maturity structure, etc.

Management of Interest Rate Risk in the Banking Book

The Bank's management system for interest rate risk in the banking book conforms to the system importance, risk status and business complexity, and fits the Bank's overall development strategy and the enterprise risk management system. The system mainly consists of the following elements: an effective risk governance structure; sound risk management strategies, policies and procedures; effective risk identification, measurement, monitoring, control and mitigation that cover all areas; a complete internal control and review mechanism; a fully-built risk management system; and adequate information disclosure and reporting. The Bank strictly complied with regulatory requirements for interest rate risk in the banking book, effectively managed interest rate risk in the banking book at the Bank and consolidated level, and developed a sound governance structure for interest rate risk management in the banking book that is fully built and well-structured, with clearly defined rights and responsibilities. The Board of Directors and the Senior Management are vested with the ultimate and executive responsibilities, respectively, for managing interest rate risk in the banking book. The Asset & Liability Management Department of the Head Office takes the leading role in managing interest rate risk in the banking book, and other departments and institutions play their roles in implementing policies and standards concerning interest rate risk in the banking book. The Internal Audit Bureau and the Internal Control & Compliance Department of the Head Office are responsible for reviewing and evaluating duties in respective of interest rate risk in the banking book.

The objective of management of interest rate risk in the banking book: The Bank aims at maximizing the risk-adjusted net interest income within the tolerable level of interest rate risk under its risk management and risk appetite. The Bank formulated strategies and clarified objectives and modes for managing interest rate risk in the banking book based on risk appetite, risk status, macroeconomic and market changes. Based on the pre-judging of the interest rate trend and measurement results of the changes in overall profit and economic value, the Bank formulated and put into practice relevant management policies, and adopted a coordinated approach to using interest rate risk control tools to mitigate and manage risks, so as to ensure the Bank's actual interest rate risks conform to its bearing capability and willingness. On the basis of management strategies and objectives, the Bank developed policies and made clear the modes and instruments for managing interest rate risk in the banking book. By developing and modifying such methods as on-balance sheet adjustment and off-balance sheet hedging to manage interest rate risk, adeptly using quantity, pricing and derivative instruments regarding assets and liabilities, and applying limit management system, business plan, performance assessment and capital evaluation in all areas for interest rate risk management and assessment, the Bank achieved effective control of interest rate risk at the business lines, the branches, the affiliates and the products and portfolios easily affected by interest rate risk.

In line with the principles of comprehensiveness, prudence and foresight, the Bank's stress testing on interest rate risk in the banking book adopted the interest rate risk exposure measurement approach and standardized duration approach to measure the effect of interest rate changes under different stress scenarios on the overall profit and economic value. Based on the domestic and overseas regulatory requirements, the bank-wide asset and liability business structure, operation and management as well as risk appetite, the Bank set stress testing scenarios for interest rate risk in the banking book by taking into account the current interest rate level, historical changes and trends, total assets and liabilities and their term characteristics, business development strategies, customer behaviors and other factors, and conducted stress testing quarterly.

In 2021, the Bank implemented the new development concept, improved the combined regulation mechanism for whole process management, all-factor regulation and full-lifecycle coverage of interest rate risk, built an intelligent interest rate risk monitoring, early warning and business control platform, improved the ability to respond quickly and actively to complex market environment, and continuously deepened the new pattern of cross-cyclical stable interest rate risk management. The Bank strengthened the research and anticipation of interest rate risk strategy in a forward-looking and active manner, made combined use of asset and liability amount, price and derivative tools to accurately adjust the allocation structure of the Group's asset and liability interest rate portfolio, effectively resisted the impact of global economic and financial operation and internal and external risk challenges, and realized the balanced growth of current income and long-term value.

Banking Book Interest Rate Sensitivity Analysis

The Bank measures interest rate risk in the banking book on a monthly basis and reports the same on a quarterly basis in accordance with relevant requirements of CBIRC. While measuring the impact of interest rate change on net interest income and equity value, the Bank assigns the deposits without a maturity date to a reasonable time bucket in consideration of the deposit and loan characteristics and historic data, and assesses the impact of prepayment on interest rate risk measurement by taking the possibility of prepaying residential mortgages into full consideration.

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

In RMB millions

	+100 basis points		-100 basis points	
Currency	**Effect on net interest income**	**Effect on equity**	**Effect on net interest income**	**Effect on equity**
RMB	(27,350)	(39,969)	27,350	43,662
USD	1,551	(5,873)	(1,551)	6,126
HKD	(958)	(140)	958	142
Other	1,029	(1,661)	(1,029)	1,694
Total	**(25,728)**	**(47,643)**	**25,728**	**51,624**

Operational Risk

Operational risk is defined as the risk of loss resulting from insufficient or problematic internal processes, employees and IT systems or from external events, including legal risk, but excluding strategic and reputational risk. There are seven major types of operational risks faced by the Bank, including internal fraud, external fraud, employment system and workplace safety, customers, products and business activities, damage to physical assets, IT system, execution and delivery and process management. Among these, external fraud, execution, delivery and process management constitute major sources of operational risk losses of the Bank.

Operational Risk Management

The Bank strictly complies with regulatory requirements on operational risk management. The Board of Directors, the Board of Supervisors, the Senior Management and its Operational Risk Management Committee are respectively responsible for decision-making, supervision and execution with respect to operational risk management, and relevant departments act as the "three lines of defense" for operational risk management pursuant to their management functions, thus forming an operational risk management system with close connection and mutual checks and balances. Institutions and departments function as the first line of defense, which assume the direct responsibility for respective operational risk management. Classified management departments such as Internal Control & Compliance, Legal Affairs, Security, Financial Technology, Finance & Accounting, Operation Management and Human Resources as well as cross-risk management departments including Credit and Investment Management and Risk Management jointly perform the functions as the second line of defense, which are respectively responsible for the lead management of operational risk, the classified management of certain type of operational risk and the management of operational risk across credit and market risks. The Internal Audit Department performs the functions as the third line of defense and assumes the responsibility for supervision, which is responsible for supervising the effectiveness of operational risk management.

Operational risk management objectives of the Bank are: to enhance the confidence of shareholders and the public by establishing a sound operational risk governance structure and improving operational risk management and control; to enhance customer satisfaction and employees' sense of belonging as well as overall services by identifying high-risk areas and resolving potential operational risks; to enhance operational efficiency of the Bank by improving process control and operational risk management resources allocation while weighing benefits against costs; to reduce operational risk losses of the Bank and improve the control ability and level by taking effective risk control and mitigation measures; to minimize the legal risk by conducting review and supervision and satisfying the external regulatory requirements.

The Bank adopts a differential operational risk management strategy: avoiding operational risks characterized with high severity and high frequency, transferring those characterized with high severity and low frequency, mitigating those characterized with low severity and high frequency, and taking those characterized with low severity and low frequency.

The Bank's operational risk management procedures include operational risk identification, assessment, monitoring, control/mitigation, measurement, reporting and liability determination.

- Risk identification: The Bank identifies operational risk of new products and new businesses, operational risk event, operational risk loss event, etc.
- Risk assessment: The Bank formulates and implements management measures for operational risk and control self-assessment and scenario analysis, and makes comprehensive, timely, objective and forward-looking estimation of inherent risk, control effectiveness and residual risk of all business lines and all branches on a regular basis.
- Risk monitoring: The Bank formulates and implements management measures for operational risk monitoring, establishes an overall, professional and regional operational risk indicators monitoring system, and monitors, checks, analyzes and warns key risk exposures of respective business line and institution on a regular basis.

- Risk control/mitigation: The Bank formulates and implements operational risk control basic standards and measures, establishes and implements operational risk mitigation related management measures, builds operational risk control system of the Bank, and promptly prevents and mitigates potential operational risk. The Bank's operational risk mitigation measures include but are not limited to business outsourcing, insurance purchase, business continuity plan and contingency plan, and capital allocation.
- Risk measurement: The Bank formulates and implements management measures for operational risk capital measurement; relevant departments research and improve calculation methods and models for economic capital and regulatory capital, make capital allocation and adjustment, and monitor operational risk capital management according to their responsibilities.
- Risk reporting: The Bank formulates and implements operational risk management measures for risk reporting, truly and fully reflects the operational risk profile of all business lines and institutions, reveals potential critical risks and proposes effective measures and suggestions for improvement.
- Liability determination: The Bank formulates and implements management measures for operational risk liability assessment and determination, determines duty performance by relevant personnel based on objective facts by assessing the subjective and objective reasons of operational risk loss event and material operational risk event, and determines and deals with direct, management, leadership and supervision liabilities.

In 2021, the Bank continued to reinforce operational risk management in line with regulatory focuses and operational risk trends. It optimized the risk limit management mechanism, and effectively transmitted the Group's operational risk management appetite. The Bank formulated and issued 2021–2023 Development Plan for the Internal Control System, and kept perfecting internal control mechanism with all-round coverage, whole-process control and all-employee participation. The operational risk and control self-assessment of special lines under "regulatory red line" was carried out. In view of serious risks, the Bank promoted optimization of policies, processes, systems and mechanisms. The Bank carried out risk governance in key business areas, strengthened case warning education, and continuously tightened employee behaviour control. Moreover, the operational risk application and management system was optimized, to continuously enhance effective risk data aggregation and risk reporting capabilities. During the reporting period, the operational risk management system of the Bank operated smoothly, and the operational risk was controllable on the whole.

Legal Risk

Legal risk is the risk of incurring legal sanctions, regulatory penalties, financial losses, reputational losses or other negative consequences that arises out of or in connection with the failure of the Bank to comply with relevant laws, regulations, administrative rules, regulatory provisions or requirements of other relevant rules during the Bank's operation; the unfavorable legal defects that exist in products, services or information provided to clients, transactions engaged in, and contracts, agreements or other documents executed by the Bank; legal disputes (litigation or arbitration proceedings) between the Bank and its clients, counterparties and stakeholders; important changes in relevant laws and regulations, administrative rules, regulatory provisions and other relevant rules; and other relevant legal events that occur internally and externally.

Based on the objective to ensure legal and compliant operation, the Bank always attaches great importance to establishing a sound legal risk management system, forming a full-process legal risk prevention and control mechanism to support and secure business innovation and market competition, and to prevent and eliminate various potential or practical legal risks. The Board of Directors is responsible for reviewing and determining the strategy and policy relating to legal risk management, and assumes the ultimate responsibility of legal risk management. The Senior Management is responsible for executing the strategy and policy relating to legal risk management, examining and approving relevant important affairs. The Legal Affairs Department of the Head Office is in charge of legal risk management across the Group, with relevant business departments providing related support and assistance on legal risk prevention and control. The affiliates, domestic and overseas branches undertake the responsibility of legal risk management of their respective institutions.

In 2021, the Bank continued to strengthen legal risk management, by improving the risk prevention and control capacity in legal risk management, ensuring the legal and compliant operation, healthy business development and overall business stability of the Group. In accordance with new laws and regulations such as the Personal Information Protection Law, its business rules and relevant agreements were continuously improved, and legal risk prevention and control in key areas and links was further pushed forward in line with new requirements of financial regulators. The Bank also conducted ongoing monitoring of legal risks and improved both the vertical interconnection and horizontal coordination mechanism between the Head Office and branches. By systematically embedding legal risk prevention and control into business negotiations, product design, contract signing and other links, the Bank made risk prevention and control more prospective, proactive and targeted. It improved the cross-border coordination and management for legal work and strengthened the legal risk management of overseas institutions, properly responding to cross-border legal issues emerging in the development of international operations. Moreover, the Bank ameliorated the function design and management mechanic for the electronic signing system, to strengthen its strict control of seal use in business contracts during the whole process, and effectively prevent and control operational risk, legal risk and reputational risk caused by misuse of contract seal. It reinforced authorization management, related party management, trademark management and intellectual property protection, and made efforts to effectively institutionalize risk management and control, and refine the structure of the system. The Bank devoted great energy to strongly deal with lawsuit cases to protect the Bank's rights and interests in accordance with law and avoid and reduce risk losses. In addition to the active assistance in online judicial inquiry and enforcement, the Bank played a positive role in improving the efficiency of law enforcement and case handling by competent authorities and building a social credibility system.

Anti-Money Laundering

In strict compliance with anti-money laundering ("AML") laws and regulations of China and host countries (regions) of overseas institutions, the Bank sincerely fulfilled the legal obligations and social responsibilities concerning AML. The Bank actively adapted to AML changes in the new era, established the global, comprehensive and brand-new money laundering risk management concept involving all personnel, spanning all processes and covering all risk exposures, accommodated to "cross-border, cross-industrial and cross-sector" development requirements, practiced the management principle of "active prevention, smart control and comprehensive management", and coordinated it efforts to strengthen Group-wide money laundering risk management. The Bank continuously improved the Group's AML governance system, constantly promoted the comprehensive management regarding customer identification, implemented new regulations on money laundering risk assessment, created a digital AML ecosystem, ramped up efforts in overseas AML infrastructure, etc. The quality and efficiency of money laundering risk management has been further improved.

Operational Risk Measurement

The Bank adopts the standardized approach to measure capital requirement for operational risk. As at the end of 2021, the capital requirement for operational risk was RMB119,497 million.

Liquidity Risk

Liquidity risk is the risk that the Bank is unable to raise funds on a timely basis at a reasonable cost to settle liabilities as they fall due, or perform other payment obligations and satisfy other funding demands arising from the normal course of business. Liquidity risk may arise from the following events or factors: material adverse changes in market liquidity, withdrawal of customers' deposits, drawing of loans by customers, overdue payment of debtors, mismatch between assets and liabilities, difficulties in assets realization, operating losses and risk associated with its affiliates.

Liquidity Risk Management

The Bank's liquidity risk management system conforms to the overall development strategy and the overall risk management system, and is commensurate with the business scale, business nature, complexity and other aspects of the Bank. The system includes the following fundamental elements: effective governance structure for liquidity risk management; sound strategy, policy and procedures for liquidity risk management; effective identification, measurement, monitoring and control for liquidity risk and a complete management information system. In respect of liquidity risk management, the Bank's governance structure embodies the decision-making system comprising the Board of Directors and its special committees as well as the Asset and Liability Management Committee and the Risk Management Committee of the Head Office; the supervision system comprising the Board of Supervisors, the Internal Audit Bureau and the Internal Control and Compliance Department of the Head Office; and the execution system comprising the Asset and Liability Management Department, leading management departments of on- and off-balance sheet businesses, the information technology departments, operation management departments of the Head Office and relevant departments of branches. Each of these systems performs the corresponding functions of decision making, supervision and execution according to division of responsibilities.

Objective of liquidity risk management: By establishing and improving the liquidity risk management system, the Bank aims at realizing effective identification, measurement, monitoring and control of the liquidity risk at the Group level, the Bank, the affiliates, the branches and the business lines, and ensuring the liquidity demand is satisfied at a reasonable cost in time under the normal business scenario and the stress scenario. The Bank's liquidity risk management strategy and policy are formulated in accordance with the liquidity risk appetite, and they cover all businesses on- and off-balance sheet, all domestic and overseas business departments, branches and affiliates that are likely to have a material impact on the liquidity risk, and contain the liquidity risk management under normal and stressed scenarios. The liquidity risk management strategy specifies the overall objective and mode of liquidity risk management and lists major policies and procedures. The policies for liquidity risk management are formulated in accordance with external and macro operating environments and business development of the Bank, with a view to striking an effective balance among security, liquidity and profitability. The Bank conducts stress testing quarterly or by subject by fully considering various macro and micro factors that may affect the liquidity of the Bank, changes in the external operating environment, regulatory requirements, and business characteristics and complexity of the Bank.

In 2021, the Bank adhered to a steady and prudent liquidity management strategy, and the Group's liquidity was stable. The Bank intensified the monitoring of funds and maintained a proper and sufficient liquidity reserve. The Bank optimized and upgraded the liquidity risk management mechanism and system, and continuously enhanced the automation and intelligence level of liquidity risk monitoring, measurement and control. The Bank strengthened on- and off-balance sheet liquidity risk management in local and foreign currencies in domestic and overseas institutions, optimized the multi-level and multi-dimensional liquidity monitoring and early warning system, and further enhanced the Group's liquidity risk prevention and emergency response capabilities.

Liquidity Risk Analysis

The Bank assesses liquidity risk status by comprehensive use of a variety of methods and tools such as liquidity indicator analysis and liquidity exposure analysis.

At the end of 2021, RMB liquidity ratio and foreign currency liquidity ratio of the Bank were 41.5% and 88.9% respectively, both meeting the regulatory requirements. Loan-to-deposit ratio was 77.3%.

Net stable funding ratio aims to ensure commercial banks have sufficient stable sources of funding to meet the needs for stable funding of assets and off-balance sheet risk exposures. The net stable funding ratio is the ratio of the available stable funding to the required stable funding. As at the end of the fourth quarter of 2021, the net stable funding ratio was 126.20%, 1.98 percentage points lower than that at the end of the previous quarter, mainly due to the rapid growth of stable funds required.

The daily average liquidity coverage ratio for the fourth quarter of 2021 was 112.20%, 0.96 percentage points higher than the previous quarter, mainly because of the continuous growth of qualified high-quality liquid assets. High-quality liquid assets cover cash, available central bank reserve under stress and primary and secondary bond assets that can be included in the liquidity coverage ratio under the regulatory requirements.

As at the end of 2021, the liquidity exposure for less than 1 month turned negative from positive from the end of last year, mainly due to the increase of matured due to customers within corresponding term. The negative liquidity exposure for 1 to 3 months expanded, mainly due to the increase of matured due to customers within corresponding term. The negative liquidity exposure for 3 months to 1 year decreased slightly, mainly due to the increase of matured loans and advances to customers with corresponding term. The positive liquidity exposure for 1 to 5 years decreased slightly mainly due to the increase of matured due to customers within corresponding term. The positive liquidity exposure for the category of over 5 years expanded, which was mainly due to the increase in matured loans and advances to customers and bond investments within corresponding term. Deposits maintained steady growth with a high deposition rate, and at the same time the Bank made major investment in highly liquid bond assets, and possessed sufficient liquidity reserves. Therefore, the overall liquidity of the Bank maintained at a safe level.

LIQUIDITY EXPOSURE ANALYSIS

In RMB millions

	Overdue/ repayable on demand	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Undated	Total
At 31 December 2021	(14,262,606)	(89,448)	(415,735)	(377,347)	538,067	14,692,050	3,190,277	3,275,258
At 31 December 2020	(14,309,956)	335,580	(209,780)	(563,541)	981,145	13,324,640	3,351,427	2,909,515

Other Risks

Equity Risk in the Banking Book

The Bank's equity investments in the banking book mainly include long-term equity investments, the portion of equity investments measured at fair value through profit or loss and equity investments measured at fair value through other comprehensive income which belong to the banking book. The Bank strictly follows the Capital Regulation to measure significant and non-significant equity investment.

EQUITY RISK IN THE BANKING BOOK

In RMB millions

	At 31 December 2021			At 31 December 2020		
Equity type	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	29,513	14,205	7,207	28,675	15,423	9,025
Corporate	25,412	134,605	(2,667)	12,686	126,595	(2,709)
Total	**54,925**	**148,810**	**4,540**	**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 unrealised gains or losses recognized on the balance sheet but not recognized on the income statement.

For accounting policies regarding equity investment, please refer to the Significant Accounting Policies and Estimates in the Notes to the Financial Statements of the 2021 Annual Report.

Reputational Risk

Reputational risk is defined as the risk of negative comments on the Bank from stakeholders, the public or the media as a result of the behaviors of the Bank or practitioners or external events, thereby damaging brand value, detrimental to normal operation, and even affecting market and social stability. Reputational risk may arise in any part of the Bank's operation and management, and usually co-exists and correlates with credit risk, market risk, operational risk and liquidity risk. Good reputation is central to the operation and management of a commercial bank. The Bank highly values its reputation and has incorporated reputational risk management in the corporate governance and enterprise risk management system to prevent reputational risk.

The Board of Directors is responsible for reviewing and finalizing bank-wide policies concerning reputational risk management that are in line with the strategic objective of the Bank, establishing a bank-wide system of reputational risk management, monitoring the overall status and effectiveness of reputational risk management across the Bank and assuming the ultimate responsibility for reputational risk management. The Senior Management is responsible for leading reputational risk management of the Bank, implementing the strategies and policies established by the Board of Directors, reviewing and finalizing the rules, measures and operating procedures for reputational risk management, preparing plans for responding to and coping with extraordinarily major reputational risk events and ensuring the proper and effective operation of the reputational risk management system. The Bank has established a special reputational risk management team to take charge of the daily management of reputational risk.

In 2021, the Bank kept improving the structure of reputational risk management system, to optimize relevant working mechanism and enhance reputational risk management. The Bank revised and issued the Measures for Reputational Risk Management of ICBC (Version 2021) and further improved the construction of the whole-process reputational risk management system across the Group. The Bank raised the efficiency of "dual-line management" (speciality and local) and prevented hidden reputational risks at the source. In addition, the Bank actively responded to social concerns, and organized and promoted influential brand communication activities, to enhance the Bank's brand image. During the reporting period, the reputational risk of the Bank was stable and within a controllable range.

Country Risk

Country risk is the risk incurred to a bank arising from the inability or refusal by the borrower or debtor to repay bank debt, losses suffered by the Bank or its commercial presence in such country or region and other losses due to economic, political and social changes and events in a country or a region. Country risk may be triggered by deterioration of economic conditions, political and social turmoil, asset nationalization or expropriation, government's refusal to pay external debt, foreign exchange control or currency depreciation in a country or a region.

The Bank strictly observes regulatory requirements on country risk management. The Board of Directors assumes the ultimate responsibility for the effectiveness of country risk management. The Senior Management is responsible for executing the country risk management policies approved by the Board of Directors. The Risk Management Committee of the Head Office is responsible for reviewing matters regarding country risk management. The Bank manages and controls country risk with a series of tools, including country risk assessment and rating, country risk limit, country risk exposure calculation and monitoring and stress testing. The Bank reviews the country risk rating and limits at least once every year.

In 2021, facing the increasingly complicated, severe and uncertain external environment, the Bank strictly abode by regulatory requirements and, with consideration of its business development needs, continued to strengthen country risk management. The Bank closely observed changes in country risk exposures, constantly tracked, monitored and reported country risk, and timely updated and adjusted the country risk rating and limits. It continued to strengthen early warning mechanism for country risk, proactively conducted stress testing on country risk and reasonably and effectively controlled country risk while steadily promoting internationalization.

Remuneration

Remuneration Governance Framework

In line with corporate governance requirements, the Bank is committed to establishing and improving remuneration governance framework, specifying the scope of roles and responsibilities of relevant entities, improving decision-making mechanism of remuneration policies and building remuneration governance system with full participation of all stakeholders.

The Board of Directors assumes the ultimate responsibility of remuneration management. The Board of Directors proactively supervises the design and operation of the remuneration system, periodically reviews its compliance, and ensures the remuneration system achieves the intended goals. The Bank set up the Compensation Committee of the Board of Directors in accordance with the Articles of Association to assist the Board of Directors in remuneration management. The Senior Management is responsible for organizing and implementing remuneration management related resolutions of the Board of Directors as well as organizing and formulating incentive assessment and remuneration distribution measures within the scope of authorization. The Human Resources Department is responsible for implementing specific remuneration management issues. Departments including the Risk Management Department, the Internal Audit Bureau, the Internal Control and Compliance Department and the Finance and Accounting Department participate in and supervise the execution of remuneration management mechanism and provide feedback for improvement.

Compensation Committee of the Board of Directors

The Compensation Committee is mainly responsible for formulating assessment measures on the performance of duties and compensation plans for Directors, organizing the assessment on the performance of duties of Directors, putting forth proposal on remuneration distribution for Directors, formulating and reviewing the assessment measures and compensation plans for Senior Management members of the Bank and evaluating the performance and behaviors of Senior Management members. As at the disclosure date of the results, the Compensation Committee consisted of five directors, including Independent Non-executive Directors Mr. Nout Wellink, Mr. Anthony Francis Neoh and Mr. Shen Si; Non-executive Directors Mr. Lu Yongzhen and Ms. Chen Yifang. Independent Non-executive Director Mr. Nout Wellink was Chairman of the Committee. During the reporting period, the Compensation Committee held two meetings.

Remuneration Management Policies

The Bank adopts the remuneration policy that is in line with corporate governance requirements and high-quality development targets, adapted to risk management systems and talent development strategies, and matched to employees' value contribution so as to promote bank-wide steady business operation and high-quality development. The remuneration policy of the Bank is formulated and adjusted in strict accordance with relevant provisions of the state, regulatory requirements and the corporate governance procedures, and applies to all institutions and employees of the Bank.

Performance-based Remuneration Mechanism

The remuneration package of the Bank's employees consists of basic remuneration, performance-based remuneration and welfare income. In particular, the basic remuneration depends on the employees' value contribution and capabilities of fulfilling duties while the performance-based remuneration depends on performance assessment of the Bank as a whole, the institution or department of the employee and the employee. Currently, in accordance with relevant laws and regulations promulgated by the state and regulatory authorities, the Bank has not yet implemented share options or any other form of long- or medium-term share incentives; all performance-based remuneration of the employees is paid in cash.

The Bank has established an integrated performance assessment system comprised of three categories of indicators: performance management, risk and internal control, operational transformation and business development, which guides the bank-wide attention to not only the indicators of current period, but also the indicators relating to long-term development, such as customers, markets and structural adjustments. The Bank also reasonably controls the balance of profits, risk and quality so as to improve the steadiness and scientism of business management.

Risk-aligned Remuneration Mechanism

The Bank's remuneration policy is in line with the risk management system and adapted to the institutional scale, and the nature and the sophistication of the business. The remuneration structures of each institution or position are different according to the need of risk management. The Bank adjusts the risks that have not yet been reflected in the period by taking risk mitigation measures including risk-adjusted performance and deferred remuneration payment, and implements performance assessment and incentives to promote a positive and healthy risk management culture.

According to operation and management needs, the Bank implements the deferred payment and recovery mechanism for performance-based remuneration of Senior Management members and personnel in key positions to promote the balance between risks and incentives. For employees who violate rules and disciplines or incur significant exposure of risk losses within their responsibilities, the Bank shall deduct, stop payment and recall their performance-related remuneration for the corresponding period according to the severity.

Independence of the Remuneration for Risk and Compliance Employees

Remuneration for risk and compliance employees is based on their value contributed, capability, and job performance, not directly related to their responsible businesses. The Bank sets up a vertical internal audit system, which takes on the responsibility for the Board of Directors and reports to the Board of Directors directly. The remuneration of the internal audit employees is independent from that of other lines of business.

For basic information and annual remuneration of Senior Management members and remuneration of the Compensation Committee of the Board of Directors of the Bank, please refer to the 2021 Annual Report.

Appendixes

The following information is disclosed in accordance with the Notice on Issuing Regulatory Documents on Capital Regulation for Commercial Banks Appendix 2 Notice on Enhancing Disclosure Requirements for Composition of Capital.

CAPITAL COMPOSITION

In RMB millions, except for percentages

S/N	Item	At 31 December 2021	At 31 December 2020	Reference(1)
Core tier 1 capital:				
1	Paid-in capital	356,407	356,407	X18
2	Retained earnings	2,413,631	2,170,740	
2a	Surplus reserve	356,849	322,692	X21
2b	General reserve	438,640	339,486	X22
2c	Retained profits	1,618,142	1,508,562	X23
3	Accumulated other comprehensive income (and other public reserve)	129,939	138,356	
3a	Capital reserve	148,597	148,534	X19
3b	Other	(18,658)	(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	3,539	3,552	X25
6	**Core tier 1 capital before regulatory adjustments**	**2,903,516**	**2,669,055**	
Core tier 1 capital: Regulatory adjustments				
7	Prudential valuation adjustments	–	–	
8	Goodwill (net of deferred tax liabilities)	7,691	8,107	X16
9	Other intangible assets other than land use rights (net of deferred tax liabilities)	5,669	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	(4,202)	(4,616)	X20
12	Shortfall of provision for loan impairment	–	–	
13	Gain on sales related to asset securitization	–	–	
14	Unrealised gains and losses due to changes in own credit risk on fair valued liabilities	–	–	
15	Defined-benefit pension fund net assets (net of deferred tax liabilities)	–	–	

Note: (1) For mapped components of the balance sheet under regulatory scope of consolidation to capital items, please refer to "Explanations for Detailed Items".

CAPITAL COMPOSITION (CONTINUED)

In RMB millions, except for percentages

S/N	Item	At 31 December 2021	At 31 December 2020	Reference
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
26b	Shortfall in core tier 1 capital instruments issued by financial institutions that are under control but not subject to consolidation	–	–	

CAPITAL COMPOSITION (CONTINUED)

In RMB millions, except for percentages

S/N	Item	At 31 December 2021	At 31 December 2020	Reference
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	**Total regulatory adjustments to core tier 1 capital**	**17,138**	**16,053**	
29	**Core tier 1 capital**	**2,886,378**	**2,653,002**	
Additional tier 1 capital:				
30	Additional tier 1 capital instruments and related premiums	354,331	219,143	
31	Including: Portion classified as equity	354,331	219,143	X28+X32
32	Including: Portion classified as liabilities	–	–	
33	Invalid instruments to additional tier 1 capital after the transition period	–	–	
34	Valid portion of minority interests	655	647	X26
35	Including: Invalid portion to additional tier 1 capital after the transition period	–	–	
36	**Additional tier 1 capital before regulatory adjustments**	**354,986**	**219,790**	
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	–	–	
41b	Shortfall in additional tier 1 capital instruments issued by financial institutions that are under control but not subject to consolidation	–	–	

CAPITAL COMPOSITION (CONTINUED)

In RMB millions, except for percentages

S/N	Item	At 31 December 2021	At 31 December 2020	Reference
41c	Other that should be deducted from additional tier 1 capital	–	–	
42	Undeducted shortfall that should be deducted from tier 2 capital	–	–	
43	**Total regulatory adjustments to additional tier 1 capital**	**–**	**–**	
44	**Additional tier 1 capital**	**354,986**	**219,790**	
45	**Tier 1 capital (core tier 1 capital + additional tier 1 capital)**	**3,241,364**	**2,872,792**	
Tier 2 capital:				
46	Tier 2 capital instruments and related premiums	418,415	351,568	X17
47	Invalid instruments to tier 2 capital after the transition period	20,285	40,570	
48	Valid portion of minority interests	1,116	1,114	X27
49	Including: Invalid portion to tier 2 capital after the transition period	–	–	
50	Valid portion of surplus provision for loan impairment	248,774	170,712	X02+X04
51	**Tier 2 capital before regulatory adjustments**	**668,305**	**523,394**	
Tier 2 capital: Regulatory adjustments				
52	Direct or indirect investments in own tier 2 instruments	–	–	
53	Reciprocal cross-holdings in tier 2 capital between banks, or between banks and other financial institutions	–	–	
54	Deductible portion of non-significant minority investments in tier 2 capital instruments issued by financial institutions that are not subject to consolidation	–	–	
55	Significant minority investments in tier 2 capital instruments issued by financial institutions that are not subject to consolidation	–	–	X31
56a	Investments in tier 2 capital instruments issued by financial institutions that are under control but not subject to consolidation	–	–	
56b	Shortfall in tier 2 capital instruments issued by financial institutions that are under control but not subject to consolidation	–	–	

CAPITAL COMPOSITION (CONTINUED)

In RMB millions, except for percentages

S/N	Item	At 31 December 2021	At 31 December 2020	Reference
56c	Other that should be deducted from tier 2 capital	–	–	
57	**Total regulatory adjustments to tier 2 capital**	**–**	**–**	
58	**Tier 2 capital**	**668,305**	**523,394**	
59	**Total capital (tier 1 capital + tier 2 capital)**	**3,909,669**	**3,396,186**	
60	**Total risk-weighted assets**	**21,690,349**	**20,124,139**	
Requirements for capital adequacy ratio and reserve capital				
61	Core tier 1 capital adequacy ratio	13.31%	13.18%	
62	Tier 1 capital adequacy ratio	14.94%	14.28%	
63	Capital adequacy ratio	18.02%	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	8.31%	8.18%	
Domestic minima for regulatory capital				
69	Core tier 1 capital adequacy ratio	5%	5%	
70	Tier 1 capital adequacy ratio	6%	6%	
71	Capital adequacy ratio	8%	8%	
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	155,815	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	28,773	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)	74,611	65,719	
Valid caps of surplus provision for loan impairment in tier 2 capital				
76	Provision for loan impairment under the weighted approach	24,545	23,204	X01

CAPITAL COMPOSITION (CONTINUED)

In RMB millions, except for percentages

S/N	Item	At 31 December 2021	At 31 December 2020	Reference
77	Valid cap of surplus provision for loan impairment in tier 2 capital under the weighted approach	15,909	7,802	X02
78	Surplus provision for loan impairment under the internal ratings-based approach	579,219	507,096	X03
79	Valid cap of surplus provision for loan impairment in tier 2 capital under the internal ratings-based approach	232,865	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	37,740	67,463	

BALANCE SHEET AT THE GROUP'S LEVEL

In RMB millions

	At 31 December 2021		At 31 December 2020	
Item	Consolidated balance sheet as in published financial statements	Balance sheet under regulatory scope of consolidation	Consolidated balance sheet as in published financial statements	Balance sheet under regulatory scope of consolidation
Assets				
Cash and balances with central banks	3,098,438	3,098,438	3,537,795	3,537,795
Due from banks and other financial institutions	346,457	301,191	522,913	489,231
Precious metals	265,962	265,962	277,705	277,705
Placements with banks and other financial institutions	480,693	480,693	558,984	558,984
Derivative financial assets	76,140	76,140	134,155	134,155
Reverse repurchase agreements	663,496	662,544	739,288	738,958
Loans and advances to customers	20,109,200	20,107,266	18,136,328	18,134,777
Financial investments:	9,257,760	9,060,427	8,591,139	8,429,328
— Financial investments measured at fair value through profit or loss	623,223	560,683	784,483	732,478
— Financial investments measured at fair value through other comprehensive income	1,803,604	1,743,097	1,540,988	1,498,008
— Financial investments measured at amortised cost	6,830,933	6,756,647	6,265,668	6,198,842
Long-term equity investments	61,782	69,762	41,206	49,186
Fixed assets	270,017	269,952	249,067	249,008
Construction in progress	18,182	18,172	35,173	35,166
Deferred income tax assets	79,259	79,259	67,713	67,713
Other assets	443,997	430,485	453,592	440,548
Total assets	**35,171,383**	**34,920,291**	**33,345,058**	**33,142,554**

BALANCE SHEET AT THE GROUP'S LEVEL (CONTINUED)

In RMB millions

Item	At 31 December 2021		At 31 December 2020	
	Consolidated balance sheet as in published financial statements	Balance sheet under regulatory scope of consolidation	Consolidated balance sheet as in published financial statements	Balance sheet under regulatory scope of consolidation
Liabilities				
Due to central banks	39,723	39,723	54,974	54,974
Due to banks and other financial institutions	2,431,689	2,431,689	2,315,643	2,315,643
Placements from banks and other financial institutions	489,340	489,340	468,616	468,616
Financial liabilities measured at fair value through profit or loss	87,180	87,180	87,938	87,938
Derivative financial liabilities	71,337	71,337	140,973	140,973
Repurchase agreements	365,943	351,049	293,434	282,458
Certificates of deposit	290,342	290,342	335,676	335,676
Due to customers	26,441,774	26,441,774	25,134,726	25,134,726
Employee benefits payable	41,083	40,659	32,460	32,073
Taxes payable	108,897	108,871	105,380	105,356
Debt securities issued	791,375	791,375	798,127	798,127
Deferred income tax liabilities	5,624	4,648	2,881	1,994
Other liabilities	731,818	508,191	664,715	483,519
Total liabilities	**31,896,125**	**31,656,178**	**30,435,543**	**30,242,073**
Equity				
Share capital	356,407	356,407	356,407	356,407
Other equity instruments	354,331	354,331	225,819	225,819
Capital reserve	148,597	148,597	148,534	148,534
Other comprehensive income	(18,343)	(18,658)	(10,428)	(10,178)
Surplus reserve	357,169	356,849	322,911	322,692
General reserve	438,952	438,640	339,701	339,486
Retained profits	1,620,642	1,618,142	1,510,558	1,508,562
Equity attributable to equity holders of the parent company	**3,257,755**	**3,254,308**	**2,893,502**	**2,891,322**
Minority interests	17,503	9,805	16,013	9,159
Total equity	**3,275,258**	**3,264,113**	**2,909,515**	**2,900,481**

Note: Prepared in accordance with PRC GAAP.

EXPLANATIONS FOR DETAILED ITEMS

In RMB millions

Item	At 31 December 2021 Balance sheet under regulatory scope of consolidation	Reference
Loans and advances to customers	**20,107,266**	
Total loans and advances to customers	20,711,030	
Less: Provision for loan impairment under the weighted approach	24,545	X01
Including: Valid cap of surplus provision for loan impairment in tier 2 capital under the weighted approach	15,909	X02
Less: Provision for loan impairment under the internal ratings-based approach	579,219	X03
Including: Valid cap of surplus provision for loan impairment in tier 2 capital under the internal ratings-based approach	232,865	X04
Financial investments:		
Financial investments measured at fair value through profit or loss	**560,683**	
Including: Non-significant minority investments in core tier 1 capital instruments issued by financial institutions that are not subject to consolidation	206	X05
Including: Significant minority investments in core tier 1 capital instruments issued by financial institutions that are not subject to consolidation	21	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	140,871	X08
Financial investments measured at fair value through other comprehensive income	**1,743,097**	
Including: Non-significant minority investments in core tier 1 capital instruments issued by financial institutions that are not subject to consolidation	13,052	X09
Including: Significant minority investments in core tier 1 capital instruments issued by financial institutions that are not subject to consolidation	2,468	X10
Including: Non-significant minority investments in tier 2 capital instruments issued by financial institutions that are not subject to consolidation	–	X29
Financial investments measured at amortised cost	**6,756,647**	
Including: Non-significant minority investments in tier 2 capital instruments issued by financial institutions that are not subject to consolidation	–	X30
Including: Significant minority investments in tier 2 capital instruments issued by financial institutions that are not subject to consolidation	–	X31

EXPLANATIONS FOR DETAILED ITEMS (CONTINUED)

In RMB millions

Item	At 31 December 2021 Balance sheet under regulatory scope of consolidation	Reference
Long-term equity investments	**69,762**	
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	1,686	X12
Including: Undeducted portion of significant minority investments in capital instruments issued by financial institutions that are not subject to consolidation	26,284	X13
Other assets	**430,485**	
Interest receivable	2,283	
Intangible assets	21,175	X14
Including: Land use rights	15,506	X15
Other receivables	274,468	
Goodwill	7,691	X16
Long-term deferred expenses	5,541	
Repossessed assets	3,946	
Other	115,381	
Debt securities issued	**791,375**	
Including: Valid portion of tier 2 capital instruments and their premiums	418,415	X17
Share capital	**356,407**	X18
Other equity instruments	**354,331**	
Including: Preference shares	134,614	X28
Including: Perpetual bonds	219,717	X32
Capital reserve	**148,597**	X19
Other comprehensive income	**(18,658)**	X24
Reserve for changes in fair value of financial assets	24,435	
Reserve for cash flow hedging	(4,243)	
Including: Cash flow hedge reserve that relates to the hedging of items that are not fair-valued on the balance sheet	(4,202)	X20
Changes in share of other owners’ equity of associates and joint ventures	(752)	
Foreign currency translation reserve	(39,707)	
Other	1,609	
Surplus reserve	**356,849**	X21
General reserve	**438,640**	X22
Retained profits	**1,618,142**	X23
Minority interests	**9,805**	
Including: Valid portion to core tier 1 capital	3,539	X25
Including: Valid portion to additional tier 1 capital	655	X26
Including: Valid portion to tier 2 capital	1,116	X27

MAIN FEATURES OF ELIGIBLE CAPITAL INSTRUMENTS AT THE END OF 2021

S/N	Main features of regulatory capital instrument	Ordinary Shares (A share)	Ordinary Shares (H share)	Preference Shares (Domestic)	Preference Shares (Domestic)	Preference Shares (Offshore)	Undated additional tier 1 capital bonds (Domestic)	Undated additional tier 1 capital bonds (Domestic)
1	Issuer	The Bank	The Bank	The Bank	The Bank	The Bank	The Bank	The Bank
2	Unique identifier	601398	1398	360011	360036	4620	1928018	2128021
3	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, Trial Administrative Measures on Preference Shares, Guidance on the Issuance of Preference Shares of Commercial Banks to Replenish Tier 1 Capital/China	Company Law of the People's Republic of China, Securities Law of the People's Republic of China, Guidance of the State Council on Launch of Preference Shares Pilot, Trial Administrative Measures on Preference Shares, Guidance on the Issuance of Preference Shares of Commercial Banks to Replenish Tier 1 Capital/China	The creation and issue of the Offshore Preference Shares and the rights and obligations (including non-contractual rights and obligations) attached to them are governed by, and shall be construed in accordance with, PRC law	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents/China	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents/China
	Regulatory treatment							
4	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	Additional tier 1 capital	Additional tier 1 capital	Additional tier 1 capital
5	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	Additional tier 1 capital	Additional tier 1 capital	Additional tier 1 capital
6	Including: Eligible to the parent company/group level	Parent company/Group	Parent company/Group	Parent company/Group	Parent company/Group	Parent company/Group	Parent company/Group	Parent company/Group
7	Instrument type	Core tier 1 capital instrument	Core tier 1 capital instrument	Additional tier 1 capital instrument	Additional tier 1 capital instrument	Additional tier 1 capital instrument	Additional tier 1 capital instrument	Additional tier 1 capital instrument

MAIN FEATURES OF ELIGIBLE CAPITAL INSTRUMENTS AT THE END OF 2021 (CONTINUED)

S/N	Main features of regulatory capital instrument	Ordinary Shares (A share)	Ordinary Shares (H share)	Preference Shares (Domestic)	Preference Shares (Domestic)	Preference Shares (Offshore)	Undated additional tier 1 capital bonds (Domestic)	Undated additional tier 1 capital bonds (Domestic)
8	Amount recognised in regulatory capital (in millions, as at the latest reporting date)	RMB336,554	RMB168,374	RMB44,947	RMB69,981	RMB equivalent 19,687	RMB79,987	RMB69,992
9	Par value of instrument (in millions)	RMB269,612	RMB86,795	RMB45,000	RMB70,000	USD2,900	RMB80,000	RMB70,000
10	Accounting treatment	Share capital, capital reserve	Share capital, capital reserve	Other equity	Other equity	Other equity	Other equity	Other equity
11	Original date of issuance	19 October 2006	19 October 2006	18 November 2015	19 September 2019	23 September 2020	26 July 2019	4 June 2021
12	Perpetual or dated	Perpetual	Perpetual	Perpetual	Perpetual	Perpetual	Perpetual	Perpetual
13	Including: Original maturity date	No maturity date	No maturity date	No maturity date	No maturity date	No maturity date	No maturity date	No maturity date
14	Issuer call (subject to prior supervisory approval)	No	No	Yes	Yes	Yes	Yes	Yes
15	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	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
16	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	23 September in each year after the First Redemption Date	Redemption of present bonds in full or in part on each Distribution Payment Date since the First Redemption Date (30 July 2024). The Issuer has the right to redeem the present bonds in full rather than in part if the present bonds are no longer qualified as additional tier 1 capital after they are issued due to unpredictable changes in regulatory rules	Redemption of present bonds in full or in part on each Distribution Payment Date since the First Redemption Date (8 June 2026). The Issuer has the right to redeem the present bonds in full rather than in part if the present bonds are no longer qualified as additional tier 1 capital after they are issued due to unpredictable changes in regulatory rules

MAIN FEATURES OF ELIGIBLE CAPITAL INSTRUMENTS AT THE END OF 2021 (CONTINUED)

S/N	Main features of regulatory capital instrument	Ordinary Shares (A share)	Ordinary Shares (H share)	Preference Shares (Domestic)	Preference Shares (Domestic)	Preference Shares (Offshore)	Undated additional tier 1 capital bonds (Domestic)	Undated additional tier 1 capital bonds (Domestic)
	Coupons/dividends							
17	Including: Fixed or floating dividend/coupon	Floating	Floating	Fixed to floating	Fixed to floating	Fixed to floating	Fixed to floating	Fixed to floating
18	Including: Coupon rate and any related index	N/A	N/A	4.5% (dividend rate) before 23 November 2020, and 4.58% (dividend rate) between 23 November 2020 and 22 November 2025	4.2% (dividend rate) before 24 September 2024	3.58% (dividend rate) before 23 September 2025	4.45% (interest rate) before 30 July 2024	4.04% (interest rate) before 8 June 2026
19	Including: Existence of a dividend stopper	N/A	N/A	Yes	Yes	Yes	Yes	Yes
20	Including: Fully discretionary, partially discretionary or mandatory cancellation of coupons/dividends	Fully discretionary	Fully discretionary	Fully discretionary	Fully discretionary	Fully discretionary	Fully discretionary	Fully discretionary
21	Including: Redemption incentive mechanism	No	No	No	No	No	No	No
22	Including: Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
23	Convertible or non-convertible	No	No	Yes	Yes	Yes	No	No
24	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	Non-viability Trigger Event	N/A	N/A
25	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	Fully or partially convertible when a Non-viability Trigger Event occurs	N/A	N/A

MAIN FEATURES OF ELIGIBLE CAPITAL INSTRUMENTS AT THE END OF 2021 (CONTINUED)

S/N	Main features of regulatory capital instrument	Ordinary Shares (A share)	Ordinary Shares (H share)	Preference Shares (Domestic)	Preference Shares (Domestic)	Preference Shares (Offshore)	Undated additional tier 1 capital bonds (Domestic)	Undated additional tier 1 capital bonds (Domestic)
26	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	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
27	Including: If convertible, mandatory or optional conversion	N/A	N/A	Mandatory	Mandatory	Mandatory	N/A	N/A
28	Including: If convertible, specify instrument type convertible into	N/A	N/A	Core tier 1 capital	Core tier 1 capital	Core tier 1 capital	N/A	N/A
29	Including: If convertible, specify issuer of instrument it converts into	N/A	N/A	The Bank	The Bank	The Bank	N/A	N/A
30	Write-down feature	No	No	No	No	No	Yes	Yes
31	Including: If write-down, write-down trigger(s)	N/A	N/A	N/A	N/A	N/A	Additional Tier 1 Capital Trigger Event or Tier 2 Capital Trigger Event	Non-viability Trigger Event
32	Including: If write-down, full or partial	N/A	N/A	N/A	N/A	N/A	Full or partial write-down when an Additional Tier 1 Capital Trigger Event occurs; full write-down when a Tier 2 Capital Trigger Event occurs	Full or partial write-down when a Non-viability Trigger Event occurs
33	Including: If write-down, permanent or temporary	N/A	N/A	N/A	N/A	N/A	Permanent write-down	Permanent write-down

MAIN FEATURES OF ELIGIBLE CAPITAL INSTRUMENTS AT THE END OF 2021 (CONTINUED)

S/N	Main features of regulatory capital instrument	Ordinary Shares (A share)	Ordinary Shares (H share)	Preference Shares (Domestic)	Preference Shares (Domestic)	Preference Shares (Offshore)	Undated additional tier 1 capital bonds (Domestic)	Undated additional tier 1 capital bonds (Domestic)
34	Including: If temporary write-down, description of write-up mechanism	N/A	N/A	N/A	N/A	N/A	N/A	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinated to depositor, general creditor, creditor of the subordinated debts and preference shareholders	Subordinated to depositor, general creditor, creditor of the subordinated debts and preference shareholders	Subordinated to deposits, general debts, subordinated debts, tier 2 capital bonds and undated additional tier 1 capital bonds	Subordinated to deposits, general debts, subordinated debts, tier 2 capital bonds and undated additional tier 1 capital bonds	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
36	Non-compliant transitioned features	No	No	No	No	No	No	No
	Including: If yes, specify non-compliant features	N/A	N/A	N/A	N/A	N/A	N/A	N/A

MAIN FEATURES OF ELIGIBLE CAPITAL INSTRUMENTS AT THE END OF 2021 (CONTINUED)

S/N	Main features of regulatory capital instrument	Undated additional tier 1 capital bonds (Offshore)	Undated additional tier 1 capital bonds (Domestic)	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds
1	Issuer	The Bank	The Bank	The Bank	The Bank	The Bank	The Bank	The Bank
2	Unique identifier	Regulation S ISIN: XS2383421711	2128044	Rule 144A ISIN: US455881AD47 Regulation S ISIN: USY39656AC06	1728021	1728022	1928006	1928007
3	Governing law(s) of the instrument	The Notes and any other non-contractual obligations arising out of or in connection with them shall be governed by and construed in accordance with English law. However, the provisions in the terms and conditions of the Notes relating to subordination of the Notes shall be governed by and construed in accordance with PRC law and regulations	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents/ China	The Notes and the Fiscal Agency Agreement shall be governed by, and shall be construed in accordance with New York law, except that the provisions of the Notes relating to subordination shall be governed by, and construed in accordance with, PRC law	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents
	Regulatory treatment							
4	Including: Transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Additional tier 1 capital	Additional tier 1 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
5	Including: Post-transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Additional tier 1 capital	Additional tier 1 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
6	Including: Eligible to the parent company/ group level	Parent company/ Group	Parent company/ Group	Parent company/ Group	Parent company/ Group	Parent company/ Group	Parent company/ Group	Parent company/ Group

MAIN FEATURES OF ELIGIBLE CAPITAL INSTRUMENTS AT THE END OF 2021 (CONTINUED)

S/N	Main features of regulatory capital instrument	Undated additional tier 1 capital bonds (Offshore)	Undated additional tier 1 capital bonds (Domestic)	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds
7	Instrument type	Additional tier 1 capital instrument	Additional tier 1 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument
8	Amount recognised in regulatory capital (in millions, as at the latest reporting date)	RMB equivalent 39,742	RMB equivalent 29,997	RMB equivalent 10,127	RMB44,000	RMB44,000	RMB45,000	RMB10,000
9	Par value of instrument (in millions)	USD6,160	RMB30,000	USD2,000	RMB44,000	RMB44,000	RMB45,000	RMB10,000
10	Accounting treatment	Other equity	Other equity	Debt securities issued	Debt securities issued	Debt securities issued	Debt securities issued	Debt securities issued
11	Original date of issuance	24 September 2021	24 November 2021	21 September 2015	6 November 2017	20 November 2017	21 March 2019	21 March 2019
12	Perpetual or dated	Perpetual	Perpetual	Dated	Dated	Dated	Dated	Dated
13	Including: Original maturity date	No maturity date	No maturity date	21 September 2025	8 November 2027	22 November 2027	25 March 2029	25 March 2034
14	Issuer call (subject to prior supervisory approval)	Yes	Yes	No	Yes	Yes	Yes	Yes
15	Including: Optional call date, contingent call dates and redemption amount	The First Redemption Date is 24 September 2026, in full or partial amount	The First Redemption Date is 26 November 2026, in full or partial amount	N/A	8 November 2022, in full amount	22 November 2022, in full amount	25 March 2024, in full amount	25 March 2029, in full amount
16	Including: Subsequent call dates, if applicable	Redemption of present bonds in full or in part on each Distribution Payment Date since the First Redemption Date (24 September 2026). The Issuer has the right to redeem the present bonds in full rather than in part if the present bonds are no longer qualified as additional tier 1 capital after they are issued due to unpredictable changes in regulatory rules	Redemption of present bonds in full or in part on each Distribution Payment Date since the First Redemption Date (26 November 2026). The Issuer has the right to redeem the present bonds in full rather than in part if the present bonds are no longer qualified as additional tier 1 capital after they are issued due to unpredictable changes in regulatory rules	N/A	N/A	N/A	N/A	N/A

MAIN FEATURES OF ELIGIBLE CAPITAL INSTRUMENTS AT THE END OF 2021 (CONTINUED)

S/N	Main features of regulatory capital instrument	Undated additional tier 1 capital bonds (Offshore)	Undated additional tier 1 capital bonds (Domestic)	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds
	Coupons/dividends							
17	Including: Fixed or floating dividend/ coupon	Fixed to floating	Fixed to floating	Fixed	Fixed	Fixed	Fixed	Fixed
18	Including: Coupon rate and any related index	3.20% (interest rate) before 24 September 2026	3.65% (interest rate) before 26 November 2026	4.875%	4.45%	4.45%	4.26%	4.51%
19	Including: Existence of a dividend stopper	Yes	Yes	No	No	No	No	No
20	Including: Fully discretionary, partially discretionary or mandatory cancellation of coupons/dividends	Fully discretionary	Fully discretionary	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory
21	Including: Redemption incentive mechanism	No	No	No	No	No	No	No
22	Including: Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
23	Convertible or non-convertible	No	No	No	No	No	No	No
24	Including: If convertible, conversion trigger(s)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
25	Including: If convertible, fully or partially	N/A	N/A	N/A	N/A	N/A	N/A	N/A
26	Including: If convertible, conversion rate	N/A	N/A	N/A	N/A	N/A	N/A	N/A

MAIN FEATURES OF ELIGIBLE CAPITAL INSTRUMENTS AT THE END OF 2021 (CONTINUED)

S/N	Main features of regulatory capital instrument	Undated additional tier 1 capital bonds (Offshore)	Undated additional tier 1 capital bonds (Domestic)	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds
27	Including: If convertible, mandatory or optional conversion	N/A	N/A	N/A	N/A	N/A	N/A	N/A
28	Including: If convertible, specify instrument type convertible into	N/A	N/A	N/A	N/A	N/A	N/A	N/A
29	Including: If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A	N/A	N/A	N/A	N/A
30	Write-down feature	Yes	Yes	Yes	Yes	Yes	Yes	Yes
31	Including: If write-down, write-down trigger(s)	Non-viability Trigger Event	Non-viability Trigger Event	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	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
32	Including: If write-down, full or partial	Full or partial write-down when a Non-viability Trigger Event occurs	Full or partial write-down when a Non-viability Trigger Event occurs	Partial or full write-down	Partial or full write-down	Partial or full write-down	Partial or full write-down	Partial or full write-down

MAIN FEATURES OF ELIGIBLE CAPITAL INSTRUMENTS AT THE END OF 2021 (CONTINUED)

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

MAIN FEATURES OF ELIGIBLE CAPITAL INSTRUMENTS AT THE END OF 2021 (CONTINUED)

S/N	Main features of regulatory capital instrument	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds
1	Issuer	The Bank	The Bank	The Bank	The Bank	The Bank	The Bank	The Bank	The Bank
2	Unique identifier	1928011	1928012	2028041	2028049	2028050	2128002	2128051	2128052
3	Governing law(s) of the instrument	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents
	Regulatory treatment								
4	Including: Transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
5	Including: Post-transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
6	Including: Eligible to the parent company/group level	Parent company/ Group	Parent company/ Group	Parent company/ Group	Parent company/ Group	Parent company/ Group	Parent company/ Group	Parent company/ Group	Parent company/ Group
7	Instrument type	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument
8	Amount recognised in regulatory capital (in millions, as at the latest reporting date)	RMB45,000	RMB10,000	RMB60,000	RMB30,000	RMB10,000	RMB30,000	RMB50,000	RMB10,000

MAIN FEATURES OF ELIGIBLE CAPITAL INSTRUMENTS AT THE END OF 2021 (CONTINUED)

S/N	Main features of regulatory capital instrument	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds
9	Par value of instrument (in millions)	RMB45,000	RMB10,000	RMB60,000	RMB30,000	RMB10,000	RMB30,000	RMB50,000	RMB10,000
10	Accounting treatment	Debt securities issued	Debt securities issued	Debt securities issued	Debt securities issued	Debt securities issued	Debt securities issued	Debt securities issued	Debt securities issued
11	Original date of issuance	24 April 2019	24 April 2019	22 September 2020	12 November 2020	12 November 2020	19 January 2021	13 December 2021	13 December 2021
12	Perpetual or dated	Dated	Dated	Dated	Dated	Dated	Dated	Dated	Dated
13	Including: Original maturity date	26 April 2029	26 April 2034	24 September 2030	16 November 2030	16 November 2035	21 January 2031	15 December 2031	15 December 2036
14	Issuer call (subject to prior supervisory approval)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
15	Including: Optional call date, contingent call dates and redemption amount	26 April 2024, in full amount	26 April 2029, in full amount	24 September 2025, in full amount	16 November 2025, in full amount	16 November 2030, in full amount	21 January 2026, in full amount	15 December 2026, in full amount	15 December 2031, in full amount
16	Including: Subsequent call dates, if applicable	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Coupons/dividends								
17	Including: Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed
18	Including: Coupon rate and any related index	4.40%	4.69%	4.20%	4.15%	4.45%	4.15%	3.48%	3.74%
19	Including: Existence of a dividend stopper	No	No	No	No	No	No	No	No
20	Including: Fully discretionary, partially discretionary or mandatory cancellation of coupons/dividends	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory
21	Including: Redemption incentive mechanism	No	No	No	No	No	No	No	No
22	Including: Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
23	Convertible or non-convertible	No	No	No	No	No	No	No	No
24	Including: If convertible, conversion trigger(s)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
25	Including: If convertible, fully or partially	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

MAIN FEATURES OF ELIGIBLE CAPITAL INSTRUMENTS AT THE END OF 2021 (CONTINUED)

S/N	Main features of regulatory capital instrument	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds
26	Including: If convertible, conversion rate	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
27	Including: If convertible, mandatory or optional conversion	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
28	Including: If convertible, specify instrument type convertible into	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
29	Including: If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
30	Write-down feature	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
31	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	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
32	Including: If write-down, full or partial	Partial or full write-down	Partial or full write-down	Partial or full write-down	Partial or full write-down	Partial or full write-down	Partial or full write-down	Partial or full write-down	Partial or full write-down
33	Including: If write-down, permanent or temporary	Permanent write-down	Permanent write-down	Permanent write-down	Permanent write-down	Permanent write-down	Permanent write-down	Permanent write-down	Permanent write-down
34	Including: If temporary write-down, description of write-up mechanism	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

MAIN FEATURES OF ELIGIBLE CAPITAL INSTRUMENTS AT THE END OF 2021 (CONTINUED)

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

Definitions

In this report, unless the context otherwise requires, the following terms shall have the meanings set out below:

Articles of Association	The Articles of Association of Industrial and Commercial Bank of China Limited
Capital Regulation	Regulation Governing Capital of Commercial Banks (Provisional) promulgated in June 2012
CBIRC	China Banking and Insurance Regulatory Commission
China Ratings	China Bond Rating Co., Ltd.
Global Systemically Important Banks/G-SIB	Banks undertaking key functions with global features in the financial markets as released by the Financial Stability Board
ICBC (Argentina)	Industrial and Commercial Bank of China (Argentina) S.A.
ICBC (Asia)	Industrial and Commercial Bank of China (Asia) Limited
ICBC (Canada)	Industrial and Commercial Bank of China (Canada)
ICBC (Europe)	Industrial and Commercial Bank of China (Europe) S.A.
ICBC (Macau)	Industrial and Commercial Bank of China (Macau) Limited
ICBC (Thai)	Industrial and Commercial Bank of China (Thai) Public Company Limited
ICBC International	ICBC International Holdings Limited
ICBC Investment	ICBC Financial Asset Investment Co., Ltd.
ICBC Leasing	ICBC Financial Leasing Co., Ltd.
ICBC Standard Bank	ICBC Standard Bank PLC
ICBC Wealth Management	ICBC Wealth Management Co., Ltd.
ICBC-AXA	ICBC-AXA Assurance Co., Ltd.
LH Ratings	China Lianhe Credit Rating Co., Ltd.
PBC	The People's Bank of China
Securities and Futures Ordinance of Hong Kong	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
SEHK	The Stock Exchange of Hong Kong Limited
SSE	Shanghai Stock Exchange
The Bank/The Group/ICBC	Industrial and Commercial Bank of China Limited; or Industrial and Commercial Bank of China Limited and its subsidiaries

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