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中國工商銀行股份有限公司

INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED

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

Stock Code: 1398

USD Preference Shares Stock Code: 4620

2021 ANNUAL RESULTS ANNOUNCEMENT

The Board of Directors of Industrial and Commercial Bank of China Limited (the “Bank”) announces the annual audited results of the Bank and its subsidiaries for the year ended 31 December 2021. The Board of Directors and the Audit Committee of the Board of Directors of the Bank have reviewed and confirmed the annual audited results. Summary of the Capital Adequacy Ratio Report disclosed in accordance with the Regulation Governing Capital of Commercial Banks (Provisional) is also presented in this Announcement.

1. Corporate Information

1.1 Basic Information

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

1.2 Contact

Board Secretary and Company Secretary

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2. Financial Highlights

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

2.1 Financial Data

	2021	2020	2019	2018	2017
Annual operating results					
(in RMB millions)					
Net interest income	690,680	646,765	632,217	593,677	522,078
Net fee and commission income	133,024	131,215	130,573	124,394	139,625
Operating income	860,880	800,075	776,002	725,121	675,654
Operating expenses	236,227	206,585	207,776	194,203	186,194
Impairment losses on assets	202,623	202,668	178,957	161,594	127,769
Operating profit	422,030	390,822	389,269	369,324	361,691
Profit before taxation	424,899	392,126	391,789	372,413	364,641
Net profit	350,216	317,685	313,361	298,723	287,451
Net profit attributable to equity holders of the parent company	348,338	315,906	312,224	297,676	286,049
Net cash flows from operating activities	360,882	1,557,616	481,240	529,911	770,864
As at the end of reporting period (in RMB millions)					
Total assets	35,171,383	33,345,058	30,109,436	27,699,540	26,087,043
Total loans and advances to customers	20,667,245	18,624,308	16,761,319	15,419,905	14,233,448
Corporate loans	12,194,706	11,102,733	9,955,821	9,418,894	8,936,864
Personal loans	7,944,781	7,115,279	6,383,624	5,636,574	4,945,458
Discounted bills	527,758	406,296	421,874	364,437	351,126
Allowance for impairment losses on loans ⁽¹⁾	603,983	531,161	478,730	413,177	340,482
Investment	9,257,760	8,591,139	7,647,117	6,754,692	5,756,704
Total liabilities	31,896,125	30,435,543	27,417,433	25,354,657	23,945,987
Due to customers	26,441,774	25,134,726	22,977,655	21,408,934	19,562,936
Corporate deposits	13,331,463	12,944,860	12,028,262	11,481,141	10,705,465
Personal deposits	12,497,968	11,660,536	10,477,744	9,436,418	8,568,917
Other deposits	250,349	261,389	234,852	268,914	288,554
Accrued interest	361,994	267,941	236,797	222,461	—
Due to banks and other financial institutions	2,921,029	2,784,259	2,266,573	1,814,495	1,706,549
Equity attributable to equity holders of the parent company	3,257,755	2,893,502	2,676,186	2,330,001	2,127,491
Share capital	356,407	356,407	356,407	356,407	356,407
Net core tier 1 capital ⁽²⁾	2,886,378	2,653,002	2,457,274	2,232,033	2,030,108
Net tier 1 capital ⁽²⁾	3,241,364	2,872,792	2,657,523	2,312,143	2,110,060
Net capital base ⁽²⁾	3,909,669	3,396,186	3,121,479	2,644,885	2,406,920
Risk-weighted assets ⁽²⁾	21,690,349	20,124,139	18,616,886	17,190,992	15,902,801

	2021	2020	2019	2018	2017
Per share data					
(in RMB yuan)					
Net asset value per share ⁽³⁾	8.15	7.48	6.93	6.30	5.73
Basic earnings per share	0.95	0.86	0.86	0.82	0.79
Diluted earnings per share	0.95	0.86	0.86	0.82	0.79
Credit rating					
S&P ⁽⁴⁾	A	A	A	A	A
Moody's ⁽⁴⁾	A1	A1	A1	A1	A1

Notes: (1) Calculated by adding allowance for impairment losses on loans and advances to customers measured at amortised cost with allowance for impairment losses on loans and advances to customers measured at fair value through other comprehensive income.

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

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

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

2.2 Financial Indicators

	2021	2020	2019	2018	2017
Profitability (%)					
Return on average total assets ⁽¹⁾	1.02	1.00	1.08	1.11	1.14
Return on weighted average equity ⁽²⁾	12.15	11.95	13.05	13.79	14.35
Net interest spread ⁽³⁾	1.92	1.97	2.12	2.20	2.10
Net interest margin ⁽⁴⁾	2.11	2.15	2.30	2.36	2.22
Return on risk-weighted assets ⁽⁵⁾	1.68	1.64	1.75	1.81	1.89
Ratio of net fee and commission income to operating income	15.45	16.40	16.83	17.15	20.67
Cost-to-income ratio ⁽⁶⁾	26.36	24.76	25.79	25.71	26.45
Asset quality (%)					
Non-performing loans (“NPLs”) ratio ⁽⁷⁾	1.42	1.58	1.43	1.52	1.55
Allowance to NPLs ⁽⁸⁾	205.84	180.68	199.32	175.76	154.07
Allowance to total loans ratio ⁽⁹⁾	2.92	2.85	2.86	2.68	2.39
Capital adequacy (%)					
Core tier 1 capital adequacy ratio ⁽¹⁰⁾	13.31	13.18	13.20	12.98	12.77
Tier 1 capital adequacy ratio ⁽¹⁰⁾	14.94	14.28	14.27	13.45	13.27
Capital adequacy ratio ⁽¹⁰⁾	18.02	16.88	16.77	15.39	15.14
Total equity to total assets ratio	9.31	8.73	8.94	8.47	8.21
Risk-weighted assets to total assets ratio	61.67	60.35	61.83	62.06	60.96

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

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

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

(4) Calculated by dividing net interest income by the average balance of interest-generating assets.

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

2.3 Quarterly Financial Data

	2021			
	Q1	Q2	Q3	Q4
(In RMB millions)				
Operating income	214,120	212,286	217,489	216,985
Net profit attributable to equity holders of the parent company	85,730	77,743	88,348	96,517
Net cash flows from operating activities	612,669	(235,123)	588,904	(605,568)
	2020			
	Q1	Q2	Q3	Q4
(In RMB millions)				
Operating income	206,187	196,159	197,901	199,828
Net profit attributable to equity holders of the parent company	84,494	64,296	79,885	87,231
Net cash flows from operating activities	1,907,890	(34,157)	146,709	(462,826)

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

In respect of the financial statements of the Bank prepared under PRC GAAP and those under IFRSs, net profit attributable to equity holders of the parent company for the year ended 31 December 2021 and equity attributable to equity holders of the parent company as at the end of the reporting period have no differences.

3. Business Review

In 2021, in the face of the complicated and severe external environment, the Bank conscientiously implemented the decisions and arrangements of the CPC Central Committee and the State Council, acted upon the “48-character” guideline, stepped foot in the new development stage, applied the new development philosophy in full, in the right way and in all fields, and actively served and integrated into the new development paradigm. We coordinated COVID-19 containment efforts and financial work, went to all lengths to accomplish the “Three Tasks” of financial work, and achieved stable and even more remarkable business performance. We made great headway in our new development plan and took solid steps toward high-quality development.

In 2021, the Group recorded RMB860.9 billion in operating income, representing an increase of 7.6% from the previous year. Profit before provision was RMB627.5 billion, representing an increase of 5.5% from the previous year. Net profit reached RMB350.2 billion, representing an increase of 10.2% from the previous year. Return on total average assets and return on weighted average equity were both higher than the previous year. Capital adequacy ratio stood at 18.02%. NPL ratio was 1.42%, down 0.16 percentage points from the end of the previous year. Allowance to NPLs reached 205.84%. These indicators fully reflect the balance and coordination between value creation, market standing, risk management and capital constraints and demonstrate the Bank’s strong momentum for high-quality development and extraordinary development resilience.

Such resilience is firmly rooted in our commitments to fulfilling our original aspirations and serving the real economy. According to the cross-cyclical and counter-cyclical policy adjustments, the Bank earnestly implemented the requirements for “ensuring stability on six key fronts” and “maintaining security in six key areas”. We arranged the aggregate volume, pace and structure of investment and financing in a well-coordinated way, and continuously improved the adaptability, competitiveness and inclusiveness of financial services, so as to better meet the diversified financial needs of the real economy and the general public. The Bank registered new domestic RMB loans of RMB2.12 trillion, RMB243.3 billion more than the increment last year, hitting the new high for the same period. Bond investments grew by RMB763.2 billion, with the balance remaining at the first position among peers. We took precise and targeted actions to support the key fields and weak areas of the real economy. Loans to manufacturing increased by RMB319.7 billion, with the medium to long-term loans to manufacturing growing by RMB242.7 billion. We improved financial service modes for sci-tech enterprises, and the balance of loans to key state-supported high-tech fields surpassed RMB1 trillion. We actively pushed forward green and low-carbon transformation and witnessed the total amount of green loans exceeding RMB2.4 trillion, indicating a growth rate of 34.4%. We made vigorous efforts in the development of digital inclusive finance and supply chain finance, and scaled up small and micro loans. We launched the “ICBC Xingnongtong” brand, to expand the breadth and depth of our financial support for the endeavor of rural revitalization. Our inclusive loans grew by over 50% in the year.

Such resilience is built upon our solid measures for safeguarding the bottom line of risk management and continuously enhancing our ability to defuse risks. The Bank placed equal emphasis on development and security, adopted a holistic risk management approach to people, money and policy system, and upgraded the enterprise risk management system through “active prevention, smart control and comprehensive management”. We strengthened the implementation of policies and fully implemented new credit review regulations across domestic institutions. We carried out special actions to improve asset quality, systematically inspected and managed risks in key areas and related to key customers, and redoubled efforts in the collection and disposal of NPLs. The overdue rate, overdue amount and price scissors between overdue loans and NPLs continued to decline. We overdid the task of reducing existing wealth management products. We stayed vigilant against market risk and took effective measures to forestall emerging risks such as climate risk and model risk. We comprehensively improved the effectiveness of internal control and case prevention, and achieved notable results in customer complaint management.

Such resilience stems from our thorough efforts to advance transformation and innovation and continuously inspire business vitality and growth momentum. In alignment with the 14th Five-Year Plan, the Bank launched its new development plan, followed through on the pattern of “bringing out our strengths to make up for our weaknesses and laying a solid foundation and base” and pushed forward the implementation of the No.1 Personal Bank Strategy, the Preferred Bank Strategy for Foreign Exchange Business, the Strategy for Sharpening Competitive Edge in Key Regions and the Urban-Rural Collaborative Development Strategy. We worked hard to cultivate and shape new advantages for high-quality development, advanced the transformation of asset management, private banking, bank card and other businesses in an orderly manner, and comprehensively improved our service quality. We accelerated digital transformation and deepened the fusion of technology and business. We vigorously developed service scenarios in smart government, smart social security, smart education and other fields with a focus to help improve people’s livelihoods, further strengthened the interactions among government, business and consumption (“GBC”), and achieved substantial results in fundamental work such as fund taking and “net making and patching” program. With more than 700 million personal customers and 9.69 million corporate customers, the Bank has a well-coordinated customer ecosystem encompassing large, medium, small and micro customers, laying a solid foundation for high-quality development.

4. Discussion and Analysis

4.1 Income Statement Analysis

In 2021, facing the complicated and tough business environment, the Bank maintained sound business quality, constantly elevated the quality and efficiency of financial services, and further improved its capability in balancing and coordinating sustainable development. In the year, the Bank realized a net profit of RMB350,216 million, representing an increase of RMB32,531 million or 10.2% as compared to the previous year. Return on average total assets stood at 1.02%, and return on weighted average equity was 12.15%. Operating income amounted to RMB860,880 million, representing an increase of 7.6%, of which, net interest income grew by 6.8% to RMB690,680 million; non-interest income was RMB170,200 million, up by 11.0%. Operating expenses amounted to RMB236,227 million, representing an increase of 14.3%, and the cost-to-income ratio was 26.36%. Impairment losses on assets were RMB202,623 million. Income tax expense rose by 0.3% to RMB74,683 million.

Net Interest Income

In 2021, net interest income was RMB690,680 million, RMB43,915 million or 6.8% higher than that of last year, accounting for 80.2% of the Bank's operating income. Interest income grew by RMB69,697 million or 6.4% to RMB1,162,218 million and interest expenses increased by RMB25,782 million or 5.8% to RMB471,538 million. Net interest spread and net interest margin (NIM) came at 1.92% and 2.11% respectively, down 5 basis points and 4 basis points respectively from the previous year, mainly because the Bank continued to provide favorable fee policy for the real economy and further reduced the financing cost of enterprises.

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

In RMB millions, except for percentages

Item	Average balance	2021		2020		Average yield/cost (%)
		Interest income/expense	Average yield/cost (%)	Average balance	Interest income/expense	
Assets						
Loans and advances to customers	19,996,414	832,136	4.16	17,979,409	766,407	4.26
Investment	7,999,530	262,827	3.29	7,223,638	243,545	3.37
Due from central banks ⁽²⁾	2,888,381	42,027	1.46	2,848,543	42,022	1.48
Due from banks and other financial institutions ⁽³⁾	1,772,522	25,228	1.42	2,003,882	40,547	2.02
Total interest-generating assets	32,656,847	1,162,218	3.56	30,055,472	1,092,521	3.64
Non-interest-generating assets	2,659,895			2,865,115		
Allowance for impairment losses on assets	(574,932)			(506,316)		
Total assets	34,741,810			32,414,271		
Liabilities						
Deposits	24,477,111	397,625	1.62	22,670,373	364,173	1.61
Due to banks and other financial institutions ⁽³⁾	3,287,917	44,387	1.35	2,938,129	51,477	1.75
Debt securities issued	1,072,667	29,526	2.75	1,028,929	30,106	2.93
Total interest-bearing liabilities	28,837,695	471,538	1.64	26,637,431	445,756	1.67
Non-interest-bearing liabilities	1,991,928			2,114,998		
Total liabilities	30,829,623			28,752,429		
Net interest income		690,680			646,765	
Net interest spread			1.92			1.97
Net interest margin			2.11			2.15

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

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

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

Interest Income

• Interest Income on Loans and Advances to Customers

Interest income on loans and advances to customers was RMB832,136 million, RMB65,729 million or 8.6% higher as compared to that of last year, mainly due to the increase in the size of loans and advances to customers.

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

In RMB millions, except for percentages

Item	Average balance	2021	Average yield (%)	2020		
		Interest income		Average balance	Interest income	Average yield (%)
Short-term loans	4,045,145	142,549	3.52	3,934,831	143,043	3.64
Medium to long-term loans	<u>15,951,269</u>	<u>689,587</u>	4.32	<u>14,044,578</u>	<u>623,364</u>	4.44
Total loans and advances to customers	<u><u>19,996,414</u></u>	<u><u>832,136</u></u>	4.16	<u><u>17,979,409</u></u>	<u><u>766,407</u></u>	4.26

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

In RMB millions, except for percentages

Item	2021			2020		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Corporate loans	10,787,207	439,575	4.08	9,461,995	400,605	4.23
Discounted bills	380,678	10,266	2.70	443,764	11,883	2.68
Personal loans	7,415,770	349,572	4.71	6,606,897	314,940	4.77
Overseas business	1,412,759	32,723	2.32	1,466,753	38,979	2.66
Total loans and advances to customers	<u>19,996,414</u>	<u>832,136</u>	4.16	<u>17,979,409</u>	<u>766,407</u>	4.26

- **Interest Income on Investment**

Interest income on investment amounted to RMB262,827 million, representing an increase of RMB19,282 million or 7.9% as compared to that of last year, mainly due to the increased scale in investment.

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

Interest income on due from banks and other financial institutions was RMB25,228 million, representing a decrease of RMB15,319 million or 37.8% as compared to that of last year, principally due to the factors such as reduced lending size and low interest rate environment.

Interest Expense

- Interest Expense on Deposits**

Interest expense on deposits amounted to RMB397,625 million, representing an increase of RMB33,452 million or 9.2% over the previous year, principally due to the expansion in the size of due to customers.

ANALYSIS OF AVERAGE DEPOSIT COST BY PRODUCTS

In RMB millions, except for percentages

Item	2021		2020			
	Average balance	Interest expense	Average cost (%)	Average balance	Interest expense	Average cost (%)
Corporate deposits						
Time deposits	4,929,388	121,230	2.46	4,757,009	111,977	2.35
Demand deposits	<u>7,133,857</u>	<u>58,618</u>	0.82	<u>6,787,204</u>	<u>53,752</u>	0.79
Subtotal	<u>12,063,245</u>	<u>179,848</u>	1.49	<u>11,544,213</u>	<u>165,729</u>	1.44
Personal deposits						
Time deposits	6,337,635	189,118	2.98	5,723,692	167,153	2.92
Demand deposits	<u>5,091,927</u>	<u>18,678</u>	0.37	<u>4,509,984</u>	<u>17,243</u>	0.38
Subtotal	<u>11,429,562</u>	<u>207,796</u>	1.82	<u>10,233,676</u>	<u>184,396</u>	1.80
Overseas business	<u>984,304</u>	<u>9,981</u>	1.01	<u>892,484</u>	<u>14,048</u>	1.57
Total deposits	<u><u>24,477,111</u></u>	<u><u>397,625</u></u>	1.62	<u><u>22,670,373</u></u>	<u><u>364,173</u></u>	1.61

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

Interest expense on due to banks and other financial institutions was RMB44,387 million, RMB7,090 million or 13.8% lower than that of last year, principally attributable to the decline in cost as affected by the factors such as market interest rates and product maturities.

- **Interest Expense on Debt Securities Issued**

Interest expense on debt securities issued was RMB29,526 million, indicating a decrease of RMB580 million or 1.9% over last year.

Non-interest Income

In 2021, non-interest income was RMB170,200 million, RMB16,890 million or 11.0% higher than that of last year, accounting for 19.8% of the operating income. Specifically, net fee and commission income increased by 1.4% to RMB133,024 million, and other non-interest related gains rose by 68.3% to RMB37,176 million.

NET FEE AND COMMISSION INCOME

<i>In RMB millions, except for percentages</i>				
Item	2021	2020	Increase/ (decrease)	Growth rate (%)
Settlement, clearing business and cash management	41,270	39,101	2,169	5.5
Personal wealth management and private banking services	30,001	29,630	371	1.3
Investment banking business	22,416	21,460	956	4.5
Bank card business	16,679	18,623	(1,944)	(10.4)
Corporate wealth management services	15,165	15,554	(389)	(2.5)
Guarantee and commitment business	9,756	10,101	(345)	(3.4)
Asset custody business	8,738	7,545	1,193	15.8
Trust and agency services	1,808	1,617	191	11.8
Other	2,894	3,037	(143)	(4.7)
Fee and commission income	148,727	146,668	2,059	1.4
Less: Fee and commission expense	15,703	15,453	250	1.6
Net fee and commission income	133,024	131,215	1,809	1.4

In 2021, the Bank's net fee and commission income was RMB133,024 million, an increase of RMB1,809 million over last year. Specifically, income from settlement, clearing business and cash management increased by RMB2,169 million, mainly driven by the growth of third party payment business income; income from investment banking business registered an increase of RMB956 million, mainly due to the income increase from securitization service etc.; asset custody business income increased by RMB1,193 million, principally attributable to the increasing income from mutual fund custody business. The Bank adhered to the business transformation and implemented the policy of fee reduction and profit concessions, resulting in the income decrease on bank card, corporate wealth management, guarantee and commitment businesses.

OTHER NON-INTEREST RELATED GAINS

In RMB millions, except for percentages

Item	2021	2020	Increase/ (decrease)	Growth rate (%)
Net trading income	8,955	2,222	6,733	303.0
Net gains on financial investments	16,440	11,829	4,611	39.0
Other operating income, net	<u>11,781</u>	<u>8,044</u>	<u>3,737</u>	46.5
Total	<u><u>37,176</u></u>	<u><u>22,095</u></u>	<u><u>15,081</u></u>	68.3

Other non-interest related gains amounted to RMB37,176 million, RMB15,081 million or 68.3% higher than that of the previous year. Specifically, the increase in net trading income was mainly attributable to the increase in gains on derivative financial instruments; the increase in net gains on financial investments was primarily due to the increase in gains on equity instruments and bond investments; and the increase in other net operating income was mainly because of the increase in net gains on exchange and exchange rate products.

Operating Expenses

In RMB millions, except for percentages

Item	2021	2020	Increase/ (decrease)	Growth rate (%)
Staff costs	139,363	126,572	12,791	10.1
Property and equipment expenses	28,822	27,960	862	3.1
Taxes and surcharges	9,318	8,524	794	9.3
Amortisation	3,125	2,607	518	19.9
Other	55,599	40,922	14,677	35.9
Total	236,227	206,585	29,642	14.3

In 2021, operating expenses amounted to RMB236,227 million, an increase of RMB29,642 million or 14.3% over last year.

Impairment Losses on Assets

In 2021, the Bank set aside the impairment losses on assets of RMB202,623 million, a decrease of RMB45 million as compared to that of last year. Specifically, the impairment losses on loans was RMB168,267 million, indicating a decrease of RMB3,563 million or 2.1%.

Share of Results of Associates and Joint Ventures

Share of results of associates and joint ventures stood at RMB2,869 million, representing an increase of RMB1,565 million or 120.0% over last year, mainly due to the increase in the Bank's share of results from Standard Bank Group Limited, an associate of the Bank.

Income Tax Expense

Income tax expense increased by RMB242 million or 0.3% to RMB74,683 million as compared to the previous year. The effective tax rate stood at 17.58%.

4.2 Segment Information

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

SUMMARY OPERATING SEGMENT INFORMATION

In RMB millions, except for percentages

Item	2021		2020	
	Amount	Percentage (%)	Amount	Percentage (%)
Operating income	860,880	100.0	800,075	100.0
Corporate banking	398,373	46.3	393,661	49.2
Personal banking	346,172	40.2	318,058	39.7
Treasury operations	111,278	12.9	83,931	10.5
Other	5,057	0.6	4,425	0.6
Profit before taxation	424,899	100.0	392,126	100.0
Corporate banking	140,569	33.1	146,903	37.5
Personal banking	195,658	46.0	174,469	44.5
Treasury operations	85,326	20.1	68,199	17.4
Other	3,346	0.8	2,555	0.6

SUMMARY GEOGRAPHICAL SEGMENT INFORMATION

In RMB millions, except for percentages

Item	2021		2020	
	Amount	Percentage (%)	Amount	Percentage (%)
Operating income	860,880	100.0	800,075	100.0
Head Office	135,419	15.8	107,705	13.5
Yangtze River Delta	136,544	15.9	130,424	16.3
Pearl River Delta	107,474	12.5	102,902	12.9
Bohai Rim	145,660	16.9	145,927	18.1
Central China	105,357	12.2	98,851	12.4
Western China	126,799	14.7	121,336	15.2
Northeastern China	29,582	3.4	32,342	4.0
Overseas and other	74,045	8.6	60,588	7.6
Profit before taxation	424,899	100.0	392,126	100.0
Head Office	58,031	13.6	34,092	8.7
Yangtze River Delta	83,920	19.8	75,295	19.2
Pearl River Delta	59,699	14.1	67,383	17.2
Bohai Rim	64,383	15.2	76,322	19.4
Central China	47,115	11.1	42,655	10.9
Western China	65,477	15.4	66,598	17.0
Northeastern China	1,259	0.3	2,593	0.7
Overseas and other	45,015	10.5	27,188	6.9

4.3 Balance Sheet Analysis

In 2021, in response to the changes in external development trends, the Bank earnestly implemented macro-economic and financial policies and regulatory requirements, and continued to enhance the foresight, scientificity and initiative of asset and liability management, and appropriately arranged the aggregate amount, structure and pace of assets and liabilities. While maintaining a moderate growth of the total assets and liabilities, the Bank earnestly followed the regulatory orientation, continued to promote liability quality management, and gradually established a liability quality management system that is commensurate with the development of liability business. Besides, it strived to cement the foundation for deposit development, and maintained steady development of liability business. The Bank deeply promoted the continuous optimization of the asset and liability structure and coordinated development of quantity and price, and enhanced the adaptability, competitiveness and inclusiveness of serving the real economy.

Assets Deployment

As at the end of 2021, total assets of the Bank amounted to RMB35,171,383 million, RMB1,826,325 million or 5.5% higher than that at the end of the previous year. Specifically, total loans and advances to customers (collectively referred to as “total loans”) increased by RMB2,042,937 million or 11.0% to RMB20,667,245 million, investment increased by RMB666,621 million or 7.8% to RMB9,257,760 million, and cash and balances with central banks decreased by RMB439,357 million or 12.4% to RMB3,098,438 million.

In RMB millions, except for percentages

Item	At 31 December 2021		At 31 December 2020	
	Amount	Percentage (%)	Amount	Percentage (%)
Total loans and advances to customers	20,667,245	—	18,624,308	—
Add: Accrued interest	45,719	—	42,320	—
Less: Allowance for impairment losses on loans and advances to customers measured at amortised cost	603,764	—	530,300	—
Net loans and advances to customers	20,109,200	57.2	18,136,328	54.4
Investment	9,257,760	26.3	8,591,139	25.8
Cash and balances with central banks	3,098,438	8.8	3,537,795	10.6
Due from banks and other financial institutions	827,150	2.4	1,081,897	3.2
Reverse repurchase agreements	663,496	1.9	739,288	2.2
Other	1,215,339	3.4	1,258,611	3.8
Total assets	35,171,383	100.0	33,345,058	100.0

- **Loan**

The Bank continued to improve the quality and efficiency of serving the real economy, actively supported the construction of ongoing infrastructure projects and major projects for making up shortcomings, and implemented strategic arrangements such as new urbanization initiatives and building a country with strong transportation network. It fully supported the high-quality development of the manufacturing industry, served the state's energy supply security and low-carbon transformation strategy, and grasped the development opportunities of green finance comprehensively. It mainly supported the state's food security, stable production and supply of important agricultural products, transformation and upgrading of agricultural industries and integrated development of industrial chains. As at the end of 2021, total loans amounted to RMB20,667,245 million, RMB2,042,937 million or 11.0% higher compared with the end of the previous year, of which RMB denominated loans of domestic branches were RMB18,929,925 million, up by RMB2,124,707 million or 12.6%.

DISTRIBUTION OF LOANS BY BUSINESS LINE

In RMB millions, except for percentages

Item	At 31 December 2021		At 31 December 2020	
	Amount	Percentage (%)	Amount	Percentage (%)
Corporate loans	12,194,706	59.0	11,102,733	59.6
Short-term corporate loans	2,737,742	13.2	2,643,212	14.2
Medium to long-term corporate loans	9,456,964	45.8	8,459,521	45.4
Discounted bills	527,758	2.6	406,296	2.2
Personal loans	7,944,781	38.4	7,115,279	38.2
Residential mortgages	6,362,685	30.8	5,728,315	30.8
Personal consumption loans	187,316	0.9	183,716	0.9
Personal business loans	702,441	3.4	521,638	2.8
Credit card overdrafts	692,339	3.3	681,610	3.7
Total	<u>20,667,245</u>	<u>100.0</u>	<u>18,624,308</u>	<u>100.0</u>

Corporate loans rose by RMB1,091,973 million or 9.8% from the end of last year. Specifically, short-term corporate loans and medium to long-term corporate loans increased by RMB94,530 million and RMB997,443 million respectively. The Bank continued to increase credit allocation to manufacturing, strategic emerging industries, inclusive finance, green finance, rural revitalization and other key fields, and the Bank's corporate loans in key strategic areas such as the Beijing-Tianjin-Hebei region, Yangtze River Delta, Guangdong-Hong Kong-Macao Greater Bay Area, Central China and Chengdu-Chongqing economic circle continued to grow.

Personal loans increased by RMB829,502 million or 11.7% from the end of last year. Specifically, residential mortgages grew by RMB634,370 million or 11.1%; personal business loans increased by RMB180,803 million or 34.7%, and the rapid growth is mainly because of the good reputation and increasing market shares of online inclusive finance product “e-Mortgage Quick Loan”.

DISTRIBUTION OF LOANS BY FIVE-CATEGORY CLASSIFICATION

In RMB millions, except for percentages

Item	At 31 December 2021		At 31 December 2020	
	Amount	Percentage (%)	Amount	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	<u>20,667,245</u>	<u>100.00</u>	<u>18,624,308</u>	<u>100.00</u>

According to the five-category classification, pass loans amounted to RMB19,961,778 million at the end of 2021, representing an increase of RMB2,043,348 million when compared with the end of the previous year and accounting for 96.59% of total loans. Special mention loans stood at RMB412,038 million, representing an increase of RMB138 million, and accounting for 1.99% of the total, with a drop of 0.22 percentage points. NPLs amounted to RMB293,429 million, showing a decrease of RMB549 million, and NPL ratio was 1.42%, with a decrease of 0.16 percentage points.

DISTRIBUTION OF LOANS AND NPLS

In RMB millions, except for percentages

Item	At 31 December 2021				At 31 December 2020			
	Loan	Percentage (%)	NPLs	NPL ratio (%)	Loan	Percentage (%)	NPLs	NPL ratio (%)
Corporate loans	12,194,706	59.0	254,887	2.09	11,102,733	59.6	253,815	2.29
Short-term corporate loans	2,737,742	13.2	107,390	3.92	2,643,212	14.2	130,893	4.95
Medium to long-term corporate loans	9,456,964	45.8	147,497	1.56	8,459,521	45.4	122,922	1.45
Discounted bills	527,758	2.6	—	—	406,296	2.2	622	0.15
Personal loans	7,944,781	38.4	38,542	0.49	7,115,279	38.2	39,541	0.56
Residential mortgages	6,362,685	30.8	15,460	0.24	5,728,315	30.8	16,207	0.28
Personal consumption loans	187,316	0.9	3,092	1.65	183,716	0.9	3,668	2.00
Personal business loans	702,441	3.4	6,811	0.97	521,638	2.8	6,760	1.30
Credit card overdrafts	692,339	3.3	13,179	1.90	681,610	3.7	12,906	1.89
Total	20,667,245	100.0	293,429	1.42	18,624,308	100.0	293,978	1.58

Corporate NPLs were RMB254,887 million, showing an increase of RMB1,072 million when compared with the end of the previous year, and representing a NPL ratio of 2.09%, with a decrease of 0.20 percentage points. Personal NPLs amounted to RMB38,542 million, showing a decrease of RMB999 million, and represented a NPL ratio of 0.49%, with a decrease of 0.07 percentage points.

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

In RMB millions, except for percentages

Item	At 31 December 2021				At 31 December 2020			
	Loan	Percentage (%)	NPLs	NPL ratio (%)	Loan	Percentage (%)	NPLs	NPL ratio (%)
Transportation, storage and postal services	2,816,789	25.8	24,762	0.88	2,467,959	25.2	20,683	0.84
Leasing and commercial services	1,667,376	15.2	33,824	2.03	1,441,688	14.8	31,242	2.17
Manufacturing	1,654,610	15.1	61,602	3.72	1,555,382	15.9	65,361	4.20
Water, environment and public utility management	1,370,252	12.5	11,379	0.83	1,154,201	11.8	8,425	0.73
Production and supply of electricity, heat, gas and water	1,065,459	9.7	8,653	0.81	995,232	10.2	3,977	0.40
Real estate	705,714	6.5	33,820	4.79	701,094	7.2	16,238	2.32
Wholesale and retail	464,169	4.2	38,558	8.31	437,283	4.5	60,272	13.78
Construction	312,849	2.9	5,538	1.77	260,667	2.7	8,636	3.31
Science, education, culture and sanitation	287,601	2.6	6,947	2.42	245,378	2.5	5,462	2.23
Mining	203,130	1.9	3,470	1.71	177,408	1.8	7,593	4.28
Lodging and catering	73,063	0.7	8,095	11.08	83,886	0.9	11,743	14.00
Other	317,641	2.9	5,732	1.80	247,866	2.5	5,495	2.22
Total	10,938,653	100.0	242,380	2.22	9,768,044	100.0	245,127	2.51

The Bank continued to propel the optimization and adjustment of the industry's credit structure and stepped up efforts to shore up the development of the real economy. Loans to transportation, storage and postal services increased by RMB348,830 million as compared with the end of the previous year, representing a growth rate of 14.1%, mainly due to active support for the liquidity needs of highway, railway, airport and berth projects and large transportation group companies. Loans to leasing and commercial services increased by RMB225,688 million, representing a growth rate of 15.7%, mainly for supporting the financing needs of developing projects for "New infrastructure, New urbanization initiatives and Major projects", people's wellbeing, projects for strengthening areas of weaknesses in infrastructure, and of enterprise headquarters, parks and commercial complex management service customers. Loans to water, environment and public utility management grew by RMB216,051 million, representing a growth rate of 18.7%, mainly for steadily satisfying the investment and financing needs arising from significant projects and projects for people's livelihood in the areas of urban infrastructure construction, ecological environment protection and public services. Manufacturing loans rose by RMB99,228 million, an increase of 6.4%, mainly due to continuously increased support for manufacturing, faster credit granting structure adjustment and fast growth of loans to leading and backbone enterprises in manufacturing of electrical equipment, general equipment, food and medicine.

The Bank continued to strengthen risk management of financing in various industries, intensified the disposal of non-performing assets with RMB190.1 billion NPLs recovered or disposed accumulatively, and actively promoted the transformation of risk asset management. Except for the deterioration of loans to customers in some industries due to external factors such as COVID-19 pandemic, the loan quality was generally stable.

DISTRIBUTION OF LOANS AND NPLS BY GEOGRAPHIC AREA

In RMB millions, except for percentages

Item	At 31 December 2021				At 31 December 2020			
	Loan	Percentage (%)	NPLs	NPL ratio (%)	Loan	Percentage (%)	NPLs	NPL ratio (%)
Head Office	791,994	3.8	21,668	2.74	772,372	4.1	21,603	2.80
Yangtze River Delta	4,163,732	20.2	35,149	0.84	3,582,682	19.2	45,304	1.26
Pearl River Delta	3,134,781	15.2	33,860	1.08	2,746,019	14.8	31,540	1.15
Bohai Rim	3,371,325	16.3	72,241	2.14	3,030,552	16.3	71,763	2.37
Central China	3,133,539	15.2	40,046	1.28	2,789,085	15.0	38,584	1.38
Western China	3,746,867	18.1	47,031	1.26	3,369,916	18.1	47,788	1.42
Northeastern China	895,238	4.3	30,600	3.42	841,595	4.5	28,411	3.38
Overseas and other	1,429,769	6.9	12,834	0.90	1,492,087	8.0	8,985	0.60
Total	20,667,245	100.0	293,429	1.42	18,624,308	100.0	293,978	1.58

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	<u>269,376</u>	<u>110,649</u>	<u>223,739</u>	<u>603,764</u>	<u>191</u>	<u>—</u>	<u>28</u>	<u>219</u>

As at the end of 2021, the allowance for impairment losses on loans stood at RMB603,983 million, of which RMB603,764 million at amortised cost, and RMB219 million at fair value through other comprehensive income. Allowance to NPLs was 205.84%, showing an increase of 25.16 percentage points over the end of last year; allowance to total loans ratio was 2.92%, showing an increase of 0.07 percentage points.

DISTRIBUTION OF LOANS BY COLLATERAL

In RMB millions, except for percentages

Item	At 31 December 2021		At 31 December 2020	
	Amount	Percentage (%)	Amount	Percentage (%)
Loans secured by mortgages	9,497,898	46.0	8,703,068	46.8
Pledged loans	1,720,583	8.3	1,401,565	7.5
Guaranteed loans	2,459,887	11.9	2,260,445	12.1
Unsecured loans	6,988,877	33.8	6,259,230	33.6
Total	20,667,245	100.0	18,624,308	100.0

OVERDUE LOANS

In RMB millions, except for percentages

Overdue periods	At 31 December 2021		At 31 December 2020	
	Amount	% of total loans	Amount	% 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.

Overdue loans stood at RMB254,901 million, representing a decrease of RMB12,606 million from the end of the previous year. Among which, loans overdue for over 3 months amounted to RMB182,457 million, representing an increase of RMB13,913 million.

RESCHEDULED LOANS

Rescheduled loans and advances amounted to RMB19,134 million, representing an increase of RMB7,174 million as compared to the end of the previous year. Rescheduled loans and advances overdue for over 3 months amounted to RMB2,301 million, representing an increase of RMB246 million.

BORROWER CONCENTRATION

As at the end of 2021, the total amount of loans granted by the Bank to the single largest customer and top ten single customers accounted for 3.6% and 14.2% of the Bank's net capital base respectively. The total amount of loans granted to the top ten single customers was RMB554,249 million, accounting for 2.7% of the total loans.

- **Investment**

In 2021, the Bank continued to reinforce its financial service capability for the real economy and scaled up its investments in local government bonds, green bonds and other bonds. As at the end of 2021, investment amounted to RMB9,257,760 million, representing an increase of RMB666,621 million or 7.8% from the end of the previous year. Among these, bonds rose by RMB763,152 million or 9.5% to RMB8,817,345 million.

In RMB millions, except for percentages

Item	At 31 December 2021		At 31 December 2020	
	Amount	Percentage (%)	Amount	Percentage (%)
Bonds	8,817,345	95.2	8,054,193	93.8
Equity instruments	190,186	2.1	175,698	2.0
Funds and other	148,166	1.6	262,800	3.1
Accrued interest	102,063	1.1	98,448	1.1
Total	9,257,760	100.0	8,591,139	100.0

DISTRIBUTION OF INVESTMENT IN BONDS BY ISSUERS

In RMB millions, except for percentages

Item	At 31 December 2021		At 31 December 2020	
	Amount	Percentage (%)	Amount	Percentage (%)
Government bonds	6,371,607	72.3	5,737,368	71.2
Central bank bonds	38,207	0.4	32,072	0.4
Policy bank bonds	754,719	8.6	725,625	9.0
Other bonds	1,652,812	18.7	1,559,128	19.4
Total	8,817,345	100.0	8,054,193	100.0

In terms of distribution by issuers, government bonds increased by RMB634,239 million or 11.1% over the end of last year, mainly due to the increase in local government bonds and national bonds; central bank bonds increased by RMB6,135 million or 19.1%; policy bank bonds went up by RMB29,094 million or 4.0%; and other bonds increased by RMB93,684 million or 6.0%.

DISTRIBUTION OF INVESTMENT IN BONDS BY REMAINING MATURITY

In RMB millions, except for percentages

Remaining maturity	At 31 December 2021		At 31 December 2020	
	Amount	Percentage (%)	Amount	Percentage (%)
Undated ⁽¹⁾	167	0.0	35	0.0
Less than 3 months	514,685	5.8	495,137	6.1
3 to 12 months	1,228,144	13.9	978,923	12.2
1 to 5 years	3,517,415	39.9	3,493,342	43.4
Over 5 years	3,556,934	40.4	3,086,756	38.3
Total	8,817,345	100.0	8,054,193	100.0

Note: (1) Refers to overdue bonds.

DISTRIBUTION OF INVESTMENT IN BONDS BY CURRENCY

In RMB millions, except for percentages

Item	At 31 December 2021		At 31 December 2020	
	Amount	Percentage (%)	Amount	Percentage (%)
RMB-denominated bonds	8,110,061	92.0	7,388,349	91.8
USD-denominated bonds	450,447	5.1	436,381	5.4
Other foreign currency bonds	256,837	2.9	229,463	2.8
Total	<u>8,817,345</u>	<u>100.0</u>	<u>8,054,193</u>	<u>100.0</u>

In terms of currency structure, RMB-denominated bonds rose by RMB721,712 million or 9.8% over the end of last year; USD-denominated bonds increased by an equivalent of RMB14,066 million or 3.2%; other foreign currency bonds increased by an equivalent of RMB27,374 million or 11.9%. During the reporting period, the Bank improved the investment portfolio structure of foreign currency bonds and moderately increased the investment in bonds denominated in other currencies.

DISTRIBUTION OF INVESTMENT BY MEASURING METHOD

In RMB millions, except for percentages

Item	At 31 December 2021		At 31 December 2020	
	Amount	Percentage (%)	Amount	Percentage (%)
Financial investments measured at fair value through profit or loss	623,223	6.7	784,483	9.1
Financial investments measured at fair value through other comprehensive income	1,803,604	19.5	1,540,988	17.9
Financial investments measured at amortised cost	6,830,933	73.8	6,265,668	73.0
Total	<u>9,257,760</u>	<u>100.0</u>	<u>8,591,139</u>	<u>100.0</u>

As at the end of 2021, the Group held RMB1,607,183 million of financial bonds¹, including RMB754,719 million of policy bank bonds and RMB852,464 million of bonds issued by banks and non-bank financial institutions, accounting for 47.0% and 53.0% of financial bonds, respectively.

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

Liabilities

As at the end of 2021, total liabilities reached RMB31,896,125 million, an increase of RMB1,460,582 million or 4.8% compared with the end of last year.

In RMB millions, except for percentages

Item	At 31 December 2021		At 31 December 2020	
	Amount	Percentage (%)	Amount	Percentage (%)
Due to customers	26,441,774	82.9	25,134,726	82.6
Due to banks and other financial institutions	2,921,029	9.2	2,784,259	9.1
Repurchase agreements	365,943	1.1	293,434	1.0
Debt securities issued	791,375	2.5	798,127	2.6
Other	1,376,004	4.3	1,424,997	4.7
Total liabilities	31,896,125	100.0	30,435,543	100.0

- **Due to Customers**

Due to customers is the Bank's main source of funds. As at the end of 2021, due to customers was RMB26,441,774 million, RMB1,307,048 million or 5.2% higher than that at the end of the previous year. In terms of customer structure, corporate deposits increased by RMB386,603 million or 3.0%; and personal deposits increased by RMB837,432 million or 7.2%. In terms of maturity structure, time deposits increased by RMB952,110 million or 8.0%, while demand deposits increased by RMB271,925 million or 2.1%. In terms of currency structure, RMB deposits stood at RMB24,914,524 million, an increase of RMB1,342,532 million or 5.7%. Foreign currency deposits were equivalent to RMB1,527,250 million, a decrease of RMB35,484 million or 2.3%.

DISTRIBUTION OF DUE TO CUSTOMERS BY BUSINESS LINE

In RMB millions, except for percentages

Item	At 31 December 2021		At 31 December 2020	
	Amount	Percentage (%)	Amount	Percentage (%)
Corporate deposits				
Time deposits	5,798,353	21.9	5,489,700	21.8
Demand deposits	7,533,110	28.5	7,455,160	29.7
Subtotal	13,331,463	50.4	12,944,860	51.5
Personal deposits				
Time deposits	7,107,386	26.9	6,463,929	25.7
Demand deposits	5,390,582	20.4	5,196,607	20.7
Subtotal	12,497,968	47.3	11,660,536	46.4
Other deposits⁽¹⁾	250,349	0.9	261,389	1.0
Accrued interest	361,994	1.4	267,941	1.1
Total	26,441,774	100.0	25,134,726	100.0

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

Shareholders' Equity

As at the end of 2021, shareholders' equity totaled RMB3,275,258 million, RMB365,743 million or 12.6% higher than that at the end of the previous year. Equity attributable to equity holders of the parent company recorded an increase of RMB364,253 million or 12.6% to RMB3,257,755 million. Please refer to the "Consolidated Financial Statements: Consolidated Statement of Changes in Equity" for details.

4.4 Capital Adequacy Ratio and Leverage Ratio

The Bank calculated its capital adequacy ratios at all levels in accordance with the Regulation Governing Capital of Commercial Banks (Provisional). According to the scope of implementing the advanced capital management approaches as approved by the regulatory authorities, the 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.

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 Regulation Governing Capital of Commercial Banks (Provisional) stood at 13.31%, 14.94% and 18.02%, respectively, complying with regulatory requirements.

CAPITAL ADEQUACY RATIO

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.

Please refer to the 2021 Capital Adequacy Ratio Report of Industrial and Commercial Bank of China Limited issued by the Bank for further information on capital measurement.

LEVERAGE RATIO

In RMB millions, except for percentages

Item	At	At	At	At	At
	31 December 2021	30 September 2021	30 June 2021	31 March 2021	31 December 2020
Net tier 1 capital	3,241,364	3,132,095	3,009,641	2,956,971	2,872,792
Balance of adjusted on- and off-balance sheet assets	37,292,522	37,682,357	37,370,525	36,423,221	35,300,338
Leverage ratio (%)	8.69	8.31	8.05	8.12	8.14

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.

- **Issuance of Undated Additional Tier 1 Capital Bonds**

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.

- **Issuance Progress of Tier 2 Capital Bonds**

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 China Banking and Insurance Regulatory Commission (“CBIRC”) and People’s Bank of China (“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.

4.5 Assessment Indicators of Systemically Important Banks

- **Global Systemically Importance Assessment Indicators of Commercial Banks**

In accordance with the Guidelines on the Disclosure of Global Systemically Importance Assessment Indicators for Commercial Banks issued by CBIRC and the Instructions for G-SIB Assessment Exercise issued by the Basel Committee on Banking Supervision, the Bank calculated and disclosed the global systemically importance assessment indicators.

Indicator	<i>In RMB millions</i> 2021
Balance of adjusted on- and off-balance sheet assets	37,560,752
Intra-financial system assets	2,088,082
Intra-financial system liabilities	2,947,997
Securities and other financing instruments issued	5,080,700
Payments settled via payment systems or correspondent banks	493,730,289
Assets under custody	19,980,932
Underwritten transactions in debt and equity markets	2,272,838
Trading volume of fixed-income securities	6,582,443
Trading volume of listed equities and other securities	1,259,003
Notional amount of over-the-counter ("OTC") derivatives	7,966,381
Trading and available-for-sale securities	784,582
Level 3 assets	153,164
Cross-jurisdictional claims	2,092,121
Cross-jurisdictional liabilities	2,069,735

- **Assessment Indicators of Domestic Systemically Important Banks**

In accordance with the Measures for Assessment of Systemically Important Banks issued by PBC and CBIRC and the Notice on Launching the Assessment Data Completion of Systemically Important Banks issued by CBIRC, the Bank calculated and disclosed the 2020 assessment indicators of domestic systemically important banks.

In RMB millions, unless otherwise specified

Indicator	2020
Balance of adjusted on- and off-balance sheet assets	35,300,338
Intra-financial system assets	2,988,192
Intra-financial system liabilities	3,121,151
Securities and other financing instruments issued	2,591,743
Payments settled via payment systems or correspondent banks	480,825,563
Assets under custody	18,157,690
Agency and commission-based business	7,448,878
Number of corporate customers (in 10,000)	864
Number of personal customers (in 10,000)	68,030
Number of domestic operating institutions	16,065
Derivatives	8,085,879
Securities measured at fair value	790,093
Assets of non-banking affiliates	872,495
Wealth management business	1,637,344
Balance of wealth management products issued by the wealth management subsidiary	1,070,072
Cross-jurisdictional claims and liabilities	4,222,848

4.6 Outlook

In 2022, the global economy is expected to continue its rebound, but tensions in the global supply chain and energy supplies may persist, and the prices of major asset categories show a divergent trend. The accelerated shift in monetary policy of major economies and the upward shift in interest rate centers will pose challenges to the banking sector in terms of liquidity management, asset allocation and optimization of the debt structure. At present, **the Chinese economy** faces pressures from three fronts, namely shrinking demand, supply shock and weakening expectations, but the momentum of sustained recovery and development has not changed, and its economic fundamentals remain strong in the long term. China is stepping up efforts to foster a new development paradigm featuring dual circulation, in which domestic and overseas markets reinforce each other, with the domestic market as the mainstay. This will bring new opportunities to the high-quality development in **the banking sector**.

Adhering to Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, **ICBC** will continue to earnestly implement the decisions and arrangements of the Central Committee of the Communist Party of China and the State Council, advance full and accurate implementation of the new development philosophy in the new development stage, and actively serve and integrate into the new development paradigm. The Bank will stay committed to the general principle of pursuing progress while ensuring stability, keep hold

of the requirement of “stability”, fight for achievements in “progress”, redouble efforts in “reform”, stick to the path of financial development with Chinese characteristics, follow the “48-character” guideline, and pursue its own high-quality development while contributing to the country’s high-quality economic and social development. **First, it will reinforce the Party’s establishment in a high-quality manner.** The Bank will uphold and strengthen the Party’s leadership, further integrate it with corporate governance, better align the procedural rules of the Party Committee and the decision-making mechanism in corporate governance, and improve the modern financial enterprise system. The Bank will give full play to its role in full and strict Party self-governance in providing political guidance and guarantees and strengthen strict management and atmosphere. **Second, it will serve the new development paradigm in a high-quality manner.** The Bank will continue to focus on its main responsibilities and businesses, scale up support for manufacturing enterprises and small and micro enterprises, and improve the service quality and efficiency for scientific and technological innovation and green development. The Bank will bring into full play to its dual functions as monetary policy tools in the total amount and structure of investment and financing, implement the cross-cyclical and counter-cyclical policy arrangements, and provide targeted support for the implementation of major projects during the 14th Five-Year Plan period to keep the macro-economy on an even keel. The Bank will integrate financial services into the processes of production, distribution, circulation and consumption to help build a complete demand system and smoothen the circulation of the national economy and the global economy. **Third, it will implement the new development plan at a high-quality standard.** The Bank will give greater prominence to quality, efficiency and innovation, make itself stronger and better based on actual conditions, and improve qualitative development. It will push forward the implementation of key strategies such as the No.1 Personal Bank, the Preferred Bank for Foreign Exchange Business, Sharpening Competitive Edge in Key Regions, and Urban-Rural Collaborative Development. The Bank will strive to achieve new results while “bringing out our strengths to make up for our weaknesses and laying a solid foundation and base” and make mid-term breakthroughs in the implementation of new development plan. **Fourth, it will carry out the high-quality enterprise risk management.** Adhering to the systematic thinking pattern, the Bank will strengthen risk awareness and bottom-line thinking, comprehensively sort out and identify potential risks, and develop targeted response plans and countermeasures. The Bank will improve credit risk management, and further stabilize the asset quality. It will refine the risk management mechanism for online and emerging businesses, and strictly forestall market risks. The Bank will comprehensively enhance the effectiveness of internal control and case prevention measures to ensure that no major risk events and cases occur. **Fifth, it will press ahead with high-quality financial reform.** The Bank will further promote the organic integration of the Party’s leadership and corporate governance, put in place the sound system of modern financial enterprise, and modernize the governance system and capacity. It will fully exploit its advantages in technology and data to boost the development of the digital economy and ramp up its efforts in building “D-ICBC”. The Bank will roll out new cutting-edge and controllable financial technology and take solid measures to ensure the security in the process of digital transformation. **Sixth, it will reinforce the building of talent teams in a high-quality manner.** The Bank will strengthen the top-level design for talent-related work, devise and implement a new round of bank-wide talent development plans. It will improve the evaluation, appraisal and monitoring systems, refine the incentive and restraint mechanisms, strengthen employee management and supervision, and improve employee care. By doing so, the Bank aims to build a strong bank with top-notch talent teams and forge synergy for ICBC’s high-quality development.

4.7 Hot Topics in the Capital Market

Hot Topic 1: An Impressive “Answer Sheet” from ICBC

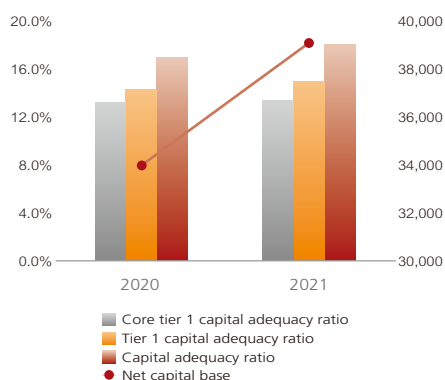
In 2021, ICBC adhered to the “48-character” guideline and coordinated COVID-19 prevention and control efforts with business development. Through high-quality investment and financing, the Bank provided comprehensive services against a new development paradigm, implemented the new development plan by steadily pushing forward the mantra of “bringing out our strengths to make up for our weaknesses and laying a solid foundation and base”, strengthened risk control on every front by improving the risk management system and comprehensively deepened reform and innovation through well-focused efforts to enhance governance capacity. While contributing to high-quality economic growth, the Bank further improved its sustainability, further cemented the foundation for its own high-quality development and delivered remarkable performance in main business indicators. In summary, ICBC continued to highlight the qualities of “strong, excellent and large” and delivered to investors an impressive “answer sheet”.

I. The input and output efficiency of assets and capital constantly enhanced

First, operational efficiency was further boosted. ROE reached 12.15% and ROA was 1.02%, up 20 basis points and 2 basis points from last year, respectively, an outstanding level among world’s largest banks. **Second, the capital base was increasingly strengthened.** Capital adequacy ratio stood at 18.02%, an increase of 1.14 percentage points from the end of last year, maintaining a leading position in the global banking sector. Core tier 1 capital adequacy ratio was 13.31%, up 0.13 percentage points, and tier 1 capital adequacy ratio was 14.94%, up 0.66 percentage points. Net capital base was RMB3,909.7 billion, an increase of 15.1% from the end of last year, remaining at a leading position worldwide.

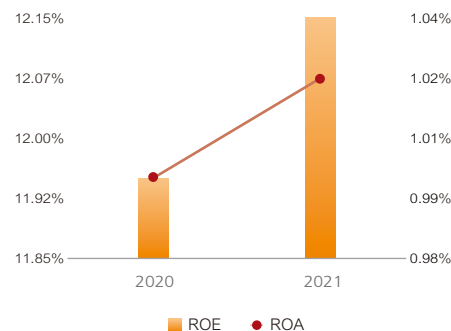
Stronger capital base

Unit: RMB100 millions, %



Higher operating efficiency

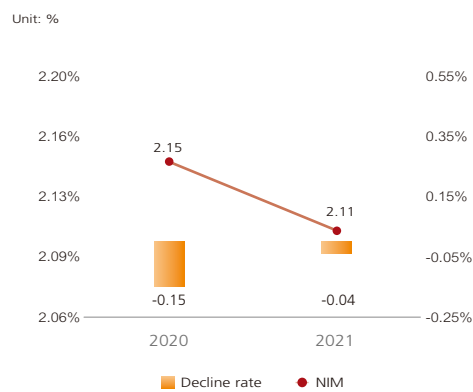
Unit: %



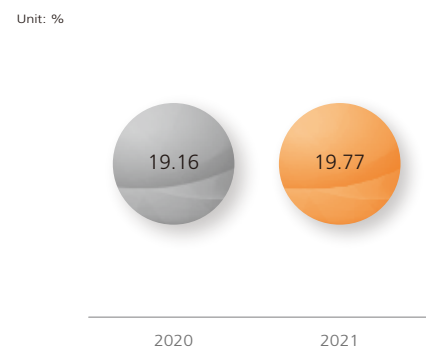
II. Capital profitability and risk control capability continuously improved

First, net interest margin (“NIM”) remained good. NIM stood at 2.11%, still an outstanding level in the banking sector. Against the backdrop of persistently low interest rates worldwide and narrowing banking spreads, the contraction (-4 basis points) in NIM outperformed comparable domestic banks. The Bank demonstrated a strong ability to manage assets and liabilities, and implemented the policy of fee reduction and profit concessions and serving the real economy. **Second, the profit structure was optimized with an increasing proportion of non-interest income.** Non-interest income accounted for 19.77% of operating income, up 0.61 percentage points compared with the previous year.

NIM remained good



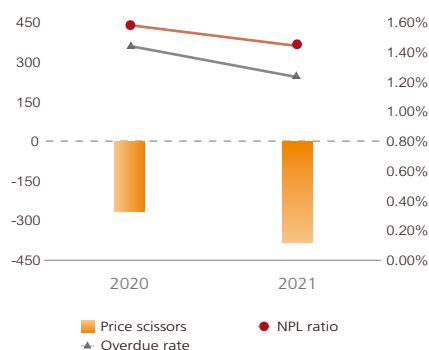
Higher proportion of non-interest income



Third, asset quality further improved. NPL ratio was 1.42%, down 16 basis points from the end of last year, and basically returned to the pre-pandemic level. The overdue loan rate was 1.23%, down 21 basis points. The price scissors between overdue loans and NPLs was RMB-38.5 billion, maintaining negative for seven consecutive quarters, representing a record low. **Fourth, risk resilience was further boosted and the base of risk allowances further fortified.** Allowance to NPLs was 205.84%, representing an increase of 25.16 percentage points over the end of last year. Allowance to total loans ratio was 2.92%, representing an increase of 7 basis points. Credit cost ratio was 0.86%, down 0.11 percentage points. **Fifth, capital discipline worked effectively.** RWA grew by 7.8%, 3.2 percentage points slower than growth of credit assets. **Sixth, the input/output efficiency was high.** Cost-to-income ratio was 26.36%, still relatively low among global peers despite a rise of 1.60 percentage points over last year.

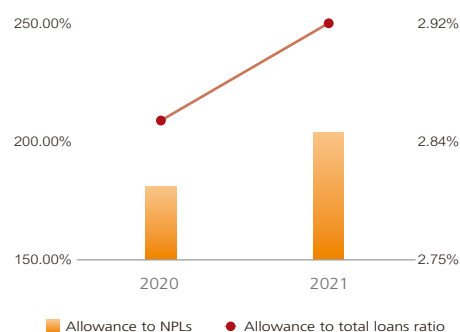
Asset quality continued to improve

Unit: RMB100 millions, %



Risk resilience was further boosted

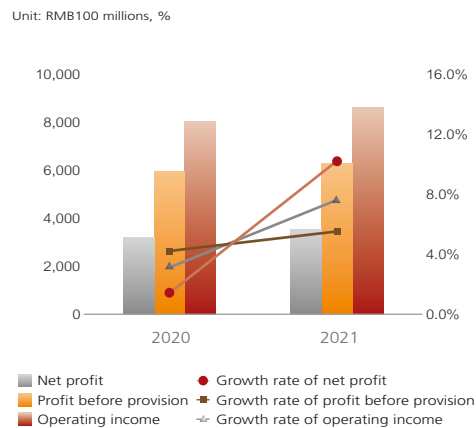
Unit: %



III. Scale merits and brand value leading the world

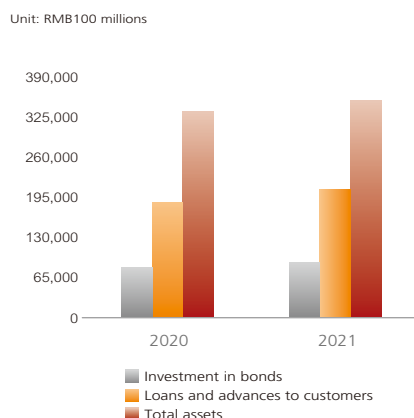
First, the Bank ranked No. 1 by total income among global banks. The Bank recorded RMB860.9 billion in operating income, up 7.6% from the previous year, with net fee and commission income maintaining its leading position among domestic banks. **Second, the Bank ranked No. 1 by total profits among global banks.** Net profit reached RMB350.2 billion, representing an increase of 10.2% over the previous year. Profit before provision was RMB627.5 billion, up 5.5% from last year.

Income and profit ranked first worldwide

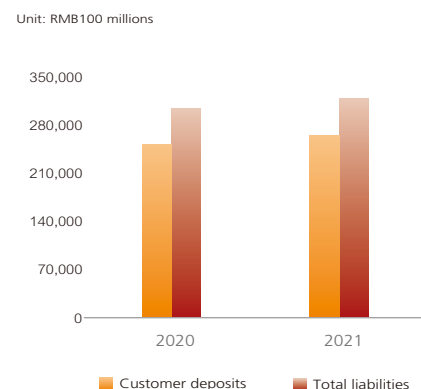


Third, the Bank ranked No. 1 by total assets among global banks. Total assets reached RMB35,171.4 billion, representing an increase of 5.5% over the end of the previous year. Loans and advances to customers totaled RMB20,667.2 billion, up 11.0% from the end of the previous year. Investment in bonds was RMB8,817.3 billion, up 9.5% from the end of the previous year. **Fourth, the Bank ranked No. 1 by total deposits among global banks.** Due to customers amounted to RMB26,441.8 billion, an increase of 5.2% from the end of the previous year.

Total assets



Total deposits



Fifth, the Bank remained in the first place in international rankings. 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, demonstrating strong overall capacity and market influence. **Sixth, brand value kept increasing.** According to the “2022 Top 500 Banking Brand” by *Brand Finance*, a research institute of global brand value, the Bank took the 1st place among the world’s top banking brands with a brand value of USD75.1 billion for the sixth consecutive year.

IV. Major breakthroughs made in “bringing out our strengths to make up for our weaknesses and laying a solid foundation and base”

- i. Bringing out our strengths: focusing on cementing strengths in institutional banking, corporate banking, settlement and transaction banking.** In terms of **settlement service**, RMB corporate settlement generated RMB11.3 billion of fee income, ranking first among peers. **In terms of institutional banking**, the customer base hit a five-year high in growth, and deposits from banks and other financial institutions remained in the first place among comparable peers, manifesting a notable competitive edge. **In terms of corporate banking**, the Bank still took the first spot in both the number of corporate customers and the amount of corporate loans and deposits among comparable peers. The Bank was the first commercial bank to break the RMB10 trillion mark of RMB corporate loans. The asset quality improved steadily. **In terms of transaction banking**, the financial market business generated more than RMB100 billion of net profit, investment banking continued to rank first among domestic peers by income from advisory and consulting services, and mega asset management totaled RMB27 trillion, representing a growth of 11.24%.

- ii. **Making up for our weaknesses: focusing on personal banking, foreign exchange business, key areas and urban-rural collaborative development.** In terms of **No.1 Personal Bank Strategy**, personal assets under management (“AUM”, close to RMB17 trillion) still led the market. The number of individual customers exceeded 700 million and the number of mobile banking customers reached 469 million. The Bank was the first bank to have more than 100 million monthly active users (“MAU”) of mobile banking. The balance of personal loans reached nearly RMB8 trillion, and payroll service reached over RMB5 trillion of distributions to more than 100 million customers. **In terms of the Strategy of the Preferred Bank for Foreign Exchange Business**, the Bank launched the “YES ICBC” financial service brand. The average daily balance of domestic foreign exchange deposits increased by 35% over the previous year. The Group’s cross-border RMB business volume exceeded RMB8.5 trillion. The Bank became one of the first eligible pilot banks for the “Southbound Bond Connect” scheme and the “Cross-boundary Wealth Management Connect” scheme in the Guangdong-Hong Kong-Macao Greater Bay Area. It played a leading role as a big bank to serve two-way opening-up of the financial market. **In terms of Strategy for Sharpening Competitive Edge in Key Regions**, the Bank enjoyed a dominance in total balance of deposits and loans in five key areas, namely the Beijing-Tianjin-Hebei region, Yangtze River Delta, Guangdong-Hong Kong-Macao Greater Bay Area, Central China and Chengdu-Chongqing region. **In terms of the Urban-Rural Collaborative Development Strategy**, the Bank innovated the rural vitalization service system, introduced the “Xingnongtong” brand and provided stronger credit resource support. The balance of agriculture-related loans reached RMB2.66 trillion.
- iii. **Laying a solid foundation: focusing on FinTech and financial innovation.** In terms of **FinTech**, the Bank practiced technology self-reliance, strengthened the “dual wheel drive” of technological innovation and system reform, and empowered the development of “D-ICBC” with technology. The intelligent banking ecosystem ECOS was awarded PBC’s only special award of the “FinTech Development Awards” in 2021. The Bank had the most newly added and accumulated patents among Chinese banks. **In terms of financial innovation**, the Bank ranked first in both the balance and growth of credits to manufacturing, strategic emerging industries, green and other key fields among peers. Specifically, the Bank topped the RMB2 trillion mark in balance of manufacturing loans, a net increase of RMB319.7 billion. The balance of loans to strategic emerging industries exceeded RMB1 trillion. Outstanding green loans amounted to RMB2.48 trillion, up RMB634.9 billion from the beginning of the year, with the new green loans issued in the year hitting an all-time high.

iv. Laying a solid base: focusing on enhancing the capacity of enterprise risk management, efficiency of GBC interactions and competitiveness of outlets and teams. In terms of enterprise risk management system, the Bank adhered to the four-pronged risk management approach to people, money, defense line and bottom line, followed the guiding principle of “active prevention, smart control and comprehensive management”, incorporated investment and financing cooperation, secondary risks of intermediate business, climate risk and model risk in the enterprise risk management system. The “9+X” risks were generally under control. **In terms of GBC interactions and coordination of channels,** the Bank made solid progress in GBC work, fund taking, “net making and patching” program, payroll service, management of investment and financing cooperation institutions and competitiveness enhancement of outlets. Remarkable achievements were made in the development of key GBC scenarios. G-end added 12 thousand customers and RMB120.0 billion of deposits. B-end added 290 thousand customers and RMB290.0 billion of deposits. C-end acquired or activated 52.00 million customers with a payroll service volume of RMB1.7 trillion.

In 2022, ICBC will adhere to the general principle of pursuing progress while ensuring stability, apply the new development philosophy in every respect and remain stable with sound momentum. The Bank will push for medium-term breakthroughs under new plans, deepen digital transformation and work hard to break new ground in ICBC’s high-quality development.

Hot Topic 2: D-ICBC

The Bank remained steadfast on the road of digital development. In shifting from “bank informatization” to “informatized bank”, ICBC led the Digital 1.0 stage of digital technology-driven business development. The Bank keenly grasped the trends in the fresh technological revolution and industry transformation and made a push for IT architecture transition and the “smart banking ecosystem ECOS” project, kick-starting the Digital 2.0 stage of digitalization-led transformation in every respect. During the reporting period, the Bank took the lead in developing a five-dimensional plan for “digital ecosystem, digital assets, digital technology, digital infrastructure and digital genes” and planned to launch a farsighted digital brand “D-ICBC”. In addition, leveraging on the Group’s FinTech and data strengths, the Bank deepened the D-ICBC development driven by “data and technology” on a customer-oriented basis. Keeping in mind the bigger picture of building a digital China, ICBC contributed to the healthy development of digital economy by promoting profound changes in business and service models, and improvement of quality and efficiency of product innovation. Significant improvements have been made in customer experience, service efficiency and business value.

I. Digital transformation boosted circulation. According to the business model and transaction characteristics of small and micro customers, the Bank continuously upgraded its digital inclusive products and their operation system. Inclusive loans issued online accounted for 94% of the new balance. More scenarios were introduced for “e-Enterprise Quick Loan” to improve the service quality and efficiency for small and micro customers who hold non-residential real properties. A combination of tax, electricity, settlement and other data were used to provide credit loan support for the activity of small and micro businesses. The digital supply chain and industrial chain scenarios-based financial services were developed and perfected for national strategic sectors such as modern agriculture, “specialized, sophisticated, distinctive and innovative” enterprises and advanced manufacturing. In cooperation with the National Financing Guarantee Fund, the Bank introduced the “bulk guarantee” credit enhancement mechanism to make financing more accessible to small and micro businesses. The Bank strengthened the capacity of fully digital operations by building a customer marketing system covering “targeting, attraction, engagement and retention”. During the reporting period, the Bank kept deepening trade finance and cross-border finance in support of cooperation projects under the Belt and Road Initiative. The Bank developed the “ICBC Global Pay” product series to provide one-stop global cash management services, serving nearly 10,000 multinational corporations and helping Chinese enterprises going global. The “ICBC Business Matchmaker” cross-border matchmaking platform was developed. ICBC became the first bank to provide closed-loop cross-border matchmaking services. Nearly 80% of matched pairs intended to cooperate with each other.

II. Building a GBC digital community. First, on the G-end, new models of digital government services were introduced. The Bank carried out government data partnership with 29 provincial or equivalent governments and launched more than 300 government partnership scenarios, proactively supporting government affairs to be “processed in one network”. “My Ningxia” APP built and shaped a new brand and image for Ningxia’s digital government. **Second, B-end saw in-depth participation in industry digitalization.** Keeping pace with digital transformation of leading players in modern agriculture, advanced manufacturing and modern service industries, the Bank provided services along the value chain ranging from upstream to downstream customers, and improved its financial service capabilities covering the entire industrial chain. The Bank launched over 20 “financial + industrial” cloud service ecosystem to provide over 2,600 types of financial services and products to the public around the hot areas of people’s livelihood, including healthcare, education and mobility, ranking first among peers by service types and number of scenarios covered. **Third, C-end endeavored to build a new service model of “ICBC on cloud”.** The Bank continued to upgrade mobile banking and offered abundant online services for 469 million users. It developed new models of smart marketing, under which Smart Brain was connected to channels such as ICBC e-Service, Gino (Gong Xiao Zhi) and cloud studios, providing more than 10 million smart service solutions for individual customers. The Bank actively promoted scenario- and ecosystem-based use of digital RMB, getting fully involved in digital public services. The Bank developed special sections for key customer groups, becoming the first bank to establish interconnection with the system of the Ministry of Human Resources and Social Security (MOHRSS) and enabling the issuance of “physical + electronic” social security cards. The Bank supported cross-provincial processing of social security cards and built a “smart risk control” platform to

safeguard customers' funds. Efforts were intensified to monitor unusual transactions in high-risk areas, such as sensitive transactions, anti-theft and the elderly's fund transfer.

III. Pushing for technology self-reliance. First, the IT core architecture was transformed and upgraded. The Bank has advanced the smart banking ecosystem project (ECOS) since 2015. Two core IT infrastructure platforms (cloud computing and distributed computing) were developed in-house to deal with all the core operations of ICBC. The two platforms provided safe and stable financial services to over 700 million individual customers and nearly 9.70 million corporate customers, with the system availability always above 99.99%. **Second, digital new infrastructures were developed in a faster pace.** In 2021, the Bank became the first bank to receive a five-star rating for its maturity of data management capabilities. The Bank thoroughly implemented the development philosophy that “lucid waters and lush mountains are invaluable assets” in a bid to build a world-class green data center. The Bank’s “National Green Data Center” recorded a daily peak of 868 million transactions, equivalent to a carbon dioxide emissions reduction of nearly 6,000 tons a year. **Third, the Bank made a push for new technologies on all fronts.** With a focus on cutting-edge technologies such as artificial intelligence, blockchain, cloud computing and big data, the Bank has built a series of new IT platforms, including ICBC Turing, ICBC Premier Chain and ICBC Nebula, to boost its core capabilities in new infrastructures. Among them, ICBC Premier Chain integrates basic technical services of blockchain, intelligent operations, and financial-level security capabilities. With more than 150 breakthroughs achieved in security, performance and capacity, the Bank was included in *Forbes’* Blockchain 50 2021. **Fourth, data asset management and data security control were enhanced.** The Bank developed a data architecture focused on “one data lake, two databases”. It built a big data-based smart cloud platform that is first of its type, self-contained, controllable and with a distributed architecture. All the Group’s data have been moved into the “lake”.

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

5.1 Details of Securities Issuance and Listing

During the reporting period, the Bank did not issue any shares, did not have any employee shares, employee stock ownership plan, did not issue any convertible bonds, or corporate bonds to be disclosed in accordance with Chapter II, Section 9 of the “No. 2 Standards on the Content and Format of Information Disclosure of Companies with Public Offerings — Content and Format of the Annual Report (Revision 2021)” issued by CSRC.

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

For details on the issuance progress of tier 2 capital bonds and undated additional tier 1 capital bonds of the Bank during the reporting period, please refer to the section headed “Discussion and Analysis — Capital Adequacy Ratio and Leverage Ratio”.

5.2 Number of Shareholders and Particulars of Shareholding

As at the end of the reporting period, the Bank had a total number of 750,894 ordinary shareholders and no holders of preference shares with voting rights restored or holders of shares with special voting rights, including 113,054 holders of H shares and 637,840 holders of A shares. As at the end of the month immediately before the annual results announcement date (28 February 2022), the Bank had a total number of 721,975 ordinary shareholders and no holders of preference shares with voting rights restored or holders of shares with special voting rights.

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

							<i>Unit: Share</i>
Name of shareholder	Nature of shareholder	Class of shares	Increase/ decrease of shares during the reporting period	Number of shares held at the end of reporting period	Shareholding percentage (%)	Number of pledged or locked-up shares	
Central Huijin Investment Ltd.	State-owned	A Share	–	123,717,852,951	34.71	None	
Ministry of Finance of the People’s Republic of China (“MOF”)	State-owned	A Share	–	110,984,806,678	31.14	None	
HKSCC Nominees Limited ⁽⁵⁾	Foreign legal person	H Share	-13,477,082	86,154,124,549	24.17	Unknown	
National Council for Social Security Fund ⁽⁶⁾	State-owned	A Share	–	12,331,645,186	3.46	None	
Ping An Life Insurance Company of China, Ltd. — Traditional — Ordinary insurance products	Other entities	A Share	–	3,687,330,676	1.03	None	
China Securities Finance Co., Ltd.	State-owned legal person	A Share	-24	2,416,131,540	0.68	None	
Hong Kong Securities Clearing Company Limited ⁽⁷⁾	Foreign legal person	A Share	200,331,413	1,386,451,666	0.39	None	
Central Huijin Asset Management Co., Ltd.	State-owned legal person	A Share	–	1,013,921,700	0.28	None	
China Life Insurance Company Limited — Traditional — Ordinary insurance products — 005L — CT001 Hu	Other entities	A Share	-34,438,403	435,910,885	0.12	None	
Taiping Life Insurance Co., Ltd. — Traditional — Ordinary insurance products — 022L — CT001 Hu	Other entities	A Share	39,168,600	426,975,751	0.12	None	

Notes: (1) The above data are based on the Bank’s register of shareholders as at 31 December 2021.

(2) The Bank had no shares subject to restrictions on sales.

(3) HKSCC Nominees Limited is a wholly-owned subsidiary of Hong Kong Securities Clearing Company Limited. Central Huijin Asset Management Co., Ltd. is a wholly-owned subsidiary of Central Huijin Investment Ltd. Save as disclosed above, the Bank is not aware of any connected relations or concert party action among the afore-mentioned shareholders.

(4) Except to the extent unknown to HKSCC Nominees Limited, the top 10 shareholders of the Bank did not participate in any margin trading, short selling or refinancing business.

- (5) The number of shares held by HKSCC Nominees Limited at the end of the period refers to the total H shares held by it as a nominee on behalf of all institutional and individual investors registered with accounts opened with HKSCC Nominees Limited as at 31 December 2021, which included H shares of the Bank held by National Council for Social Security Fund, Ping An Asset Management Co., Ltd. and Temasek Holdings (Private) Limited.
- (6) According to the Notice on Comprehensively Transferring Part of State-Owned Capital to Fortify Social Security Funds (Cai Zi [2019] No. 49), MOF transferred 12,331,645,186 A shares to the state-owned capital transfer account of National Council for Social Security Fund in a lump sum in December 2019. According to the relevant requirements under the Notice of the State Council on Issuing the Implementation Plan for Transferring Part of State-Owned Capital to Fortify Social Security Funds (Guo Fa [2017] No. 49), National Council for Social Security Fund shall perform the obligation of more than 3-year lock-up period as of the date of the receipt of transferred shares. At the end of the reporting period, according to the information provided by National Council for Social Security Fund to the Bank, National Council for Social Security Fund also held 7,946,049,758 H shares of the Bank and 20,277,694,944 A and H shares in aggregate, accounting for 5.69% of the Bank's total ordinary shares.
- (7) The number of shares held by Hong Kong Securities Clearing Company Limited at the end of the period refers to the total A shares (Northbound shares of the Shanghai-Hong Kong Stock Connect) held by it as a nominal holder designated by and on behalf of Hong Kong and foreign investors as at 31 December 2021.

5.3 Particulars of Substantial Shareholders

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

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

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

As at 31 December 2021, the Bank received notices from the following persons about their interests or short positions held in the Bank's ordinary shares and underlying shares, which were recorded in the register pursuant to Section 336 of the Securities and Futures Ordinance of Hong Kong as follows:

HOLDERS OF A SHARES

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

Notes: (1) According to the register of shareholders of the Bank as at 31 December 2021, Central Huijin Investment Ltd. held 123,717,852,951 shares in the Bank, while Central Huijin Asset Management Co., Ltd., a subsidiary of Central Huijin Investment Ltd., held 1,013,921,700 shares in the Bank.

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

HOLDERS OF H SHARES

Name of substantial shareholder	Capacity	Number of H shares held (share)	Nature of interests	Percentage of H shares ⁽³⁾ (%)	Percentage of total ordinary shares ⁽³⁾ (%)
Ping An Asset Management Co., Ltd. ⁽¹⁾	Investment manager	12,168,809,000	Long position	14.02	3.41
National Council for Social Security Fund ⁽²⁾	Beneficial owner	8,663,703,234	Long position	9.98	2.43
Temasek Holdings (Private) Limited	Interest of controlled corporations	7,317,475,731	Long position	8.43	2.05

Notes: (1) As confirmed by Ping An Asset Management Co., Ltd., such shares were held by Ping An Asset Management Co., Ltd. on behalf of certain customers (including but not limited to Ping An Life Insurance Company of China, Ltd.) in its capacity as investment manager and the interests in such shares were disclosed based on the latest disclosure of interests form filed by Ping An Asset Management Co., Ltd. for the period ended 31 December 2021 (the date of relevant event being 12 June 2019). Both Ping An Life Insurance Company of China, Ltd. and Ping An Asset Management Co., Ltd. are subsidiaries of Ping An Insurance (Group) Company of China, Ltd. As Ping An Asset Management Co., Ltd. is in a position to fully exercise the voting rights in respect of such shares on behalf of customers and independently exercise the rights of investment and business management in its capacity as investment manager, and is completely independent from Ping An Insurance (Group) Company of China, Ltd., Ping An Insurance (Group) Company of China, Ltd. is exempted from aggregating the interests in such shares as a holding company under the aggregation exemption and disclosing the holding of the same in accordance with the Securities and Futures Ordinance of Hong Kong.

(2) According to the information provided by National Council for Social Security Fund to the Bank, National Council for Social Security Fund held 7,946,049,758 H shares of the Bank as at the end of the reporting period, accounting for 9.16% of the Bank's H shares and 2.23% of the Bank's total ordinary shares.

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

5.5 Preference Shares

Issuance and Listing of Preference Shares in Latest Three Years

Issuance of “工行優2”

With the approval of CBIRC by its Document Yin Bao Jian Fu [2019] No. 444 and the approval of CSRC by its Document Zheng Jian Xu Ke [2019] No. 1048, the Bank made a non-public issuance of 700 million domestic preference shares on 19 September 2019 at a par value of RMB100 per share. The dividend rate is the benchmark interest rate plus a fixed spread, remaining unchanged in the first five years. Subsequently the benchmark interest rate will be reset every five years, with the dividend rate kept unchanged in each reset period and the fixed spread remaining constant through the duration of the domestic preference shares. The initial dividend rate of the afore-mentioned domestic preference shares is set at 4.2% through market inquiry for the first five years. With the consent of Shanghai Stock Exchange by its letter Shang Zheng Han [2019] No. 1752, the afore-mentioned domestic preference shares issued were listed for transfer on the Comprehensive Business Platform of Shanghai Stock Exchange on 16 October 2019 with the stock name “工行優2” and stock code 360036. Proceeds of the afore-mentioned domestic preference shares totaled RMB70.0 billion, all of which was replenished to the additional tier 1 capital of the Bank after deduction of issuance expenses.

For issuance of domestic preference shares of the Bank, please refer to the announcements published by the Bank on the website of Shanghai Stock Exchange, the “HKEXnews” website of Hong Kong Exchanges and Clearing Limited and the website of the Bank.

Issuance of offshore preference shares

With the approval of CBIRC by its Document Yin Bao Jian Fu [2020] No. 138 and the approval of CSRC by its Document Zheng Jian Xu Ke [2020] No. 1391, the Bank made a non-public issuance of 145 million USD-denominated non-cumulative perpetual offshore preference shares (the “Offshore USD Preference Shares”) on 23 September 2020 at an issuance price of USD20 per share (see the table below for details). The Offshore USD Preference Shares were listed on the SEHK on 24 September 2020. All proceeds from the issuance, after deduction of commission and issuance expenses, will be used to replenish additional tier 1 capital and increase capital adequacy ratio.

Type of offshore preference shares	Stock code	Dividend rate	Total issuance amount	Full amount of proceeds per share	Net amount of proceeds per share	Number of shares issued
USD Preference Shares	4620	3.58%	USD2.9 billion	USD20	RMB135.77	145 million shares

The number of qualified places for the Offshore USD Preference Shares shall not be less than six, and they shall be offered only to professional investors instead of retail investors, and shall be non-publicly transferred in the OTC market only.

For details on the issuance of offshore preference shares of the Bank, please refer to the announcements published by the Bank on the website of Shanghai Stock Exchange, the “HKEXnews” website of Hong Kong Exchanges and Clearing Limited and the website of the Bank.

Reset dividend rate of “工行優1”

Pursuant to relevant provisions of the Prospectus on Non-public Offering of Preference Shares of Industrial and Commercial Bank of China Limited, domestic preference shares non-publicly offered by the Bank in November 2015 (abbreviation “工行優1” and code “360011”) were priced at a coupon dividend rate adjusted in stages, with the coupon dividend rate being the benchmark interest rate plus a fixed spread. The coupon dividend rate for the first five years remained unchanged from the date of issuance, and subsequently the benchmark interest rate will be reset every five years, and the nominal dividend rate during each reset period will remain unchanged. In November 2020, the Bank reset the nominal dividend rate of “工行優1” as it lasted five years from the issuance date, and the coupon dividend rate after reset became 4.58% from 23 November 2020.

For details on the reset dividend rate of domestic preference shares of the Bank, please refer to the announcements published by the Bank on the website of Shanghai Stock Exchange, the “HKEXnews” website of Hong Kong Exchanges and Clearing Limited and the website of the Bank.

Number of Preference Shareholders and Particulars of Shareholding

As at the end of the reporting period, the Bank had one offshore preference shareholder (or proxy), 25 domestic preference shareholders of “工行優1” and 33 domestic preference shareholders of “工行優2”. As at the end of the month immediately before the annual results announcement date (28 February 2022), the Bank had one offshore preference shareholder (or proxy), 26 domestic preference shareholders of “工行優1” and 33 domestic preference shareholders of “工行優2”.

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

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

- Notes:*
- (1) The above data are based on the Bank’s register of offshore preference shareholders as at 31 December 2021.
 - (2) As the issuance of the offshore preference shares above was non-public offering, the register of preference shareholders presented the information on the registered holder of the offshore preference shares.
 - (3) The Bank is not aware of any connected relations or concert party action between the afore-mentioned preference shareholder and top 10 ordinary shareholders.
 - (4) “Shareholding percentage” refers to the percentage of offshore preference shares held by preference shareholders in total number of offshore preference shares.

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

Unit: Share

Name of shareholder	Nature of shareholder	Class of shares	Increase/decrease during the reporting period	Shares held at the end of the period	Shareholding percentage (%)	Number of shares subject to restrictions on sales	Number of pledged/locked-up/ marked shares
China Mobile Communications Group Co., Ltd.	State-owned legal person	Domestic preference shares	–	200,000,000	44.4	–	None
China National Tobacco Corporation	Other entities	Domestic preference shares	–	50,000,000	11.1	–	None
China Life Insurance Company Limited	State-owned legal person	Domestic preference shares	–	35,000,000	7.8	–	None
Ping An Life Insurance Company of China, Ltd.	Domestic non-state-owned legal person	Domestic preference shares	–	30,000,000	6.7	–	None
BOCOM Schroders Asset Management Co., Ltd.	Domestic non-state-owned legal person	Domestic preference shares	–	18,000,000	4.0	–	None
CCB Trust Co., Ltd.	State-owned legal person	Domestic preference shares	–	15,000,000	3.3	–	None
BOC International (China) Co., Ltd.	State-owned legal person	Domestic preference shares	–	15,000,000	3.3	–	None
CITIC Securities Co., Ltd.	State-owned legal person	Domestic preference shares	9,240,000	12,290,000	2.7	–	None
Hwabao Trust Co., Ltd.	State-owned legal person	Domestic preference shares	11,400,000	11,400,000	2.5	–	None
China National Tobacco Corporation Shandong Branch	Other entities	Domestic preference shares	–	10,000,000	2.2	–	None
China National Tobacco Corporation Heilongjiang Branch	Other entities	Domestic preference shares	–	10,000,000	2.2	–	None
Ping An Property & Casualty Insurance Company of China, Ltd.	Domestic non-state-owned legal person	Domestic preference shares	–	10,000,000	2.2	–	None

Notes: (1) The above data are based on the Bank’s register of domestic preference shareholders of “工行優1” as at 31 December 2021.

- (2) China National Tobacco Corporation Shandong Branch and China National Tobacco Corporation Heilongjiang Branch are both wholly-owned subsidiaries of China National Tobacco Corporation. “China Life Insurance Company Limited — Traditional — Ordinary insurance products — 005L — CT001 Hu” is managed by China Life Insurance Company Limited. “Ping An Life Insurance Company of China, Ltd. — Traditional — Ordinary insurance products” is managed by Ping An Life Insurance Company of China, Ltd. Ping An Life Insurance Company of China, Ltd. and Ping An Property & Casualty Insurance Company of China, Ltd. have connected relations. Save as disclosed above, the Bank is not aware of any connected relations or concert party action among the afore-mentioned preference shareholders and among the afore-mentioned preference shareholders and top 10 ordinary shareholders.
- (3) “Shareholding percentage” refers to the percentage of domestic preference shares of “工行優1” held by preference shareholders in total number (450 million shares) of domestic preference shares of “工行優1”.

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

Unit: Share

Name of shareholder	Nature of shareholder	Class of shares	Increase/decrease during the reporting period	Shares held at the end of the period	Shareholding percentage (%)	Number of shares subject to restrictions on sales	Number of pledged/locked-up/ marked shares
China Life Insurance Company Limited	State-owned legal person	Domestic preference shares	–	120,000,000	17.1	–	None
Hwabao Trust Co., Ltd.	State-owned legal person	Domestic preference shares	112,750,000	112,750,000	16.1	–	None
China Mobile Communications Group Co., Ltd.	State-owned legal person	Domestic preference shares	–	100,000,000	14.3	–	None
BOC International (China) Co., Ltd.	State-owned legal person	Domestic preference shares	–	70,000,000	10.0	–	None
CCB Trust Co., Ltd.	State-owned legal person	Domestic preference shares	–	70,000,000	10.0	–	None
China National Tobacco Corporation	Other entities	Domestic preference shares	–	50,000,000	7.1	–	None
Jiangsu International Trust Co., Ltd.	State-owned legal person	Domestic preference shares	37,250,000	37,250,000	5.3	–	None
Shanghai Tobacco Group Co., Ltd.	Other entities	Domestic preference shares	–	30,000,000	4.3	–	None
Bank of Beijing Co., Ltd.	Domestic non-state-owned legal person	Domestic preference shares	–	20,000,000	2.9	–	None
BOCOM Schroders Asset Management Co., Ltd.	Domestic non-state-owned legal person	Domestic preference shares	–	15,000,000	2.1	–	None
Ping An Property & Casualty Insurance Company of China, Ltd.	Domestic non-state-owned legal person	Domestic preference shares	–	15,000,000	2.1	–	None

Notes: (1) The above data are based on the Bank's register of domestic preference shareholders of “工行優2” as at 31 December 2021.

- (2) Shanghai Tobacco Group Co., Ltd., China National Tobacco Corporation Shandong Branch and China National Tobacco Corporation Heilongjiang Branch are all wholly-owned subsidiaries of China National Tobacco Corporation. “China Life Insurance Company Limited — Traditional — Ordinary insurance products — 005L — CT001 Hu” is managed by China Life Insurance Company Limited. “Ping An Life Insurance Company of China, Ltd. — Traditional — Ordinary insurance products” is managed by Ping An Life Insurance Company of China, Ltd. Ping An Life Insurance Company of China, Ltd. and Ping An Property & Casualty Insurance Company of China, Ltd. have connected relations. Save as disclosed above, the Bank is not aware of any connected relations or concert party action among the afore-mentioned preference shareholders and among the afore-mentioned preference shareholders and top 10 ordinary shareholders.
- (3) “Shareholding percentage” refers to the percentage of domestic preference shares of “工行優2” held by preference shareholders in total number (700 million shares) of domestic preference shares of “工行優2”.

Dividend Distribution of Preference Shares

As per the resolution and authorization of the General Meeting, the Bank reviewed and approved the Proposal on Distribution of Dividends for “工行優2” and Offshore USD Preference Shares at the meeting of its Board of Directors on 27 August 2021, permitting the Bank to distribute the dividends on domestic preference shares “工行優2” on 24 September 2021 and on the offshore USD preference shares on 23 September 2021; the Bank reviewed and approved the Proposal on Distribution of Dividends for Offshore EUR Preference Shares and “工行優1” at the meeting of its Board of Directors on 29 October 2021, permitting the Bank to distribute the dividends on domestic preference shares “工行優1” on 23 November 2021 and on the offshore EUR preference shares on 10 December 2021.

Dividends on the Bank's domestic preference shares “工行優1” and “工行優2” are paid annually in cash, and calculated based on the aggregate par value of the issued domestic preference shares. Dividends on the Bank's domestic preference shares are non-cumulative. Holders of domestic preference shares are only entitled to dividends at the prescribed dividend rate, but are not entitled to any distribution of residual profits of the Bank together with the holders of ordinary shares. According to the dividend distribution plan in the domestic preference share issuance proposal, the Bank distributed dividends of RMB2,061 million (pre-tax) on the domestic preference share “工行優1” at a dividend rate of 4.58% (pre-tax); and distributed dividends of RMB2,940 million (pre-tax) on the domestic preference share “工行優2” at a dividend rate of 4.2% (pre-tax).

Dividends on the Bank's offshore EUR preference shares are paid annually in cash, and calculated based on the liquidation preference of the offshore preference shares. Dividends on the Bank's offshore EUR preference shares are non-cumulative. Holders of offshore EUR preference shares are only entitled to dividends at the prescribed dividend rate, but are not entitled to any distribution of residual profits of the Bank together with the holders of ordinary shares. According to the dividend distribution plan in the offshore EUR preference share issuance proposal, total dividends of EUR0.04 billion (pre-tax) on the offshore EUR preference shares were distributed in EUR at a dividend rate of 6% (after-tax). According to relevant laws, when the Bank distributes dividends for offshore EUR preference shares, the enterprise income tax shall be withheld by the Bank at a rate of 10%. According to the requirements of the terms and conditions of the offshore EUR preference shares, the Bank paid the relevant taxes, included in the dividends for offshore EUR preference shares.

Dividends on the Bank's offshore USD preference shares are paid annually in cash, and calculated based on the liquidation preference of the offshore preference shares. Dividends on the Bank's offshore USD preference shares are non-cumulative. Holders of offshore USD preference shares are only entitled to dividends at the prescribed dividend rate, but are not entitled to any distribution of residual profits of the Bank together with the holders of ordinary shares. According to the dividend distribution plan in the offshore USD preference share issuance proposal, total dividends of about USD115.3 million (pre-tax) on the offshore USD preference shares were distributed in USD at a dividend rate of 3.58% (after-tax). According to relevant laws, when the Bank distributes dividends for offshore USD preference shares, the enterprise income tax shall be withheld by the Bank at a rate of 10%. According to the requirements of the terms and conditions of the offshore USD preference shares, the Bank paid the relevant taxes, included in the dividends for offshore USD preference shares.

The table below shows the distribution of dividends on preference shares by the Bank in latest three years:

Type of preference shares	2021		2020		2019	
	Dividend rate	Dividend distributed ⁽¹⁾	Dividend rate	Dividend distributed ⁽¹⁾	Dividend rate	Dividend distributed ⁽¹⁾
Domestic preference share “工行優1”	4.58%	RMB 2,061 million	4.50%	RMB 2,025 million	4.50%	RMB 2,025 million
Domestic preference share “工行優2”	4.20%	RMB 2,940 million	4.20%	RMB 2,940 million	N/A	N/A
Offshore EUR, USD and RMB preference shares ⁽²⁾	6.00%	EUR 40 million	6.00%	EUR 40 million	6.00%	EUR 40 million
						USD 196 million
						RMB 800 million
Offshore USD preference share ⁽³⁾	3.58%	About USD 115.3 million	N/A	N/A	N/A	N/A

Notes: (1) Dividend distributed is tax included.

(2) Offshore EUR, USD and RMB preference shares refer to EUR0.6 billion preference shares, USD2.94 billion preference shares and RMB12.0 billion preference shares issued offshore by the Bank at a dividend rate of 6.00% in 2014. The Bank redeemed the above offshore USD preference shares and offshore RMB preference shares on 10 December 2019 and the above offshore EUR preference shares on 10 December 2021.

(3) Offshore USD preference share refers to USD2.9 billion preference shares issued offshore by the Bank at a dividend rate of 3.58% in 2020.

The above-mentioned preference share dividend distribution plans have been fulfilled. For particulars of the Bank's distribution of dividends on preference shares, please refer to the announcements of the Bank on the website of Shanghai Stock Exchange, the “HKEXnews” website of Hong Kong Exchanges and Clearing Limited and the website of the Bank.

Redemption or Conversion of Preference Shares

In 2014, the Bank issued EUR0.6 billion offshore preference shares. The Board of Directors of the Bank reviewed and approved the Proposal on the Exercise of Redemption of Offshore EUR Preference Shares on 27 August 2021. On the premise of obtaining the approval of CBIRC, the Bank planned to exercise the right to redeem all the abovementioned offshore EUR preference shares on 10 December 2021. In October 2021, the Bank received a reply letter from CBIRC, which had no objection to the Bank's redemption of EUR0.6 billion offshore preference shares. Pursuant to the terms and conditions of the offshore EUR preference shares and the reply letter from CBIRC, the Bank redeemed the aforementioned offshore EUR preference shares in whole on 10 December 2021 at the redemption price of each offshore EUR preference share (being the aggregate of an amount equal to the liquidation preference of each offshore EUR preference share plus any dividends accrued but unpaid in respect of the period from (and including) the immediately preceding dividend payment date to (but excluding) the redemption date). Subsequent to the redemption and cancellation of the aforementioned offshore EUR preference shares on the redemption date, there are no EUR preference shares issued in the offshore market. Please refer to the announcements published by the Bank on the website of Shanghai Stock Exchange, the "HKEXnews" website of Hong Kong Exchanges and Clearing Limited and the website of the Bank.

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

Restoration of Voting Rights of Preference Shares

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

Accounting Policy Adopted for Preference Shares and Rationale

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

6. Other Information

6.1 Corporate Governance Code

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

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

6.2 Securities Transactions of Directors and Supervisors

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

6.3 Profits and Dividends Distribution

As approved at the Annual General Meeting for the Year 2020 held on 21 June 2021, the Bank has distributed cash dividends of about RMB94,804 million, or RMB2.660 per ten shares (pre-tax) for the period from 1 January 2020 to 31 December 2020 to the ordinary shareholders whose names appeared on the share register after the close of market on 5 July 2021.

The Board of Directors of the Bank proposed distributing cash dividends of RMB2.933 (pre-tax) for each ten shares of 356,406,257,089 ordinary shares for 2021, totaling about RMB104,534 million. The distribution plan will be submitted for approval to the Annual General Meeting for the Year 2021. Once approved, the above-mentioned dividends will be paid to the holders of A shares and H shares whose names appeared on the share register of the Bank after the close of market on 11 July 2022. The Bank will suspend the registration procedures of H share ownership transfer on 6 July 2022 (inclusive) through 11 July 2022 (inclusive). The holders of H shares of the Bank that desire to receive the proposed cash dividends but have not registered the ownership transfer documents are requested to hand over their ownership transfer documents together with the H shares to the Bank's H share registrar — Computershare Hong Kong Investor Services Limited that is located at Room 1712–1716, 17 Floor, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. of 5 July 2022. Pursuant to relevant regulatory requirements and operational rules, dividends on A shares and H shares will be paid on 12 July 2022 and 27 July 2022, respectively.

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

The Bank did not convert any capital reserve to share capital in the last three years. The table below sets out the dividend distribution of ordinary shares of the Bank for the last three years:

Item	2021	2020	2019
Dividend per ten shares (pre-tax, in RMB yuan)	2.933	2.660	2.628
Cash dividends (pre-tax, in RMB millions)	104,534	94,804	93,664
Percentage of cash dividends ⁽¹⁾ (%)	30.9	30.9	30.4

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

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

6.4 Purchase, Sale and Redemption of Shares

During the reporting period, except the redemption of offshore EUR preference shares, neither the Bank nor any of its subsidiaries purchased, sold or redeemed any listed shares of the Bank. For details on the redemption of offshore EUR preference shares, please refer to the section headed “Details of Changes in Share Capital and Shareholding of Substantial Shareholders — Preference Shares”.

7. Financial Report

7.1 Audit Opinions

The 2021 financial statements of the Bank prepared in accordance with PRC GAAP and IFRSs have been audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP and Deloitte Touche Tohmatsu, respectively. Deloitte Touche Tohmatsu Certified Public Accountants LLP and Deloitte Touche Tohmatsu have expressed standard unqualified opinions in the independent auditor’s report.

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

7.2.1 Consolidated Statement of Profit or Loss

For the Year ended 31 December 2021

(In RMB millions, unless otherwise stated)

	2021	2020
Interest income	1,162,218	1,092,521
Interest expense	<u>(471,538)</u>	<u>(445,756)</u>
NET INTEREST INCOME	690,680	646,765
Fee and commission income	148,727	146,668
Fee and commission expense	<u>(15,703)</u>	<u>(15,453)</u>
NET FEE AND COMMISSION INCOME	133,024	131,215
Net trading income	8,955	2,222
Net gains on financial investments	16,440	11,829
Other operating income, net	<u>11,781</u>	<u>8,044</u>
OPERATING INCOME	860,880	800,075
Operating expenses	<u>(236,227)</u>	<u>(206,585)</u>
Impairment losses on assets	<u>(202,623)</u>	<u>(202,668)</u>
OPERATING PROFIT	422,030	390,822
Share of results of associates and joint ventures	<u>2,869</u>	<u>1,304</u>
PROFIT BEFORE TAXATION	424,899	392,126
Income tax expense	<u>(74,683)</u>	<u>(74,441)</u>
PROFIT FOR THE YEAR	<u>350,216</u>	<u>317,685</u>
Profit for the year attributable to:		
Equity holders of the parent company	348,338	315,906
Non-controlling interests	<u>1,878</u>	<u>1,779</u>
PROFIT FOR THE YEAR	<u>350,216</u>	<u>317,685</u>
EARNINGS PER SHARE		
— Basic (RMB yuan)	<u>0.95</u>	<u>0.86</u>
— Diluted (RMB yuan)	<u>0.95</u>	<u>0.86</u>

7.2.2 Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year ended 31 December 2021

(In RMB millions, unless otherwise stated)

	2021	2020
Profit for the year	350,216	317,685
Other comprehensive income (after tax, net):		
(a) Items that will not be reclassified to profit or loss:		
(i) Changes in fair value of equity instruments designated as at fair value through other comprehensive income	(1,180)	1,289
(ii) Other comprehensive income recognised under the equity method	15	(5)
(iii) Other	28	8
(b) Items that may be reclassified subsequently to profit or loss:		
(i) Changes in fair value of debt instruments measured at fair value through other comprehensive income	1,623	(3,042)
(ii) Credit losses of debt instruments measured at fair value through other comprehensive income	1,827	1,051
(iii) Reserve from cash flow hedging instruments	442	(253)
(iv) Other comprehensive income recognised under the equity method	541	14
(v) Foreign currency translation differences	(12,353)	(16,212)
(vi) Other	885	1,311
Subtotal of other comprehensive income for the year	(8,172)	(15,839)
Total comprehensive income for the year	342,044	301,846
Total comprehensive income for the year attributable to:		
Equity holders of the parent company	340,089	300,536
Non-controlling interests	1,955	1,310
	342,044	301,846

7.2.3 Consolidated Statement of Financial Position

As at 31 December 2021

(In RMB millions, unless otherwise stated)

	31 December 2021	31 December 2020
ASSETS		
Cash and balances with central banks	3,098,438	3,537,795
Due from banks and other financial institutions	827,150	1,081,897
Derivative financial assets	76,140	134,155
Reverse repurchase agreements	663,496	739,288
Loans and advances to customers	20,109,200	18,136,328
Financial investments	9,257,760	8,591,139
— Financial investments measured at fair value through profit or loss	623,223	784,483
— Financial investments measured at fair value through other comprehensive income	1,803,604	1,540,988
— Financial investments measured at amortised cost	6,830,933	6,265,668
Investments in associates and joint ventures	61,782	41,206
Property and equipment	290,296	286,279
Deferred tax assets	79,259	67,713
Other assets	707,862	729,258
TOTAL ASSETS	35,171,383	33,345,058
LIABILITIES		
Due to central banks	39,723	54,974
Financial liabilities designated as at fair value through profit or loss	87,180	87,938
Derivative financial liabilities	71,337	140,973
Due to banks and other financial institutions	2,921,029	2,784,259
Repurchase agreements	365,943	293,434
Certificates of deposit	290,342	335,676
Due to customers	26,441,774	25,134,726
Income tax payable	92,443	89,785
Deferred tax liabilities	5,624	2,881
Debt securities issued	791,375	798,127
Other liabilities	789,355	712,770
TOTAL LIABILITIES	31,896,125	30,435,543
EQUITY		
Equity attributable to equity holders of the parent company		
Share capital	356,407	356,407
Other equity instruments	354,331	225,819
Reserves	926,375	800,718
Retained earnings	1,620,642	1,510,558
	3,257,755	2,893,502
Non-controlling interests	17,503	16,013
TOTAL EQUITY	3,275,258	2,909,515
TOTAL EQUITY AND LIABILITIES	35,171,383	33,345,058

7.2.4 Consolidated Statement of Changes in Equity

For the Year ended 31 December 2021

(In RMB millions, unless otherwise stated)

	Attributable to equity holders of the parent company													Total equity
	Share capital	Other equity instruments	Capital reserve	Surplus reserve	Reserves					Retained earnings	Non-controlling interests			
					General reserve	Investment revaluation reserve	Foreign currency translation reserve	Cash flow hedging reserve	Other reserves			Subtotal		
Balance as at 1 January 2021	356,407	225,819	148,640	322,911	339,701	22,377	(27,882)	(4,725)	(304)	800,718	1,510,558	2,893,502	16,013	2,909,515
Profit for the year	-	-	-	-	-	-	-	-	-	-	348,338	348,338	1,878	350,216
Other comprehensive income	-	-	-	-	-	1,917	(12,117)	482	1,469	(8,249)	-	(8,249)	77	(8,172)
Total comprehensive income	-	-	-	-	-	1,917	(12,117)	482	1,469	(8,249)	348,338	340,089	1,955	342,044
Dividends – ordinary shares 2020 final	-	-	-	-	-	-	-	-	-	-	(94,804)	(94,804)	-	(94,804)
Distributions to other equity instrument holders	-	-	-	-	-	-	-	-	-	-	(9,607)	(9,607)	-	(9,607)
Appropriation to surplus reserve (i)	-	-	-	34,258	-	-	-	-	-	34,258	(34,258)	-	-	-
Appropriation to general reserve (ii)	-	-	-	-	99,251	-	-	-	-	99,251	(99,251)	-	-	-
Capital injection by other equity instrument holders	-	139,730	-	-	-	-	-	-	-	-	-	139,730	-	139,730
Capital reduction by other equity instrument holders	-	(11,218)	63	-	-	-	-	-	-	63	-	(11,155)	-	(11,155)
Dividends to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	-	(465)	(465)
Other comprehensive income transferred to retained earnings	-	-	-	-	-	334	-	-	-	334	(334)	-	-	-
Balance as at 31 December 2021	<u>356,407</u>	<u>354,331</u>	<u>148,703</u>	<u>357,169</u>	<u>438,952</u>	<u>24,628</u>	<u>(39,999)</u>	<u>(4,243)</u>	<u>1,165</u>	<u>926,375</u>	<u>1,620,642</u>	<u>3,257,755</u>	<u>17,503</u>	<u>3,275,258</u>

- (i) Includes the appropriation made by overseas branches and subsidiaries in the amounts of RMB56 million and RMB1,764 million, respectively.
- (ii) Includes the appropriation made by overseas branches and subsidiaries in the amounts of RMB47 million and RMB1,746 million, respectively.

Attributable to equity holders of the parent company

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

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

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

7.2.5 Consolidated Statement of Cash Flows

For the Year ended 31 December 2021

(In RMB millions, unless otherwise stated)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	424,899	392,126
Adjustments for:		
Share of results of associates and joint ventures	(2,869)	(1,304)
Depreciation	28,194	27,046
Amortisation	3,125	2,607
Impairment losses on assets	202,623	202,668
Unrealised gains on foreign exchange	(22,300)	(12,642)
Interest expense on debt securities issued	27,673	25,549
Accreted interest on impaired loans	(1,964)	(1,710)
Net gains on financial investments	(18,349)	(9,814)
Interest income on financial investments	(262,827)	(245,294)
Net gains on changes in fair value	(14,473)	(12,797)
Net gains on disposal and stocktake of property and equipment and other assets (other than repossessed assets)	(2,077)	(1,238)
Dividend income	(3,388)	(2,355)
	358,267	362,842
Net decrease/(increase) in operating assets:		
Due from central banks	155,880	75,762
Due from banks and other financial institutions	157,890	(16,064)
Financial assets measured at fair value through profit or loss	143,496	284,342
Reverse repurchase agreements	99,863	123,955
Loans and advances to customers	(2,184,611)	(2,079,400)
Other assets	(43,570)	(51,517)
	(1,671,052)	(1,662,922)
Net (decrease)/increase in operating liabilities:		
Financial liabilities designated as at fair value through profit or loss	(853)	(7,530)
Due to central banks	(15,161)	53,959
Due to banks and other financial institutions	158,557	563,361
Repurchase agreements	77,427	30,155
Certificates of deposit	(37,420)	269
Due to customers	1,261,998	2,219,487
Other liabilities	311,773	82,547
	1,756,321	2,942,248

	2021	2020
Net cash flows from operating activities before tax	443,536	1,642,168
Income tax paid	(82,654)	(84,552)
	<u>360,882</u>	<u>1,557,616</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment and other assets	(27,584)	(38,005)
Proceeds from disposal of property and equipment and other assets (other than repossessed assets)	13,008	8,539
Purchases of financial investments	(3,344,684)	(3,191,273)
Proceeds from sale and redemption of financial investments	2,423,298	1,845,743
Investments in associates and joint ventures	(21,207)	(11,690)
Proceeds from disposal of associates and joint ventures	206	627
Investment returns received	282,407	250,962
	<u>(674,556)</u>	<u>(1,135,097)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of other equity instruments	139,793	19,716
Proceeds from issuance of debt securities	835,441	927,759
Interest paid on debt securities	(26,320)	(25,137)
Repayment of debt securities	(836,623)	(858,858)
Cash payment for redemption of other equity instruments	(11,155)	–
Acquisition of non-controlling interests	–	(1,279)
Dividends paid on ordinary shares	(94,804)	(93,664)
Dividends or interest paid to other equity instrument holders	(9,607)	(8,839)
Dividends paid to non-controlling shareholders	(465)	(337)
Cash payment for other financing activities	(7,813)	(6,310)
	<u>(11,553)</u>	<u>(46,949)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(325,227)	375,570
Cash and cash equivalents at beginning of the year	1,791,122	1,450,413
Effect of exchange rate changes on cash and cash equivalents	(29,138)	(34,861)
	<u>1,436,757</u>	<u>1,791,122</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		
NET CASH FLOWS FROM OPERATING ACTIVITIES INCLUDE:		
Interest received	939,737	902,804
Interest paid	(351,322)	(393,080)

7.3 Significant Accounting Policies

(1) Mandatory amendments to IFRSs effective for the current year

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

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform (Phase 2)

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

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

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

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

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

Transition and summary of effects

The Group's business impacted by interest rate benchmark reform are mainly those linked with London Interbank Offered Rate, consisting of loans, debt investments and derivatives. The Group considered the application of this amendment had no material impact on the Group's financial positions and performance for the current period.

The Group has early adopted amendments to IFRS 16 — COVID 19 Related Rent Concession Beyond 30 June 2021. The amendment has no significant financial and operational impacts to the Group.

(2) Issued but not yet effective IFRSs and amendments to IFRSs

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective.

IFRS 17: Insurance Contracts and the related Amendments²

Amendments to IFRS 3: Reference to the Conceptual Framework¹

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture³

Amendments to IAS 1: Classification of Liabilities as Current or Non-current²

Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies²

Amendments to IAS 8: Definition of Accounting Estimates²

Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction²

Amendments to IAS 16: Property, Plant and Equipment: Proceeds before Intended Use¹

Amendments to IAS 37: Onerous Contracts — Cost of Fulfilling a Contract¹

Amendments to IFRSs: Annual Improvements to IFRSs 2018–2020¹

1 Effective for annual periods beginning on or after 1 January 2022.

2 Effective for annual periods beginning on or after 1 January 2023.

3 Effective for annual periods beginning on or after a date to be determined.

Further information about those changes that are expected to affect the Group:

IFRS 17 Insurance Contracts and the related amendments

IFRS 17 is issued to resolve the comparability issues created by IFRS 4 *Insurance Contracts* by setting out a single principle-based standard for the recognition, measurement, presentation and disclosure of insurance contracts in the financial statements of the issuers of those contracts.

The IASB issued the amendments to IFRS 17 in 2020 to provide response to the stakeholders and are designed to:

- reduce costs by simplifying certain requirements in the IFRS 17;
- make financial performance easier to explain; and
- ease transition by deferring the effective date of IFRS 17 to 2023 and by providing additional relief to reduce the effort required when applying IFRS 17 for the first time.

The Group is currently assessing the impact of the standard and its amendments on the Group's financial position and financial performance.

Other new and revised IFRSs that have been issued but are not yet effective are expected to have no material impact on the financial position and financial performance of the Group.

7.4 Notes to the Consolidated Financial Statements

(In RMB millions, unless otherwise stated)

7.4.1 Net Interest Income

	2021	2020
Interest income on:		
Loans and advances to customers:	832,136	766,407
Corporate loans and advances	467,973	436,520
Personal loans	353,733	318,272
Discounted bills	10,430	11,615
Financial investments	262,827	243,545
Due from central banks	42,027	42,022
Due from banks and other financial institutions	25,228	40,547
	<u>1,162,218</u>	<u>1,092,521</u>
Interest expense on:		
Due to customers	(397,625)	(364,173)
Due to banks and other financial institutions	(44,387)	(51,477)
Debt securities issued and certificates of deposit	(29,526)	(30,106)
	<u>(471,538)</u>	<u>(445,756)</u>
Net interest income	<u>690,680</u>	<u>646,765</u>

7.4.2 Net Fee and Commission Income

	2021	2020
Settlement, clearing business and cash management	41,270	39,101
Personal wealth management and private banking services	30,001	29,630
Investment banking business	22,416	21,460
Bank card business	16,679	18,623
Corporate wealth management services	15,165	15,554
Guarantee and commitment business	9,756	10,101
Asset custody business	8,738	7,545
Trust and agency services	1,808	1,617
Other	2,894	3,037
	<u>148,727</u>	<u>146,668</u>
Fee and commission expense	(15,703)	(15,453)
Net fee and commission income	<u>133,024</u>	<u>131,215</u>

7.4.3 Net Trading Income

	2021	2020
Debt securities	6,781	5,964
Derivatives and other	2,370	(6,938)
Equity investments	(196)	3,196
	<u>8,955</u>	<u>2,222</u>

7.4.4 Net Gains on Financial Investments

	2021	2020
Dividend income from equity investments designated as at FVTOCI, including:		
Derecognised during the year	3,388	2,355
Held at the year end	291	133
	3,097	2,222
Gains on financial instruments measured at FVTPL, net, including:		
Net losses on financial instruments designated as at FVTPL	10,739	7,402
	(17,674)	(8,859)
Net gains on disposal of financial instruments measured at FVTOCI, net	2,084	2,389
Other	229	(317)
	<u>16,440</u>	<u>11,829</u>

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

“FVTOCI” stands for fair value through other comprehensive income.

7.4.5 Other Operating Income, Net

	2021	2020
Net premium income	46,024	47,573
Operating cost of insurance business	(49,706)	(53,366)
Lease income	13,016	12,756
Net gains on disposal of property and equipment, repossessed assets and other	2,182	1,323
Other	265	(242)
	<u>11,781</u>	<u>8,044</u>

7.4.6 Operating Expenses

	2021	2020
Staff costs:		
Salaries and bonuses	90,250	82,416
Staff benefits	30,800	29,915
Post-employment benefits — defined contribution plans	18,313	14,241
	<u>139,363</u>	<u>126,572</u>
Property and equipment expenses:		
Depreciation charge for property and equipment	14,596	13,689
Depreciation charge for right-of-use assets and other leasing expense	8,173	8,348
Repairs and maintenance charges	4,106	4,086
Utility expenses	1,947	1,837
	<u>28,822</u>	<u>27,960</u>
Amortisation	3,125	2,607
Other administrative expenses	26,539	25,686
Taxes and surcharges	9,318	8,524
Other	29,060	15,236
	<u>236,227</u>	<u>206,585</u>

7.4.7 Impairment Losses on Assets

	2021	2020
Loans and advances to customers	168,267	171,830
Other	34,356	30,838
	<u>202,623</u>	<u>202,668</u>

7.4.8 Income Tax Expense

(a) Income tax expense

	2021	2020
Current income tax expense:		
Chinese mainland	79,459	74,022
Hong Kong SAR and Macau SAR	1,768	1,776
Other overseas jurisdictions	1,950	2,347
	<u>83,177</u>	<u>78,145</u>
Deferred income tax expense	(8,494)	(3,704)
	<u>74,683</u>	<u>74,441</u>

(b) Reconciliation between income tax and accounting profit

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

	2021	2020
Profit before taxation	<u>424,899</u>	<u>392,126</u>
Tax at the PRC statutory income tax rate	106,225	98,032
Effects of different applicable rates of tax prevailing in other countries/regions	(827)	(1,521)
Effects of non-deductible expenses	22,319	20,478
Effects of non-taxable income	(51,427)	(42,803)
Effects of profits attributable to associates and joint ventures	(717)	(326)
Effects of other	(890)	581
Income tax expense	<u>74,683</u>	<u>74,441</u>

7.4.9 Dividends

	2021	2020
Dividends on ordinary shares declared and paid:		
Final dividend on ordinary shares for 2020: RMB0.2660 per share (2019: RMB0.2628 per share)	<u>94,804</u>	<u>93,664</u>
Dividends or interests declared and paid to other equity instrument holders:		
Dividends on preference shares	6,047	5,279
Interests on perpetual bonds	<u>3,560</u>	<u>3,560</u>
	<u>9,607</u>	<u>8,839</u>
	2021	2020
Dividends on ordinary shares proposed for approval (not recognised as at 31 December):		
Final dividend on ordinary shares for 2021: RMB0.2933 per share (2020: RMB0.2660 per share)	<u>104,534</u>	<u>94,804</u>

7.4.10 Earnings Per Share

	2021	2020
Earnings:		
Profit for the year attributable to equity holders of the parent company	348,338	315,906
Less: Profit for the year attributable to other equity instrument holders of the parent company	<u>(9,607)</u>	<u>(8,839)</u>
Profit for the year attributable to ordinary shareholders of the parent company	<u>338,731</u>	<u>307,067</u>
Shares:		
Weighted average number of ordinary shares in issue (in million shares)	<u>356,407</u>	<u>356,407</u>
Basic earnings per share (RMB yuan)	<u>0.95</u>	<u>0.86</u>
Diluted earnings per share (RMB yuan)	<u>0.95</u>	<u>0.86</u>

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

7.4.11 Derivative Financial Instruments

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

The notional amount of a derivative represents the underlying amount of the specific financial instruments mentioned above. It indicates the volume of business transacted by the Group but does not reflect the risk.

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

	31 December 2021			31 December 2020		
	Notional amounts	Fair values		Notional amounts	Fair values	
		Assets	Liabilities		Assets	Liabilities
Exchange rate contracts	5,107,815	44,956	(41,578)	5,779,609	95,260	(91,559)
Interest rate contracts	2,018,010	15,706	(15,457)	2,199,849	23,002	(25,248)
Commodity derivatives and other	975,169	15,478	(14,302)	804,987	15,893	(24,166)
	<u>8,100,994</u>	<u>76,140</u>	<u>(71,337)</u>	<u>8,784,445</u>	<u>134,155</u>	<u>(140,973)</u>

(1) Cash flow hedges

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

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

	31 December 2021						
	Notional amounts with remaining maturity of					Fair values	
	Within three months	Over three months but within one year	Over one year but within five years	Over five years	Total	Assets	Liabilities
Interest rate swap contracts	64	2,878	5,283	127	8,352	8	(146)
Currency swap contracts	47,204	43,049	1,391	–	91,644	436	(948)
Equity and other derivatives	4,383	1,243	49	4	5,679	–	(96)
	<u>51,651</u>	<u>47,170</u>	<u>6,723</u>	<u>131</u>	<u>105,675</u>	<u>444</u>	<u>(1,190)</u>

	31 December 2020						
	Notional amounts with remaining maturity of					Fair values	
	Within three months	Over three months but within one year	Over one year but within five years	Over five years	Total	Assets	Liabilities
Interest rate swap contracts	209	15,909	8,730	239	25,087	61	(546)
Currency swap contracts	71,490	77,779	1,211	–	150,480	4,150	(1,243)
Equity derivatives	29	3	33	3	68	–	(15)
	<u>71,728</u>	<u>93,691</u>	<u>9,974</u>	<u>242</u>	<u>175,635</u>	<u>4,211</u>	<u>(1,804)</u>

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

	31 December 2021			
	Carrying amount of hedged items		Hedging instruments	
	Assets	Liabilities	Effect on other comprehensive income during the current year	Accumulated effect on other comprehensive income
Debt securities (i)	19,617	(35,786)	192	161
Loans and advances to customers	4,708	-	74	(8)
Other (ii)	14,027	(28,533)	108	(4,416)
	<u>38,352</u>	<u>(64,319)</u>	<u>374</u>	<u>(4,263)</u>

- (i) Debt securities are included in financial investments measured at FVTOCI, financial investments measured at amortised cost and debt securities issued.
- (ii) Other hedged items are included in due from banks and other financial institutions, other assets, due to banks and other financial institutions, customer deposits and other liabilities.

	31 December 2020			
	Carrying amount of hedged items		Hedging instruments	
	Assets	Liabilities	Effect on other comprehensive income during the current year	Accumulated effect on other comprehensive income
Debt securities (i)	58,998	(14,779)	(62)	(31)
Loans and advances to customers	2,278	-	(65)	(82)
Other (ii)	58,190	(308,298)	(19)	(4,524)
	<u>119,466</u>	<u>(323,077)</u>	<u>(146)</u>	<u>(4,637)</u>

- (i) Debt securities are included in financial investments measured at FVTOCI, financial investments measured at amortised cost and debt securities issued.
- (ii) Other hedged items are included in due from banks and other financial institutions, other assets, due to banks and other financial institutions, certificates of deposit, customer deposits and other liabilities.

There was no ineffectiveness recognised in profit or loss that arises from the cash flow hedges in 2021 (2020: Nil).

(2) Fair value hedges

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

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

	2021	2020
Gain/(loss) arising from fair value hedges, net:		
Hedging instruments	2,207	(1,486)
Hedged risk relating to the hedged items	(2,258)	1,437
	<u>(51)</u>	<u>(49)</u>

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

	Notional amounts with remaining maturity of				Total	Fair values	
	Within three months	Over three months but within one year	Over one year but within five years	Over five years		Assets	Liabilities
31 December 2021	<u>4,623</u>	<u>7,187</u>	<u>41,439</u>	<u>21,108</u>	<u>74,357</u>	<u>627</u>	<u>(1,071)</u>
31 December 2020	<u>3,074</u>	<u>31,267</u>	<u>38,119</u>	<u>24,984</u>	<u>97,444</u>	<u>277</u>	<u>(3,119)</u>

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

	31 December 2021			
	Carrying amount of hedged items		Accumulated adjustments to the fair value of hedged items	
	Assets	Liabilities	Assets	Liabilities
Debt securities (i)	62,768	(339)	21	(3)
Loans and advances to customers	2,441	-	(21)	-
Other (ii)	955	(6,954)	(1)	59
	<u>66,164</u>	<u>(7,293)</u>	<u>(1)</u>	<u>56</u>

- (i) Debt securities are included in financial investments measured at FVTOCI, financial investments measured at amortised cost and debt securities issued.
- (ii) Other hedged items are included in due from banks and other financial institutions, repurchase agreements and customer deposits.

	31 December 2020			
	Carrying amount of hedged items		Accumulated adjustments to the fair value of hedged items	
	Assets	Liabilities	Assets	Liabilities
Debt securities (i)	58,827	(5,062)	6,908	(237)
Loans and advances to customers	5,435	-	1,462	-
Other (ii)	13,289	(10,028)	166	68
	<u>77,551</u>	<u>(15,090)</u>	<u>8,536</u>	<u>(169)</u>

- (i) Debt securities are included in financial investments measured at FVTOCI, financial investments measured at amortised cost and debt securities issued.
- (ii) Other hedged items are included in reverse repurchase agreements, due to banks and other financial institutions, repurchase agreements and certificates of deposit.

(3) Net investment hedges

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

As at 31 December 2021, an accumulated net gains from the hedging instrument of RMB1,650 million was recognised in other comprehensive income (31 December 2020: accumulated net gains of RMB889 million). As at 31 December 2021, there was no ineffectiveness in profit or loss that arises from the net investment hedges (31 December 2020: Nil).

(4) Offsetting of financial instruments

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

	31 December 2021		31 December 2020	
	Gross amounts	Net amounts	Gross amounts	Net amounts
Derivative financial assets	<u>36,220</u>	<u>25,442</u>	<u>48,896</u>	<u>37,045</u>
Derivative financial liabilities	<u>41,792</u>	<u>31,014</u>	<u>51,690</u>	<u>39,839</u>

(5) Counterparty credit risk-weighted assets of derivative financial instruments

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

	31 December 2021	31 December 2020
Counterparty credit default risk-weighted assets	126,653	147,747
Including: Non-netting settled credit default risk-weighted assets	120,128	76,703
Netting settled credit default risk-weighted assets	6,525	71,044
Credit value adjustment risk-weighted assets	67,911	48,366
Central counterparties credit risk-weighted assets	1,751	2,351
	<u>196,315</u>	<u>198,464</u>

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

7.4.12 Financial Investments

	31 December 2021	31 December 2020
Financial investments measured at FVTPL	623,223	784,483
Financial investments measured at FVTOCI	1,803,604	1,540,988
Financial investments measured at amortised cost	6,830,933	6,265,668
	<u>9,257,760</u>	<u>8,591,139</u>

7.4.13 Other Comprehensive Income

- (a) Other comprehensive income attributable to equity holders of the parent company in the consolidated statement of financial position

	Investment revaluation	Foreign currency translation differences	Other	Total
1 January 2020	23,280	(18,568)	(5,978)	(1,266)
Movement during 2020	(903)	(9,314)	1,055	(9,162)
31 December 2020 and 1 January 2021	<u>22,377</u>	<u>(27,882)</u>	<u>(4,923)</u>	<u>(10,428)</u>
Movement during 2021	2,251	(12,117)	1,951	(7,915)
31 December 2021	<u>24,628</u>	<u>(39,999)</u>	<u>(2,972)</u>	<u>(18,343)</u>

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

	2021	2020
Items that will not be reclassified to profit or loss:		
(i) Changes in fair value of equity instruments designated as at FVTOCI	(1,180)	1,289
(ii) Other comprehensive income recognised under the equity method	15	(5)
(iii) Other	28	8
Items that may be reclassified subsequently to profit or loss:		
(i) Changes in fair value of debt instruments measured at FVTOCI	5,777	(5,036)
Less: Amount transferred to profit or loss from other comprehensive income and income tax effect	(4,154)	1,994
	1,623	(3,042)
(ii) Credit losses of debt instruments measured at FVTOCI	1,827	1,051
(iii) Reserve from cash flow hedging instruments		
Gain/(loss) during the year	374	(146)
Less: Income tax effect	68	(107)
	442	(253)
(iv) Other comprehensive income recognised under the equity method	541	14
(v) Foreign currency translation differences	(12,353)	(16,212)
(vi) Other	885	1,311
	(8,172)	(15,839)

7.4.14 Commitments and Contingent Liabilities

(a) Capital commitments

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

	31 December 2021	31 December 2020
Contracted but not provided for	<u>31,307</u>	<u>42,797</u>

(b) Credit commitments

The Group has outstanding commitments to extend credit including approved loans and undrawn credit card limits.

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

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

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

	31 December 2021	31 December 2020
Bank acceptances	449,141	343,233
Guarantees issued		
— Financing letters of guarantees	50,114	54,361
— Non-financing letters of guarantees	444,418	446,460
Sight letters of credit	54,466	51,517
Usance letters of credit and other commitments	114,733	129,015
Loan commitments		
— With an original maturity of under one year	50,199	91,410
— With an original maturity of one year or over	497,892	574,420
Undrawn credit card limits	<u>1,069,406</u>	<u>1,021,038</u>
	<u>2,730,369</u>	<u>2,711,454</u>

	31 December 2021	31 December 2020
Credit risk-weighted assets of credit commitments	<u>1,082,099</u>	<u>1,106,377</u>

(c) Operating leases

At the end of the reporting period, the Group's total future minimum lease receivables in respect of non-cancellable operating leases of assets are as follows:

	31 December 2021	31 December 2020
Within one year	16,451	17,218
Over one year but within two years	15,920	16,043
Over two years but within three years	15,937	18,975
Over three years but within five years	27,840	32,192
Over five years	<u>59,648</u>	<u>73,626</u>
	<u>135,796</u>	<u>158,054</u>

(d) Legal proceedings and arbitrations

The Group is involved in lawsuits and arbitrations during its normal course of operations. As at 31 December 2021, there were a number of legal proceedings and arbitrations outstanding against the Bank and/or its subsidiaries with a total claimed amount of RMB6,165 million (31 December 2020: RMB4,928 million).

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

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

As an underwriting agent of the MOF, the Bank underwrites certain PRC government bonds and sells the bonds to the general public. The Bank is obliged to redeem these bonds at the discretion of the holders at any time prior to maturity. The redemption price for the bonds is based on the nominal value of the bonds plus any interest accrued up to the redemption date. The MOF will not provide funding for the early redemption of these PRC government bonds on a back-to-back basis but is obliged to repay the principal and the respective interest upon maturity. The redemption obligations, which represent the nominal value of government bonds underwritten and sold by the Group, but not yet matured as at 31 December 2021 were RMB75,553 million (31 December 2020: RMB81,112 million). Management expects that the redemption obligation of these PRC government bonds by the Bank prior to maturity will not be material.

As at 31 December 2021, the Group's outstanding securities underwriting commitments were RMB6,350 million (31 December 2020: Nil).

(f) Designated funds and loans

	31 December 2021	31 December 2020
Designated funds	<u>2,783,961</u>	<u>2,361,366</u>
Designated loans	<u>2,783,778</u>	<u>2,361,289</u>

The designated funds represent the funding that the trustors have instructed the Group to use to make loans to third parties as designated by them. The credit risk remains with the trustors.

The designated loans represent the loans granted to specific borrowers designated by the trustors on their behalf according to the entrust agreements signed by the Group and the trustors. The Group does not bear any risk.

(g) Fiduciary activities

The Group provides custody, trust and asset management services to third parties. Those assets held in a fiduciary capacity are not included in the Group's consolidated statement of financial position.

7.4.15 Segment Information

(a) Operating segments

The Group is organised into different operating segments, namely corporate banking, personal banking and treasury operations, based on internal organisation structure, management requirements and internal reporting system.

Corporate banking

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

Personal banking

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

Treasury operations

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

Other

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

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

Transactions between segments mainly represent the provision of funding to and from individual segments. The internal transfer pricing of these transactions are determined with reference to the market rates and have been reflected in the performance of each segment. Net interest income and expense arising on internal fund transfer are referred to as "internal net interest income or expense". Net interest income and expense relating to third parties are referred to as "external net interest income or expense".

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

	2021				
	Corporate banking	Personal banking	Treasury operations	Other	Total
External net interest income	292,402	146,911	251,367	–	690,680
Internal net interest income/(expense)	17,262	148,301	(165,563)	–	–
Net fee and commission income	78,082	53,760	1,182	–	133,024
Other income/(expense), net (i)	10,627	(2,800)	24,292	5,057	37,176
Operating income	398,373	346,172	111,278	5,057	860,880
Operating expenses	(94,823)	(121,173)	(16,885)	(3,346)	(236,227)
Impairment losses on assets	(162,981)	(29,341)	(9,067)	(1,234)	(202,623)
Operating profit	140,569	195,658	85,326	477	422,030
Share of results of associates and joint ventures	–	–	–	2,869	2,869
Profit before taxation	140,569	195,658	85,326	3,346	424,899
Income tax expense					(74,683)
Profit for the year					<u>350,216</u>
Other segment information:					
Depreciation and amortisation	10,452	10,901	3,370	125	24,848
Capital expenditure	18,219	19,027	5,870	215	43,331

	31 December 2021				
	Corporate banking	Personal banking	Treasury operations	Other	Total
Segment assets	12,436,885	8,399,240	14,086,517	169,482	35,092,124
Including:					
Investments in associates and joint ventures	–	–	–	61,782	61,782
Property and equipment	112,952	120,366	37,432	19,546	290,296
Other non-current assets (ii)	43,468	20,945	6,304	9,944	80,661
Unallocated assets					<u>79,259</u>
Total assets					<u>35,171,383</u>
Segment liabilities	13,960,681	13,213,984	4,425,332	198,061	31,798,058
Unallocated liabilities					<u>98,067</u>
Total liabilities					<u>31,896,125</u>
Other segment information:					
Credit commitments	1,674,769	1,055,600	–	–	<u>2,730,369</u>

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

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

	2020				
	Corporate banking	Personal banking	Treasury operations	Other	Total
External net interest income	275,644	131,043	240,078	–	646,765
Internal net interest income/(expense)	32,948	131,818	(164,766)	–	–
Net fee and commission income	76,173	53,761	1,281	–	131,215
Other income, net (i)	8,896	1,436	7,338	4,425	22,095
Operating income	393,661	318,058	83,931	4,425	800,075
Operating expenses	(85,731)	(103,482)	(14,730)	(2,642)	(206,585)
Impairment losses on assets	(161,027)	(40,107)	(1,002)	(532)	(202,668)
Operating profit	146,903	174,469	68,199	1,251	390,822
Share of results of associates and joint ventures	–	–	–	1,304	1,304
Profit before taxation	146,903	174,469	68,199	2,555	392,126
Income tax expense					(74,441)
Profit for the year					<u>317,685</u>
Other segment information:					
Depreciation and amortisation	10,360	9,262	3,509	317	23,448
Capital expenditure	22,759	20,475	7,696	600	51,530

	31 December 2020				
	Corporate banking	Personal banking	Treasury operations	Other	Total
Segment assets	11,339,394	7,454,567	14,366,145	117,239	33,277,345
Including:					
Investments in associates and joint ventures	–	–	–	41,206	41,206
Property and equipment	110,846	101,573	37,244	36,616	286,279
Other non-current assets (ii)	42,553	18,012	6,601	15,357	82,523
Unallocated assets					<u>67,713</u>
Total assets					<u>33,345,058</u>
Segment liabilities	13,733,030	12,126,286	4,376,074	107,487	30,342,877
Unallocated liabilities					<u>92,666</u>
Total liabilities					<u>30,435,543</u>
Other segment information:					
Credit commitments	<u>1,716,094</u>	<u>995,360</u>	<u>–</u>	<u>–</u>	<u>2,711,454</u>

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

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

(b) Geographical information

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

Chinese mainland (Head Office and domestic branches)

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

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

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

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

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

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

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

Overseas and other

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

Chinese mainland (HO and domestic branches)

	Head Office	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central China	Western China	Northeastern China	Overseas and other	Eliminations	Total
External net interest income	268,554	79,643	83,851	24,702	77,869	105,129	12,041	38,891	-	690,680
Internal net interest (expense)/income	(202,860)	39,174	11,381	106,166	20,293	12,805	15,066	(2,025)	-	-
Net fee and commission income	47,014	21,368	14,503	17,067	8,623	11,540	2,361	12,120	(1,572)	133,024
Other income/(expense), net (i)	22,780	(3,641)	(2,261)	(2,275)	(1,428)	(2,675)	114	25,059	1,503	37,176
Operating income	135,488	136,544	107,474	145,660	105,357	126,799	29,582	74,045	(69)	860,880
Operating expenses	(32,376)	(34,986)	(26,051)	(37,142)	(33,208)	(38,426)	(12,923)	(21,184)	69	(236,227)
Impairment losses on assets	(45,081)	(17,638)	(21,724)	(44,135)	(25,034)	(22,896)	(15,400)	(10,715)	-	(202,623)
Operating profit	58,031	83,920	59,699	64,383	47,115	65,477	1,259	42,146	-	422,030
Share of results of associates and joint ventures	-	-	-	-	-	-	-	2,869	-	2,869
Profit before taxation	58,031	83,920	59,699	64,383	47,115	65,477	1,259	45,015	-	424,899
Income tax expense										(74,683)
Profit for the year										<u>350,216</u>
Other segment information:										
Depreciation and amortisation	3,910	3,412	2,584	3,939	3,358	4,040	1,450	2,155	-	24,848
Capital expenditure	6,089	4,639	3,845	3,710	4,100	4,625	1,501	14,822	-	43,331

31 December 2021

Chinese mainland (HO and domestic branches)

	Head Office	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central China	Western China	Northeastern China	Overseas and other	Eliminations	Total
Assets by geographical areas	8,145,032	8,248,981	5,870,705	5,186,815	3,786,925	4,553,489	1,333,077	4,100,318	(6,133,218)	35,092,124
Including:										
Investments in associates and joint ventures	-	-	-	-	-	-	-	61,782	-	61,782
Property and equipment	13,971	33,190	13,729	20,726	18,911	23,331	8,865	157,573	-	290,296
Other non-current assets (ii)	16,056	7,371	6,075	7,087	8,457	9,685	2,317	23,613	-	80,661
Unallocated assets										79,259
Total assets										<u>35,171,383</u>
Liabilities by geographical areas	5,470,908	8,944,022	5,645,178	7,928,583	3,568,847	3,745,729	1,539,014	1,088,995	(6,133,218)	31,798,058
Unallocated liabilities										98,067
Total liabilities										<u>31,896,125</u>
Other segment information:										
Credit commitments	<u>1,123,767</u>	<u>1,172,580</u>	<u>791,688</u>	<u>1,001,597</u>	<u>450,171</u>	<u>611,013</u>	<u>147,856</u>	<u>631,815</u>	<u>(3,200,118)</u>	<u>2,730,369</u>

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

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

	Chinese mainland (HO and domestic branches)									Total
	Head Office	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central China	Western China	Northeastern China	Overseas and other	Eliminations	
External net interest income	270,017	69,071	74,150	20,128	71,669	95,814	13,968	31,948	-	646,765
Internal net interest (expense)/income	(219,971)	41,775	14,623	112,918	20,533	15,508	13,027	1,587	-	-
Net fee and commission income	42,859	23,086	15,433	16,336	8,646	12,950	2,445	10,729	(1,269)	131,215
Other income/(expense), net (i)	14,900	(3,508)	(1,304)	(3,455)	(1,997)	(2,936)	2,902	16,324	1,169	22,095
Operating income	107,805	130,424	102,902	145,927	98,851	121,336	32,342	60,588	(100)	800,075
Operating expenses	(22,438)	(30,917)	(23,339)	(32,781)	(29,820)	(35,113)	(12,127)	(20,161)	111	(206,585)
Impairment losses on assets	(51,286)	(24,212)	(12,180)	(36,824)	(26,376)	(19,625)	(17,622)	(14,543)	-	(202,668)
Operating profit	34,081	75,295	67,383	76,322	42,655	66,598	2,593	25,884	11	390,822
Share of results of associates and joint ventures	-	-	-	-	-	-	-	1,304	-	1,304
Profit before taxation	34,081	75,295	67,383	76,322	42,655	66,598	2,593	27,188	11	392,126
Income tax expense										(74,441)
Profit for the year										<u>317,685</u>
Other segment information:										
Depreciation and amortisation	2,883	3,168	2,533	3,849	3,382	3,931	1,425	2,277	-	23,448
Capital expenditure	4,692	5,269	3,925	6,346	4,072	5,413	1,356	20,457	-	<u>51,530</u>

31 December 2020

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

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

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

8. Unaudited Supplementary Information To the Consolidated Financial Statements

8.1 Correspondence between balance sheet in published financial statements and capital composition

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

(i) Capital composition

Item	31 December 2021	31 December 2020	Reference	
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	–	–	

Item	31 December 2021	31 December 2020	Reference
13	–	–	
14	–	–	
15	–	–	
16	–	–	
17	–	–	
18	–	–	
19	–	–	
20	N/A	N/A	
21	–	–	
22	–	–	
23	–	–	
24	N/A	N/A	
25	–	–	
26a	7,980	7,980	X11

Item	31 December 2021	31 December 2020	Reference
26b	–	–	
Shortfall in core tier 1 capital instruments issued by financial institutions that are under control but not subject to consolidation			
26c	–	–	
Other that should be deducted from core tier 1 capital			
27	–	–	
Undeducted shortfall that should be deducted from additional tier 1 capital and tier 2 capital			
28	17,138	16,053	
Total regulatory adjustments to core tier 1 capital			
29	2,886,378	2,653,002	
Core tier 1 capital			
Additional tier 1 capital:			
30	354,331	219,143	
Additional tier 1 capital instruments and related premiums			
31	354,331	219,143	X28+X32
Including: Portion classified as equity			
32	–	–	
Including: Portion classified as liabilities			
33	–	–	
Invalid instruments to additional tier 1 capital after the transition period			
34	655	647	X26
Valid portion of minority interests			
35	–	–	
Including: Invalid portion to additional tier 1 capital after the transition period			
36	354,986	219,790	
Additional tier 1 capital before regulatory adjustments			
Additional tier 1 capital: Regulatory adjustments			
37	–	–	
Direct or indirect investments in own additional tier 1 instruments			
38	–	–	
Reciprocal cross-holdings in additional tier 1 capital between banks, or between banks and other financial institutions			
39	–	–	
Deductible amount of non-significant minority investments in additional tier 1 capital instruments issued by financial institutions that are not subject to consolidation			
40	–	–	
Significant minority investments in additional tier 1 capital instruments issued by financial institutions that are not subject to consolidation			

Item	31 December 2021	31 December 2020	Reference
41a	–	–	
41b	–	–	
41c	–	–	
42	–	–	
43	–	–	
44	354,986	219,790	
45	3,241,364	2,872,792	
Tier 2 capital:			
46	418,415	351,568	X17
47	20,285	40,570	
48	1,116	1,114	X27
49	–	–	
50	248,774	170,712	X02+X04
51	668,305	523,394	
Tier 2 capital: Regulatory adjustments			
52	–	–	
53	–	–	
54	–	–	
55	–	–	X31

Item	31 December 2021	31 December 2020	Reference
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	–	–	
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	5.0%	5.0%	
70			
Tier 1 capital adequacy ratio	6.0%	6.0%	
71			
Capital adequacy ratio	8.0%	8.0%	
Amounts below the thresholds for deduction			
72			
Undeducted portion of non-significant minority investments in capital instruments issued by financial institutions that are not subject to consolidation	155,815	138,247	X05+X07 +X08+X09 +X12+X29 +X30

Item	31 December 2021	31 December 2020	Reference
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
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	

(ii) Consolidated financial statements

	31 December 2021 Consolidated balance sheet as in published financial statements*	31 December 2021 Balance sheet under regulatory scope of consolidation*	31 December 2020 Consolidated balance sheet as in published financial statements*	31 December 2020 Balance sheet under regulatory scope of consolidation*
Assets				
Cash and balances with central banks	3,098,438	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 FVTPL	623,223	560,683	784,483	732,478
– Financial investments measured at FVTOCI	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 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

(*) Prepared in accordance with PRC GAAP.

	31 December 2021 Consolidated balance sheet as in published financial statements*	31 December 2021 Balance sheet under regulatory scope of consolidation*	31 December 2020 Consolidated balance sheet as in published financial statements*	31 December 2020 Balance sheet under regulatory scope of consolidation*
Liabilities				
Due to central banks	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 FVTPL	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 tax liabilities	5,624	4,648	2,881	1,994
Other liabilities	731,818	508,191	664,715	483,519
Total liabilities	<u>31,896,125</u>	<u>31,656,178</u>	<u>30,435,543</u>	<u>30,242,073</u>
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	<u>3,275,258</u>	<u>3,264,113</u>	<u>2,909,515</u>	<u>2,900,481</u>

(*) Prepared in accordance with PRC GAAP.

(iii) Description of related items

Item	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 FVTPL	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 FVTOCI	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

Item	31 December 2021 Balance sheet under regulatory scope of consolidation	Reference
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
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 asset	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	

Item	31 December 2021 Balance sheet under regulatory scope of consolidation	Reference
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 of core tier 1 capital	3,539	X25
Including: Valid portion of additional tier 1 capital	655	X26
Including: Valid portion of tier 2 capital	1,116	X27

(iv) Main features of eligible capital instruments

Main features of regulatory capital instrument	Ordinary shares (A share)	Ordinary shares (H share)	Preference shares (Domestic)	Preference shares (Domestic)
Issuer	The Bank	The Bank	The Bank	The Bank
Unique identifier	601398	1398	360011	360036
Governing law(s) of the instrument	Securities Law of the People's Republic of China/China	Securities and Futures Ordinance of Hong Kong/Hong Kong, China	Company Law of the People's Republic of China, Securities Law of the People's Republic of China, Guidance of the State Council on Launch of Preference Shares Pilot, Trial Administrative Measures on Preference Shares, Guidance on the Issuance of Preference Shares of Commercial Banks to Replenish Tier 1 Capital/China	Company Law of the People's Republic of China, Securities Law of the People's Republic of China, Guidance of the State Council on Launch of Preference Shares Pilot, Trial Administrative Measures on Preference Shares, Guidance on the Issuance of Preference Shares of Commercial Banks to Replenish Tier 1 Capital/China
Regulatory treatment	Core tier 1 capital	Core tier 1 capital	Additional tier 1 capital	Additional tier 1 capital
Including: Transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)				
Including: Post-transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Core tier 1 capital	Core tier 1 capital	Additional tier 1 capital	Additional tier 1 capital
Including: Eligible to the parent company/group level	Parent company/Group	Parent company/Group	Parent company/Group	Parent company/Group
Instrument type	Core tier 1 capital instrument	Core tier 1 capital instrument	Additional tier 1 capital instrument	Additional tier 1 capital instrument
Amount recognised in regulatory capital (in millions, as at the latest reporting date)	RMB336,554	RMB168,374	RMB44,947	RMB69,981
Par value of instrument (in millions)	RMB269,612	RMB86,795	RMB45,000	RMB70,000
Accounting treatment	Share capital, capital reserve	Share capital, capital reserve	Other equity	Other equity
Original date of issuance	19 October 2006	19 October 2006	18 November 2015	19 September 2019

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

Main features of regulatory capital instrument	Ordinary shares (A share)	Ordinary shares (H share)	Preference shares (Domestic)	Preference shares (Domestic)
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
Including: If convertible, conversion rate	N/A	N/A	The initial conversion price is equal to the average trading price of the A shares of the Bank for the 20 trading days preceding 25 July 2014, the date of publication of the Board resolution in respect of the issuance plan	The initial conversion price is equal to the average trading price of the A shares of the Bank for the 20 trading days preceding 30 August 2018, the date of publication of the Board resolution in respect of the issuance plan
Including: If convertible, mandatory or optional conversion	N/A	N/A	Mandatory	Mandatory
Including: If convertible, specify instrument type convertible into	N/A	N/A	Core tier 1 capital	Core tier 1 capital
Including: If convertible, specify issuer of instrument it converts into	N/A	N/A	The Bank	The Bank
Write-down feature	No	No	No	No
Including: If write-down, write-down trigger(s)	N/A	N/A	N/A	N/A
Including: If write-down, full or partial	N/A	N/A	N/A	N/A
Including: If write-down, permanent or temporary	N/A	N/A	N/A	N/A
Including: If temporary write-down, description of write-up mechanism	N/A	N/A	N/A	N/A

Main features of regulatory capital instrument	Ordinary shares (A share)	Ordinary shares (H share)	Preference shares (Domestic)	Preference shares (Domestic)
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinated to depositor, general creditor, creditor of the subordinated debts and preference shareholders	Subordinated to depositor, general creditor, creditor of the subordinated debts and preference shareholders	Subordinated to deposits, general debts, subordinated debts, tier 2 capital bonds and undated additional tier 1 capital bonds	Subordinated to deposits, general debts, subordinated debts, tier 2 capital bonds and undated additional tier 1 capital bonds
Non-compliant transitioned features Including: If yes, specify non-compliant features	No N/A	No N/A	No N/A	No N/A

Main features of regulatory capital instrument	Preference shares (Offshore)	Undated additional tier 1 capital bonds (Domestic)	Undated additional tier 1 capital bonds (Offshore)
Issuer	The Bank	The Bank	The Bank
Unique identifier	4620	1928018	2128021
Governing law(s) of the instrument	The creation and issue of the Offshore Preference Shares and the rights and obligations (including non-contractual rights and obligations) attached to them are governed by, and shall be construed in accordance with, PRC law	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	Additional tier 1 capital	Additional tier 1 capital	Additional tier 1 capital
Including: Transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)			
Including: Post-transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Additional tier 1 capital	Additional tier 1 capital	Additional tier 1 capital
Including: Eligible to the parent company/group level	Parent company /Group	Parent company /Group	Parent company /Group
Instrument type	Additional tier 1 capital instrument	Additional tier 1 capital instrument	Additional tier 1 capital instrument
Amount recognised in regulatory capital (in millions, as at the latest reporting date)	RMB equivalent 19,687	RMB79,987	RMB equivalent 39,742
Par value of instrument (in millions)	USD 2,900	RMB80,000	USD 6,160
Accounting treatment	Other equity	Other equity	Other equity
Original date of issuance	23 September 2020	26 July 2019	24 September 2021
Perpetual or dated	Perpetual	Perpetual	Perpetual
Including: Original maturity date	No maturity date	No maturity date	No maturity date
Issuer call (subject to prior supervisory approval)	Yes	Yes	Yes
Including: Optional call date, contingent call dates and redemption amount	The First Redemption Date is 23 September 2025, in full or partial amount	The First Redemption Date is 30 July 2024, in full or partial amount	The First Redemption Date is 24 September 2026, in full or partial amount

Main features of regulatory capital instrument	Preference shares (Offshore)	Undated additional tier 1 capital bonds (Domestic)	Undated additional tier 1 capital bonds (Domestic)	Undated additional tier 1 capital bonds (Offshore)
Including: Subsequent call dates, if applicable	23 September in each year after the First Redemption Date	Redemption of present bonds in full or in part on each Distribution Payment Date since the First Redemption Date (30 July 2024). The Issuer has the right to redeem the present bonds in full rather than in part if the present bonds are no longer qualified as additional tier 1 capital after they are issued due to unpredictable changes in regulatory rules	Redemption of present bonds in full or in part on each Distribution Payment Date since the First Redemption Date (8 June 2026). The Issuer has the right to redeem the present bonds in full rather than in part if the present bonds are no longer qualified as additional tier 1 capital after they are issued due to unpredictable changes in regulatory rules	Redemption of present bonds in full or in part on each Distribution Payment Date since the First Redemption Date (24 September 2026). The Issuer has the right to redeem the present bonds in full rather than in part if the present bonds are no longer qualified as additional tier 1 capital after they are issued due to unpredictable changes in regulatory rules
Coupons/dividends				
Including: Fixed or floating dividend/coupon	Fixed to floating	Fixed to floating	Fixed to floating	Fixed to floating
Including: Coupon rate and any related index	3.58% (dividend rate) before 23 September 2025	4.45% (interest rate) before 30 July 2024	4.04% (interest rate) before 8 June 2026	3.20% (interest rate) before 24 September 2026
Including: Existence of a dividend stopper	Yes	Yes	Yes	Yes
Including: Fully discretionary or mandatory cancellation of coupons/dividends	Fully discretionary	Fully discretionary	Fully discretionary	Fully discretionary
Including: Redemption incentive mechanism	No	No	No	No
Including: Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible or non-convertible	Yes	No	No	No
Including: If convertible, conversion trigger(s)	Non-viability Trigger Event	N/A	N/A	N/A
Including: If convertible, fully or partially	Fully or partially convertible when a Non-viability Trigger Event occurs	N/A	N/A	N/A

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

Main features of regulatory capital instrument	Undated additional tier 1 capital bonds (Domestic)
Issuer	The Bank
Unique identifier	2128044
Governing law(s) of the instrument	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents/China
Regulatory treatment Including: Transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Additional tier 1 capital
Including: Post-transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Additional tier 1 capital
Including: Eligible to the parent company/group level	Parent company/ Group
Instrument type	Additional tier 1 capital instrument
Amount recognised in regulatory capital (in millions, as at the latest reporting date)	RMB29,997
Par value of instrument (in millions)	RMB30,000
Accounting treatment	Other equity
Original date of issuance	24 November 2021
Perpetual or dated	Perpetual
Including: Original maturity date	No maturity date
Issuer call (subject to prior supervisory approval)	Yes
Including: Optional call date, contingent call dates and redemption amount	The First Redemption Date is 26 November 2026 in full or partial amount

Main features of regulatory capital instrument	Undated additional tier 1 capital bonds (Domestic)
Including: Subsequent call dates, if applicable	Redemption of present bonds in full or in part on each Distribution Payment Date since the First Redemption Date (26 November 2026). The Issuer has the right to redeem the present bonds in full rather than in part if the present bonds are no longer qualified as additional tier 1 capital after they are issued due to unpredictable changes in regulatory rules
Coupons/dividends	Fixed to floating 3.65% (interest rate) before 26 November 2026
Including: Fixed or floating dividend/coupon	Yes
Including: Coupon rate and any related index	Fully discretionary
Including: Existence of a dividend stopper	No
Including: Fully discretionary, partially discretionary or mandatory cancellation of coupons/dividends	Non-cumulative
Including: Redemption incentive mechanism	No
Including: Non-cumulative or cumulative	N/A
Convertible or non-convertible	N/A
Including: If convertible, conversion trigger(s)	N/A
Including: If convertible, fully or partially	N/A
Including: If convertible, conversion rate	N/A
Including: If convertible, mandatory or optional conversion	N/A
Including: If convertible, specify instrument type convertible into	N/A
Including: If convertible, specify issuer of instrument it converts into	N/A
Write-down feature	Yes
Including: If write-down, write-down trigger(s)	Non-viability Trigger Event
Including: If write-down, full or partial	Full or partial write-down when a Non-viability Trigger Event occurs
Including: If write-down, permanent or temporary	Permanent write-down
Including: If temporary write-down, description of write-up mechanism	N/A

Main features of regulatory capital instrument	Undated additional tier 1 capital bonds (Domestic)
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
Non-compliant transitioned features	No
Including: If yes, specify non-compliant features	N/A

Main features of regulatory capital instrument	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds
Issuer	The Bank	The Bank	The Bank	The Bank
Unique identifier	Rule 144A ISIN: US455881AD47 Regulation S ISIN: USY39656AC06	1728021	1728022	1928006
Governing law(s) of the instrument	The Notes and the Fiscal Agency Agreement shall be governed by, and shall be construed in accordance with New York law, except that the provisions of the Notes relating to subordination shall be governed by, and construed in accordance with, PRC law	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents
Regulatory treatment Including: Transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
Including: Post-transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
Including: Eligible to the parent company/group level	Parent company /Group	Parent company /Group	Parent company /Group	Parent company /Group
Instrument type	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument
Amount recognised in regulatory capital (in millions, as at the latest reporting date)	RMB equivalent 10,127	RMB44,000	RMB44,000	RMB45,000
Par value of instrument (in millions)	USD 2,000	RMB44,000	RMB44,000	RMB45,000
Accounting treatment	Debt securities issued	Debt securities issued	Debt securities issued	Debt securities issued
Original date of issuance	21 September 2015	6 November 2017	20 November 2017	21 March 2019
Perpetual or dated	Dated	Dated	Dated	Dated
Including: Original maturity date	21 September 2025	8 November 2027	22 November 2027	25 March 2029
Issuer call (subject to prior supervisory approval)	No	Yes	Yes	Yes
Including: Optional call date, contingent call dates and redemption amount	N/A	8 November 2022, in full amount	22 November 2022, in full amount	25 March 2024, in full amount

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

Main features of regulatory capital instrument	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinated to 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
Non-compliant transitioned features	No	No	No	No
Including: If yes, specify non-compliant features	N/A	N/A	N/A	N/A

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

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

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

Main features of regulatory capital instrument	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds
Issuer	The Bank	The Bank	The Bank	The Bank
Unique identifier	2028049	2028050	2128002	2128051
Governing law(s) of the instrument	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents
Regulatory treatment Including: Transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
Including: Post-transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
Including: Eligible to the parent company/group level	Parent company/Group	Parent company/Group	Parent company/Group	Parent company/Group
Instrument type	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument
Amount recognised in regulatory capital (in millions, as at the latest reporting date)	RMB30,000	RMB10,000	RMB30,000	RMB50,000
Par value of instrument (in millions)	RMB30,000	RMB10,000	RMB30,000	RMB50,000
Accounting treatment	Debt securities issued	Debt securities issued	Debt securities issued	Debt securities issued
Original date of issuance	12 November 2020	12 November 2020	19 January 2021	13 December 2021
Perpetual or dated	Dated	Dated	Dated	Dated
Including: Original maturity date	16 November 2030	16 November 2035	21 January 2031	15 December 2031
Issuer call (subject to prior supervisory approval)	Yes	Yes	Yes	Yes
Including: Optional call date, contingent call dates and redemption 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

Main features of regulatory capital instrument	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds
Including: Subsequent call dates, if applicable	N/A	N/A	N/A	N/A
Coupons/dividends				
Including: Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed
Including: Coupon rate and any related index	4.15%	4.45%	4.15%	3.48%
Including: Existence of a dividend stopper	No	No	No	No
Including: Fully discretionary or mandatory cancellation of coupons/dividends	Mandatory	Mandatory	Mandatory	Mandatory
Including: Redemption incentive mechanism	No	No	No	No
Including: Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible or non-convertible	No	No	No	No
Including: If convertible, conversion trigger(s)	N/A	N/A	N/A	N/A
Including: If convertible, fully or partially	N/A	N/A	N/A	N/A
Including: If convertible, conversion rate	N/A	N/A	N/A	N/A
Including: If convertible, mandatory or optional conversion	N/A	N/A	N/A	N/A
Including: If convertible, specify instrument type convertible into	N/A	N/A	N/A	N/A
Including: If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A	N/A
Write-down feature	Yes	Yes	Yes	Yes
Including: If write-down, write-down trigger(s)	Whichever occurs earlier: (i) CBIRC having decided that a write-down is necessary, without which the Issuer would become non-viable; or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable	Whichever occurs earlier: (i) CBIRC having decided that a write-down is necessary, without which the Issuer would become non-viable; or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable	Whichever occurs earlier: (i) CBIRC having decided that a write-down is necessary, without which the Issuer would become non-viable; or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable	Whichever occurs earlier: (i) CBIRC having decided that a write-down is necessary, without which the Issuer would become non-viable; or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable
Including: If write-down, full or partial	Partial or full write-down	Partial or full write-down	Partial or full write-down	Partial or full write-down
Including: If write-down, permanent or temporary	Permanent write-down	Permanent write-down	Permanent write-down	Permanent write-down
Including: If temporary write-down, description of write-up mechanism	N/A	N/A	N/A	N/A

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

Main features of regulatory capital instrument

Tier 2 capital bonds

Issuer	The Bank
Unique identifier	2128052
Governing law(s) of the instrument	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents
Regulatory treatment	Tier 2 capital
Including: Transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	
Including: Post-transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Tier 2 capital
Including: Eligible to the parent company/group level	Parent company/Group
Instrument type	Tier 2 capital instrument
Amount recognised in regulatory capital (in millions, as at the latest reporting date)	RMB10,000
Par value of instrument (in millions)	RMB10,000
Accounting treatment	Debt securities issued
Original date of issuance	13 December 2021
Perpetual or dated	Dated
Including: Original maturity date	15 December 2036
Issuer call (subject to prior supervisory approval)	Yes
Including: Optional call date, contingent call dates and redemption amount	15 December 2031, in full amount
Including: Subsequent call dates, if applicable	N/A

Main features of regulatory capital instrument

Tier 2 capital bonds

Coupons/dividends	Fixed
Including: Fixed or floating dividend/coupon	3.74%
Including: Coupon rate and any related index	No
Including: Existence of a dividend stopper	Mandatory
Including: Fully discretionary, partially discretionary or mandatory cancellation of coupons/dividends	No
Including: Redemption incentive mechanism	Non-cumulative
Including: Non-cumulative or cumulative	No
Convertible or non-convertible	No
Including: If convertible, conversion trigger(s)	N/A
Including: If convertible, fully or partially	N/A
Including: If convertible, conversion rate	N/A
Including: If convertible, mandatory or optional conversion	N/A
Including: If convertible, specify instrument type convertible into	N/A
Including: If convertible, specify issuer of instrument it converts into	N/A
Write-down feature	Yes
Including: If write-down, write-down trigger(s)	Whichever occurs earlier: (i) CBIRC having decided that a write-down is necessary, without which the Issuer would become non-viable; or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable
Including: If write-down, full or partial	Partial or full write-down
Including: If write-down, permanent or temporary	Permanent write-down
Including: If temporary write-down, description of write-up mechanism	N/A

Main features of regulatory capital instrument

Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)

Tier 2 capital bonds

Subordinated to depositor and general creditor; but senior to equity capital, additional tier 1 capital instruments and hybrid capital bonds; pari passu with other subordinated debts that have been issued by the Issuer and are pari passu with the present bonds; and pari passu with other tier 2 capital instruments that will possibly be issued in the future and are pari passu with the present bonds

Non-compliant transitioned features

Including: If yes, specify non-compliant features

No

N/A

8.2 Disclosure of Leverage Ratio

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

(i) Correspondence between Regulatory Leverage Ratio Items and Accounting Items and their differences

S/N	Item	31 December 2021	31 December 2020
1	Total consolidated assets as per published financial statements	35,171,383	33,345,058
2	Consolidated adjustments for accounting purposes but outside the scope of regulatory consolidation	(251,092)	(202,504)
3	Adjustments for fiduciary assets	–	–
4	Adjustments for derivative financial instruments	104,865	85,324
5	Adjustment for securities financing transactions	40,027	29,188
6	Adjustment for off-balance sheet items	2,244,477	2,059,325
7	Other adjustments	(17,138)	(16,053)
8	Balance of adjusted on- and off-balance sheet assets	37,292,522	35,300,338

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

S/N	Item	31 December 2021	31 December 2020
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	34,436,056	32,598,277
2	Less: Asset amounts deducted in determining Basel III tier 1 capital	(17,138)	(16,053)
3	Balance of adjusted on-balance sheet assets (excluding derivatives and SFTs)	34,418,918	32,582,224
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	84,898	146,069
5	Add-on amounts for PFE associated with all derivatives transactions	91,940	67,843
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	–	–
7	Less: Deductions of receivables assets for cash variation margin provided in derivatives transactions	–	–
8	Less: Exempted CCP leg of client-cleared trade exposures	(128)	(12,330)
9	Effective notional amount of written credit derivatives	37,702	42,669
10	Less: Adjusted effective notional deductions for written credit derivatives	(33,407)	(12,858)
11	Total derivative exposures	181,005	231,393
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	408,095	398,208
13	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	–	–
14	CCR exposure for SFT assets	40,027	29,188
15	Agent transaction exposures	–	–
16	Total securities financing transaction exposures	448,122	427,396
17	Off-balance sheet exposure at gross notional amount	6,328,760	5,727,987
18	Less: Adjustments for conversion to credit equivalent amounts	(4,084,283)	(3,668,662)
19	Balance of adjusted off-balance sheet assets	2,244,477	2,059,325
20	Net tier 1 capital	3,241,364	2,872,792
21	Balance of adjusted on- and off-balance sheet assets	37,292,522	35,300,338
22	Leverage ratio	8.69%	8.14%

8.3 Quantitative Information Disclosure of Liquidity Coverage Ratio Using Advanced Capital Management Approach

The Group discloses liquidity coverage ratio using Advanced Capital Management Approach in accordance with Measures for the Disclosure of Information on Liquidity Coverage Ratio by Commercial Banks (Yin Jian Fa [2015] No. 52).

S/N	Item	Fourth-quarter 2021	
		Total unweighted value	Total weighted value
High-quality liquid assets			
1	Total high-quality liquid assets (HQLA)		5,840,091
Cash outflows			
2	Retail deposits and deposits from small business customers of which:	13,206,445	1,317,060
3	Stable deposits	56,472	2,063
4	Less stable deposits	13,149,973	1,314,997
5	Unsecured wholesale funding, of which:	14,765,584	4,798,151
6	Operational deposits (excluding those generated from correspondent banking activities)	8,996,693	2,187,318
7	Non-operational deposits (all counterparties)	5,699,530	2,541,472
8	Unsecured debt	69,361	69,361
9	Secured funding		11,893
10	Additional requirements, of which:	3,070,500	1,261,208
11	Outflows related to derivative exposures and other collateral requirements	1,111,158	1,111,158
12	Outflows related to loss of funding on debt products	–	–
13	Credit and liquidity facilities	1,959,342	150,050
14	Other contractual funding obligations	77,534	77,512
15	Other contingent funding obligations	5,289,975	106,897
16	Total cash outflows		7,572,721
Cash inflows			
17	Secured lending (including reverse repos and securities borrowing)	528,439	292,256
18	Inflows from fully performing exposures	1,501,023	963,271
19	Other cash inflows	1,112,279	1,109,461
20	Total cash inflows	3,141,741	2,364,988
		Total Adjusted Value	
21	Total HQLA		5,840,091
22	Total net cash outflows		5,207,733
23	Liquidity coverage ratio (%)		112.20%

Data of the above table are the simple arithmetic average of the 92 calendar days' figures of the recent quarter.

8.4 Quantitative Information Disclosure of Net Stable Funding Ratio (NSFR) Using Advanced Capital Management Approach

The Group discloses net stable funding ratio information in accordance with Measures for the Disclosure of Information on Net Stable Funding Ratio by Commercial Banks (Yin Bao Jian Fa [2019] No. 11).

		31 December 2021				
		Unweighted value				
No.	Item	No maturity	< 6 months	6 months to < 1 year	≥ 1 year	Weighted value
Available stable funding (ASF) item						
1	Capital:	3,514,552	–	–	418,412	3,932,964
2	Regulatory capital	3,514,552	–	–	418,412	3,932,964
3	Other capital instruments	–	–	–	–	–
4	Retail deposits and deposits from small business customers:	6,534,836	7,093,483	17,538	10,164	12,295,976
5	Stable deposits	37,393	42,896	10,502	6,973	93,225
6	Less stable deposits	6,497,443	7,050,587	7,036	3,191	12,202,751
7	Wholesale funding:	8,598,100	6,565,799	309,032	226,568	7,450,606
8	Operational deposits	8,253,459	574,876	14,226	4,293	4,425,573
9	Other wholesale funding	344,641	5,990,923	294,806	222,275	3,025,033
10	Liabilities with matching interdependent assets	–	–	–	–	–
11	Other liabilities:	10,434	1,002,488	24,738	654,537	629,422
12	NSFR derivative liabilities				47,918	
13	All other liabilities and equities not included in the above categories	10,434	1,002,488	24,738	606,619	629,422
14	Total ASF					24,308,968
Required stable funding (RSF) item						
15	Total NSFR high-quality liquid assets (HQLA)					979,487
16	Deposits held at other financial institutions for operational purposes	165,913	37,813	1,457	914	104,314
17	Loans and securities:	1,266	3,844,322	2,622,168	16,955,026	17,156,499
18	Loans to financial institutions secured by Level 1 HQLA	–	479,994	1,701	136	72,421
19	Loans to financial institutions secured by non-Level 1 HQLA and unsecured loans to financial institutions	–	745,042	247,457	171,280	406,765
20	Loans to retail and small business customers, non-financial institutions, sovereigns, central banks and PSEs, of which:	–	2,327,769	2,194,968	9,550,942	10,295,054
21	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	–	491,444	360,373	298,663	607,380

31 December 2021

No.	Item	Unweighted value				Weighted value
		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	
22	Residential mortgages, of which:	–	2,093	3,384	6,376,331	5,419,938
23	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	–	428	429	14,451	10,029
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	1,266	289,424	174,658	856,337	962,321
25	Assets with matching interdependent liabilities	–	–	–	–	–
26	Other assets:	329,722	418,055	37,139	148,589	775,134
27	Physical traded commodities, including gold	16,881				14,349
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs				4,638	3,942
29	NSFR derivative assets				61,801	13,883
30	NSFR derivative liabilities with additional variation margin posted				56,602*	11,320
31	All other assets not included in the above categories	312,841	418,055	37,139	82,150	731,640
32	Off-balance sheet items				8,033,526	247,195
33	Total RSF					19,262,629
34	Net Stable Funding Ratio (%)					126.20%

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

No.	Item	Unweighted value				Weighted value
		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	
Available stable funding (ASF) item						
1	Capital:	3,379,104	–	–	358,573	3,737,677
2	Regulatory capital	3,379,104	–	–	358,573	3,737,677
3	Other capital instruments	–	–	–	–	–
4	Retail deposits and deposits from small business customers:	6,408,762	7,201,693	11,731	10,364	12,275,079
5	Stable deposits	39,189	50,721	5,065	6,613	96,838
6	Less stable deposits	6,369,573	7,150,972	6,666	3,751	12,178,241
7	Wholesale funding:	8,877,598	6,778,034	286,206	228,739	7,724,111
8	Operational deposits	8,523,272	590,924	6,131	1,459	4,561,622
9	Other wholesale funding	354,326	6,187,110	280,075	227,280	3,162,489
10	Liabilities with matching interdependent assets	–	–	–	–	–
11	Other liabilities:	12,026	893,556	32,890	655,168	637,737
12	NSFR derivative liabilities	–	–	–	45,902	–
13	All other liabilities and equities not included in the above categories	12,026	893,556	32,890	609,266	637,737
14	Total ASF					24,374,604
Required stable funding (RSF) item						
15	Total NSFR high-quality liquid assets (HQLA)					928,319
16	Deposits held at other financial institutions for operational purposes	169,469	47,218	2,362	828	110,594
17	Loans and securities:	1,204	3,989,223	2,716,285	16,646,113	16,962,615
18	Loans to financial institutions secured by Level 1 HQLA	–	474,018	177	1,589	72,037
19	Loans to financial institutions secured by non-Level 1 HQLA and unsecured loans to financial institutions	–	869,764	338,972	150,690	450,640
20	Loans to retail and small business customers, non-financial institutions, sovereigns, central banks and PSEs, of which:	–	2,285,305	2,251,951	9,481,714	10,237,311
21	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	–	387,544	380,370	292,979	562,690
22	Residential mortgages, of which:	–	1,811	2,854	6,174,334	5,248,281
23	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	–	428	426	16,370	12,105

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No.	Item	Unweighted value				Weighted value
		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	1,204	358,325	122,331	837,786	954,346
25	Assets with matching interdependent liabilities	–	–	–	–	–
26	Other assets:	338,265	398,452	33,460	127,440	767,339
27	Physical traded commodities, including gold	46,394				39,435
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs				35,643	30,297
29	NSFR derivative assets				63,978	18,076
30	NSFR derivative liabilities with additional variation margin posted				50,086*	10,017
31	All other assets not included in the above categories	291,871	398,452	33,460	27,819	669,514
32	Off-balance sheet items				8,051,576	246,740
33	Total RSF					19,015,607
34	Net Stable Funding Ratio (%)					128.18%

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

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

9.1 Capital Adequacy Ratio

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

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

- **Results of Capital Adequacy Ratio Measurement**

In RMB millions, except for percentages

Item	At 31 December 2021		At 31 December 2020	
	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

Please refer to the section headed “Discussion and Analysis — Capital Adequacy Ratio and Leverage Ratio” for details on the capital adequacy ratio calculation at the end of 2021.

- **Measurement of 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	<u>21,690,349</u>	<u>20,124,139</u>

9.2 Credit Risk

- **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
Others	—	4,855,985	—	5,359,568
Total risk exposure	<u>19,587,376</u>	<u>18,312,814</u>	<u>17,927,524</u>	<u>18,035,069</u>

- **Measurement Results of Internal Ratings-Based Approach**

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

In RMB millions, except for percentages

At 31 December 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

At 31 December 2020					
PD level	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

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

9.3 Market Risk

CAPITAL REQUIREMENT FOR MARKET RISK

Risk type	In RMB millions	
	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)

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

9.4 Interest Rate Risk in the Banking Book

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

In RMB millions

Currency	<u>+100 basis points</u>		<u>-100 basis points</u>	
	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	<u>(25,728)</u>	<u>(47,643)</u>	<u>25,728</u>	<u>51,624</u>

9.5 Operational Risk

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.

9.6 Equity Risk in the Banking Book

In RMB millions

Equity type	At 31 December 2021			At 31 December 2020		
	Publicly-traded equity investment risk exposure ⁽¹⁾	Non-publicly-traded equity investment risk exposure ⁽¹⁾	Unrealised potential gains (losses) ⁽²⁾	Publicly-traded equity investment risk exposure ⁽¹⁾	Non-publicly-traded equity investment risk exposure ⁽¹⁾	Unrealised potential gains (losses) ⁽²⁾
Financial institution	29,513	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.

10. Issue of Results Announcement, Annual Report and Capital Adequacy Ratio Report

This Results Announcement will be released on the “HKEXnews” website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the website of the Bank (www.icbc-ltd.com) simultaneously. The 2021 Annual Report prepared in accordance with IFRSs and the 2021 Capital Adequacy Ratio Report disclosed in accordance with the Regulation Governing Capital of Commercial Banks (Provisional) will be released on the “HKEXnews” website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the website of the Bank (www.icbc-ltd.com). Specifically, the 2021 Annual Report prepared in accordance with IFRSs will be dispatched to the shareholders of H shares of the Bank. The 2021 Annual Report and its abstract prepared in accordance with PRC GAAP and the 2021 Capital Adequacy Ratio Report disclosed in accordance with the Regulation Governing Capital of Commercial Banks (Provisional) will be released simultaneously on the websites of Shanghai Stock Exchange (www.sse.com.cn) and the Bank (www.icbc-ltd.com).

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

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

30 March 2022

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